This summary aims to give you an overview of the information contained in this document which 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 more than 28 years of comprehensive experience focusing on the development and sales of quality mid- to high-end residential properties in selected regions in China. Since our founding in 1994, we have become the market leader in Yinchuan and Xining(1), both of which are second-tier cities in the PRC according to CIA, and have expanded to other strategically selected areas in Northwest China. We were ranked among the "2022 Top 30 Brand of China Real Estate Companies" by the China Real Estate TOP 10 Research (中國房地產TOP10研究組) and ranked first in terms of contracted sales among all property developers in Yinchuan and Xining for eight consecutive years from 2014 to 2021, according to CIA. In 2022, we ranked first in terms of contracted sales among all property developers in Yinchuan according to CIA. As of December 31, 2022, we had 42 property development projects at various stages of development with a total GFA attributable to us of 6,626,987 sq.m., among which, 37 projects were developed by our subsidiaries and five projects were developed by our associates. Over the years, we have accumulated in-depth knowledge and understanding of the property market, and developed comprehensive development capabilities. In addition to residential properties, we also develop and manage commercial properties, such as shopping malls and retail stores attached to our residential properties.

We position ourselves as a provider of pleasurable life experience (美好生活服務商). We strategically focus on providing quality and diversified residential properties that cater to the needs and preferences of our target customers, and designing properties that reflect our dedication to product quality and customer satisfaction. We aim to provide green habitat living environment for our customers. We generally use technologies and systems oriented on human living experience such as fresh air ventilation systems and floor rubber mat sound insulation technology to provide green and healthy living conditions for residents with comfortable temperature, humidity, oxygen supply, purity and serenity and to provide intelligent home living experience in our residential properties equipped with smart home devices.

Note:

(1) According to CIA, (i) the overall market size in terms of contracted sales in Yinchuan was RMB33.9 billion in 2022, occupying 67.5% of the market share in Ningxia Hui Autonomous Region during the same year; and (ii) the overall market size in terms of contracted sales in Xining was RMB20.8 billion in 2021, occupying 70.6% of the market share in Qinghai Province during the same year. Please see "Industry Overview—Real Estate Market of Selected Cities in the PRC" for details. Over 80% of our land bank is located in Yinchuan and Xining, which constitutes only a segment of the overall real estate market in each of Ningxia Hui Autonomous Region and Qinghai Province.

Our close cooperation with Vanke Group has been empowering our business development. By leveraging the brand recognition and industry expertise of Vanke Group, we have been able to solidify our position in our existing markets, as well as gradually expanding to different regions. In 2017, we established Zhongfang Vanke Industrial, a subsidiary of ours, as a platform for our strategic cooperation with Vanke Group. As of December 31, 2022, Zhongfang Vanke Industrial had nine development projects with a total GFA attributable to us of 2,094,534 sq.m. encompassing Yinchuan and Xining. We believe our business partnership with Vanke Group will continue to play a valuable role in our future development.

With our special property designs, standardized property development process, multiple land acquisition methods, professional management team, well-established brand image and our business partnership with Vanke Group, we experienced business expansion during the Track Record Period. Our revenue grew at a CAGR of approximately 42.9% from RMB5,635.8 million in 2020 to RMB11,516.4 million in 2022. Our net profit grew at a CAGR of 24.2% from RMB842.7 million in 2020 to RMB1,300.0 million in 2022. As of December 31, 2022, our property development projects had a total GFA attributable to us of 6,626,987 sq.m., comprising (i) GFA available for sale, rentable GFA for completed properties of 311,895 sq.m.; (ii) planned GFA for properties under development of 6,111,445 sq.m.; and (iii) estimated GFA for properties held for future development of 1,014,809 sq.m.

OUR BUSINESS MODEL

During the Track Record Period, we mainly derived our revenue from the development and sales of residential properties, commercial properties and carparks. We also derived revenue from the provision of property leasing services and management consulting and other services.

In 2020, 2021 and 2022, our revenue amounted to RMB5,635.8 million, RMB12,945.4 million and RMB11,516.4 million, respectively, representing a CAGR of 42.9%. The table below sets forth a breakdown of our revenue by business segment for the years indicated:

	Year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property development and sales						
Residential	4,691,920	83.3	11,699,716	90.3	10,338,941	89.7
Commercial	528,877	9.4	500,381	3.9	653,396	5.7
Carpark	317,717	5.6	683,727	5.3	487,769	4.2
Sub-total	5,538,514	98.3	12,883,824	99.5	11,480,106	99.6
Property leasing service	27,919	0.5	33,770	0.3	30,611	0.3
Management consulting and other services	69,406	1.2	27,776	0.2	5,686	0.1
Total	**5,635,839**	**100.0**	**12,945,370**	**100.0**	**11,516,403**	**100.0**

Our revenue during the Track Record Period consists of revenue derived from (i) property development and sales; (ii) property leasing services; and (iii) management consulting services.

Revenue from property development and sales has constituted, and is expected to continue to constitute, a substantial majority of our total revenue. Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we delivered during such period. Conditions in the property markets in which we operate change from period to period and are affected by general economic, political and regulatory developments in the PRC as well as in the cities and regions in which we operate.

Revenue from our property leasing services consists of recurring rental income from leasing our properties, such as shopping malls and public facilities. Our revenue from our property leasing services increased during the Track Record Period due to an increase in properties we held for rental properties, in line with the completion and delivery of our property development projects.

We provide management consulting services to Independent Third Parties, which mainly represent the provision of consultation services to these entities in connection with construction, sales and marketing, and overall management during the development and sale of property projects. In addition to management consulting services, we also provide other services, primarily consisting of property brokerage services, to property developers.

See "Financial Information—Description of Certain Consolidated Statements of Profit or Loss Items—Revenue" for details.

Property Development Projects

The total land bank attributable to us amounted to 6,626,987 sq.m. as of December 31, 2022, which include residential properties and commercial properties. The table below sets forth a geographical breakdown of our land bank as of December 31, 2022:

		Completed		Under Development		Future Development		
	Number of projects	GFA Available for sale	Rentable GFA	Pre-sold GFA	Total Planned GFA Under Development	Total Estimated GFA for Future Development	Total Land Bank Attributable to us	Percentage of Total Land Bank Attributable to Us
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Ningxia Hui Autonomous Region	**24**	**65,691**	**58,390**	**1,495,865**	**3,015,908**	**612,265**	**3,446,929**	**52.0**
Yinchuan	22	65,691	58,390	1,293,901	2,536,797	594,698	2,950,251	44.5
Wuzhong	1	–	–	92,693	303,068	–	303,068	4.6
Guyuan	1	–	–	109,271	176,043	17,567	193,610	2.9
Qinghai Province	**14**	**130,337**	**–**	**570,758**	**2,231,149**	**295,255**	**2,656,742**	**40.1**
Xining	10	124,184	–	358,243	1,213,617	53,941	1,391,742	21.0
Haidong	4	6,154	–	212,515	1,017,533	241,314	1,265,000	19.1
Shaanxi Province	**3**	**8,192**	**–**	**163,448**	**767,983**	**107,288**	**377,626**	**5.7**
Xi'an	1	–	–	159,007	559,327	35,162	231,851	3.5
Weinan	1	–	–	4,441	208,656	72,126	137,583	2.1
Xianyang	1	8,192	–	–	–	–	8,192	0.1

		Completed		Under Development		Future Development		
	Number of projects	GFA Available for sale	Rentable GFA	Pre-sold GFA	Total Planned GFA Under Development	Total Estimated GFA for Future Development	Total Land Bank Attributable to us	Percentage of Total Land Bank Attributable to Us
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Sichuan Province	**1**	**49,285**	**–**	**7,152**	**96,405**	**–**	**145,690**	**2.2**
Chongzhou	1	49,285	–	7,152	96,405	–	145,690	2.2
Total Land Bank	**42**	**253,505**	**58,390**	**2,237,223**	**6,111,445**	**1,014,809**	**6,626,987**	**100.0**

The table below sets forth a breakdown of our land bank by developer type and geographical location as of December 31, 2022:

		Completed		Under Development		Future Development		
	Number of Projects	GFA Available for Sale(1)	Rentable GFA(2)	Pre-sold GFA	Total Planned GFA Under Development	Estimated GFA for Future Development(3)	Total Land Bank Attributable to Us(4)(5)	Percentage of Total Land Bank Attributable to Us
		(in sq.m.)	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(%)*
Property Projects Developed by Our Wholly Owned Subsidiaries								
Ningxia Hui Autonomous Region								
Yinchuan	11	24,627	58,390	542,987	1,071,380	422,585	1,576,982	23.8
Sub-total	**11**	**24,627**	**58,390**	**542,987**	**1,071,380**	**422,585**	**1,576,982**	**23.8**
Qinghai Province								
Xining	6	99,123	–	7,559	27,042	53,941	180,107	2.7
Haidong	4	6,154	–	212,515	1,017,533	241,314	1,265,000	19.1
Sub-total	**10**	**105,277**	**–**	**220,074**	**1,044,574**	**295,255**	**1,445,107**	**21.8**
Total	**21**	**129,904**	**58,390**	**763,061**	**2,115,955**	**717,840**	**3,022,089**	**45.6**
Property Projects Developed by Our Non-Wholly Owned Subsidiaries								
Ningxia Hui Autonomous Region								
Yinchuan	8	25,989	–	628,719	1,055,650	172,114	1,253,753	18.9
Wuzhong	1	–	–	92,693	303,068	–	303,068	4.6
Guyuan	1	–	–	109,271	176,043	17,567	193,610	2.9
Sub-total	**10**	**25,989**	**–**	**830,683**	**1,534,761**	**189,681**	**1,750,430**	**26.4**

		Completed		Under Development		Future Development		
	Number of Projects	GFA Available for Sale[(1)]	Rentable GFA[(2)]	Pre-sold GFA	Total Planned GFA Under Development	Estimated GFA for Future Development[(3)]	Total Land Bank Attributable to Us[(4)(5)]	Percentage of Total Land Bank Attributable to Us
		(in sq.m.)	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(%)*
Qinghai Province								
Xining	4	25,060	–	350,684	1,186,575	–	1,211,635	18.3
Sub-total	**4**	**25,060**	**–**	**350,684**	**1,186,575**	**–**	**1,211,635**	**18.3**
Shaanxi Province								
Xianyang	1	8,192	–	–	–	–	8,192	0.1
Sub-total	**1**	**8,192**	**–**	**–**	**–**	**–**	**8,192**	**0.1**
Sichuan Province								
Chongzhou	1	49,285	–	7,152	96,405	–	145,690	2.2
Sub-total	**1**	**49,285**	**–**	**7,152**	**96,405**	**–**	**145,690**	**2.2**
Total	**16**	**108,526**	**–**	**1,188,520**	**2,817,741**	**189,681**	**3,115,947**	**47.0**
Property Project Developed by Our Associates								
Ningxia Hui Autonomous Region								
Yinchuan	3	15,075	–	122,195	409,767	–	119,517	1.8
Sub-total	**3**	**15,075**	**–**	**122,195**	**409,767**	**–**	**119,517**	**1.8**
Shaanxi Province								
Xi'an	1	–	–	159,007	559,327	35,162	231,851	3.5
Weinan	1	–	–	4,441	208,656	72,126	137,583	2.1
Sub-total	**2**	**–**	**–**	**163,448**	**767,983**	**107,288**	**369,434**	**5.6**
Attributable-total	**5**	**15,075**	**–**	**285,643**	**1,177,750**	**107,288**	**488,951**	**7.4**
Total Land Bank	**42**	**253,505**	**58,390**	**2,237,223**	**6,111,445**	**1,014,809**	**6,626,987**	**100.0**

Notes:

(1) Refers to (i) GFA pre-sold but yet to be delivered; and (ii) GFA unsold and available for sale.

(2) Refers to GFA of the property available to generate income and held for investment.

(3) Refers to (i) GFA for which we have signed a land grant contract but have not obtained the relevant land use right certificates; and (ii) GFA for which we have obtained the land use right certificates but have not obtained the requisite construction work commencement permits.

(4) Total land bank equals to the sum of (i) total GFA available for sale and total rentable GFA for completed properties; (ii) total planned GFA for properties under development; and (iii) total estimated GFA for properties held for future development.

(5) For project held by our associate, total GFA will be adjusted by our equity interest in the respective project.

Our projects companies are classified into two types, namely, subsidiaries and associates in accordance with the level of involvement and power on the management and operation of these project companies, including our representation on their decision-making authorities, such as shareholders' meeting and board of directors' meetings, as well as other facts and circumstances. A project company is classified as our subsidiary if we have control over the operation activities of the entity. A project company is classified as our associate if we cannot control or jointly control the operation of the entity. Control is achieved when we are exposed, or have rights, to variable returns from our involvement with the investee and have the ability to affect those returns through our power over the investee. Please see Note 3 to the Accountants' Report in Appendix I to this document.

The following table sets forth a breakdown of our land bank as of December 31, 2022 by property type:

	Completed GFA Available for Sale	Leasable GFA	Pre-sold GFA	Planned GFA under Development	Estimated GFA for Future Development	Total Land Bank Attributable to Us	Percentage of Total Land Bank Attributable to Us
	(in sq.m.)	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(%)*
Residential	159,120	–	2,130,651	4,317,151	837,287	4,748,238	71.7
Commercial	85,887	–	31,132	255,867	31,632	312,780	4.7
Carpark[1]	–	–	14,182	1,199,762	83,986	1,107,052	16.7
Others[2]	8,498	58,390	61,258	338,665	61,904	458,917	6.9
Total	**253,505**	**58,390**	**2,237,223**	**6,111,445**	**1,014,809**	**6,626,987**	**100.0**

Notes:

(1) Includes underground carparks and underground store rooms.

(2) Include ancillary areas to the properties and other facilities.

The following table sets forth the movements of the total land bank attributable to us and number of property development projects for the years indicated:

	Year ended December 31,					
	2020		2021		2022	
	Number of Projects	Land Bank Attributable to Us	Number of Projects	Land Bank Attributable to Us	Number of Projects	Land Bank Attributable to Us
		(in sq.m.)		*(in sq.m.)*		*(in sq.m.)*
At the beginning of the year/period	53	2,886,847	49	5,359,750	39	7,184,110
Add: number of projects/land bank attributable to us newly obtained during the year/period	10	3,268,064	12	3,397,083	3	823,331
Less: completed projects/GFA delivered during the year/period	14	795,162	22	1,572,723	25	1,380,454
At the end of the year	49	5,359,750	39	7,184,110	42	6,626,987

The following table sets forth a breakdown of the total GFA delivered and respective ASP per sq.m. by type of property developer, as well as a breakdown of our revenue, gross profit and gross profit margin by type of developer during the Track Record Period:

	Year ended December 31,																	
	2020						2021						2022					
	Revenue		Gross Profit	Gross Profit Margin	GFA	ASP	Revenue		Gross Profit	Gross Profit Margin	GFA	ASP	Revenue		Gross Profit	Gross Profit Margin	GFA	ASP
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*
Properties solely developed by our Group	3,705,562	66.9	1,328,667	35.9	544,706	6,803	4,557,253	35.4	1,462,685	32.1	546,461	8,340	5,538,926	48.3	1,402,183	25.3	733,644	7,550
Properties jointly developed by our Group, Vanke Group and other third parties[(1)]	1,209,429	21.8	127,970	10.6	173,234	6,981	7,972,348	61.9	1,578,616	19.8	984,956	8,094	5,798,131	50.5	1,356,937	23.4	664,599	8,724
Properties jointly developed by our Group and other third parties[(2)]	623,523	11.3	274,468	44.0	77,223	8,074	354,223	2.7	114,483	32.3	41,306	8,576	143,049	1.2	41,109	28.7	15,911	8,990
Total	**5,538,514**	**100.0**	**1,731,105**	**31.3**	**795,162**	**6,965**	**12,883,824**	**100.0**	**3,155,784**	**24.5**	**1,572,723**	**8,192**	**11,480,106**	**100.0**	**2,800,229**	**24.4**	**1,414,153**	**8,118**

Notes:

(1) Refers to projects developed under Zhongfang Vanke Industrial, a subsidiary of ours, as a platform for our strategic cooperation with Vanke Group.

(2) Refers to Xining Salzburg Palace (西寧薩爾斯堡) Eastern District and Chengbei International Village (城北國際村), which are projects developed by our wholly owned subsidiaries. Before the commencement of the development of the two property projects in Xining, we entered into cooperation agreements with a business partner, being an Independent Third Party property developer. Pursuant to such agreements, such business partner is entitled to receive a certain percentage of return from the relevant property projects that is commensurate with the percentage of their principal investment in developing such property projects. Its principal investment and right of such return results in the financial liabilities at fair value through profit or loss. Please see "Financial Information—Description of Certain Consolidated Statements of Financial Position Items—Financial Liabilities at Fair Value Through Profit or Loss" for details.

Our revenue from properties jointly developed by our Group, Vanke Group and other third parties increased significantly during the Track Record Period as a result of our ongoing cooperation with the Vanke Group. See "Business—Our Property Development Business—Our Relationship with Vanke Group" for details. During the Track Record Period, the gross profit margin from properties developed by our Group, Vanke Group and other third parties was in general lower than the gross profit margin from properties solely developed by our Group, primarily because properties developed by our Group, Vanke Group and other third parties delivered during the Track Record Period were delivered with fine interior fit-out works pursuant to the market positioning of such projects, which increased our development cost and lowered our gross profit margin. Gross profit margin from properties developed by our Group and other third parties fluctuated in comparison to our other property projects primarily because all properties developed by our Group and other third parties were located in Xining, which had different market dynamics from the property market of Yinchuan, where most of our other property projects were located. According to CIA, residential properties in Xining generally had higher ASP than residential properties in Yinchuan. In addition, we acquired the land underlying the Xining Salzburg Palace (西寧薩爾斯堡) Eastern District and Chengbei International Village (城北國際村) projects in 2011 and 2014, respectively, at relatively low land use right costs, thus leading to the overall lower development cost of these two projects as compared to our other projects in general. As such our properties developed by our Group and other third parties (namely the Xining Salzburg Palace (西寧薩爾斯堡) Eastern District and Chengbei International Village (城北國際村) projects) in general had higher gross profit margin than most of our other properties, and fluctuated from year to year as a result of the composition of properties we delivered in and the market condition of a given year. Although the gross profit margin from properties developed by our Group Vanke Group and other third parties increased during the Track Record Period, our overall gross profit margin from property development and sales decreased from 2020 to 2021 due to the increasing percentage of gross profit attributable to properties developed by our Group, Vanke Group and other third parties, which had lower gross profit margin than the rest of the properties as a result of their higher development cost arising from the fine interior fit-out works of such properties. Our gross profit margin from property development and sales remained stable from 2021 to 2022, primarily reflecting a decrease in the gross profit margin of properties solely developed by our Group as most of such projects we delivered in 2022 were targeting home upgraders, whereas many of the projects we delivered in 2021 were targeting high-end customers; such decrease was largely offset by an increase in the gross profit margin of properties jointly developed by our Group, Vanke Group and other third parties, as a large portion of such properties were located in Xining and we raised the unit price for the contract sales of our properties in Xining as our market share expanded in the region during 2019 and 2020.

See "Business—Our Property Development Business—Our Property Projects" and "Financial Information—Description of Certain Consolidated Statements of Profit or Loss Items—Gross Profit and Gross Profit Margin" for further details.

The following table sets forth our gross profit and gross profit margin by property type for the years indicated:

	Year ended December 31,					
	2020		2021		2022	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Residential	1,331,818	28.4	2,685,158	23.0	2,489,336	24.1
Commercial	245,905	46.5	192,907	38.6	143,546	22.0
Carpark	153,382	48.3	277,719	40.6	167,347	34.3
Total	**1,731,105**	**31.3**	**3,155,784**	**24.5**	**2,800,229**	**24.4**

Our gross profit margin for residential property development and sales decreased from 2020 to 2021, primarily due to higher land use right costs as well as an increase in the proportion of properties delivered with fine interior fit-out works, which increased our development cost. Although our gross profit margin decreased, our gross profit increased during the Track Record Period due to a significant increase in our revenue due to our business expansion. Our gross profit margin for residential property development and sales increased from 2021 to 2022, primarily because we raised the unit price for the contract sales of our properties in Xining as our market share expanded in the region during 2019 and 2020, and a greater percentage of our overall sales were attributed to our properties in Xining. See "Financial Information—Description of Certain Consolidated Statements of Profit or Loss Items—Gross Profit and Gross Profit Margin" for further details.

We focus on suitable locations in selected cities in Northwest China. The following table sets forth our revenue, total GFA delivered and the respective ASP per sq.m. by city for the years indicated:

	Year ended December 31,											
	2020				2021				2022			
	Revenue		GFA	ASP	Revenue		GFA	ASP	Revenue		GFA	ASP
	(RMB'000)	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*
Yinchuan	3,494,296	63.1	536,888	6,508	6,454,820	50.1	780,846	8,266	3,838,272	33.5	543,919	7,057
Xining	1,564,961	28.3	182,531	8,574	5,540,880	43.0	641,434	8,638	6,475,646	56.4	691,150	9,369
Xianyang	479,257	8.6	75,743	6,327	192,406	1.5	21,186	9,082	828,675	7.2	122,639	6,757
Haidong	–	–	–	–	695,718	5.4	129,257	5,382	274,946	2.4	48,226	5,701
Chongzhou	–	–	–	–	–	–	–	–	62,567	0.5	8,219	7,613
Total	**5,538,514**	**100.0**	**795,162**	**6,965**	**12,883,824**	**100.0**	**1,572,723**	**8,192**	**11,480,106**	**100.0**	**1,414,153**	**8,118**

The following table sets forth a breakdown of total GFA delivered and the respective ASP per sq.m. by property type, as well as a breakdown of our revenue by property type for the years indicated:

	Year ended December 31,											
	2020				2021				2022			
	Revenue		GFA	ASP	Revenue		GFA	ASP	Revenue		GFA	ASP
	(RMB'000)	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*
Residential	4,691,920	84.8	661,093	7,097	11,699,716	90.8	1,312,431	8,915	10,338,941	90.1	1,124,821	9,192
Commercial	528,877	9.5	50,476	10,478	500,381	3.9	48,677	10,280	653,396	5.7	64,636	10,109
Carpark	317,717	5.7	83,593	3,801	683,727	5.3	211,615	3,231	487,769	4.2	224,697	2,171
Total	**5,538,514**	**100.0**	**795,162**	**6,965**	**12,883,824**	**100.0**	**1,572,723**	**8,192**	**11,480,106**	**100.0**	**1,414,153**	**8,118**

The ASP of delivered properties increased from RMB6,965 per sq.m. in 2020 to RMB8,192 per sq.m. in 2021 primarily attributable to the prevailing market conditions and the selling prices for properties in cities and regions where we developed. The ASP of delivered properties remained stable at RMB8,192 per sq.m. in 2021 and RMB8,118 per sq.m. in 2022, as the decrease of the ASP of delivered properties in Yinchuan was largely offset by the increase in ASP of delivered properties in Xining. Specifically:

- In Yinchuan, the ASP of delivered properties increased from RMB6,508 per sq.m. in 2020 to RMB8,266 per sq.m. in 2021, primarily attributable to the higher unit price of the new projects delivered, particularly the Vanke–Jin Chen (萬科•錦宸) and Xi Yue Bay (璽悅灣) projects, as these projects generally were delivered with fine interior fit-out works and/or target the high end market. The ASP of delivered properties decreased from RMB8,266 per sq.m. in 2021 to RMB7,057 per sq.m. in 2022, primarily because the projects we delivered in 2022 were mostly targeting home upgraders, whereas many of the projects we delivered in 2021 were targeting high-end customers.

- In Xining, the ASP of delivered properties remained stable of RMB8,574 per sq.m. in 2020 and RMB8,638 per sq.m. in 2021. The ASP of delivered properties increased from RMB8,638 per sq.m. in 2021 to RMB9,369 per sq.m. in 2022, primarily because we raised the unit price for the contract sales of our properties in Xining during 2019 and 2020 as our market share expanded in the region.

- In Xianyang, the ASP of delivered properties increased from RMB6,327 per sq.m. in 2020 to RMB9,082 per sq.m. in 2021, primarily attributable to increased unit price of Sunshine Meiyu (陽光美域) in 2021. The ASP of delivered properties decreased from RMB9,082 per sq.m. in 2021 to RMB6,757 per sq.m. in 2022, primarily because a higher proportion of our properties delivered in 2022 were residential properties, which had lower ASP than commercial properties.

- In Haidong, the ASP of delivered properties amounted to RMB5,382 per sq.m. in 2021. The ASP of delivered properties remained stable at RMB5,701 per sq.m. in 2022.

- In Chongzhou, the ASP of delivered properties amounted to RMB7,613 per sq.m. in 2022.

Our ASP for residential properties increased during the Track Record Period, primarily due to increasing market demand for residential properties as well as the market positioning of the new projects we delivered. Our ASP for commercial properties generally remained stable during the Track Record Period. Our ASP for carparks decreased from 2020 to 2021 primarily due to sales promotion and the specification of the carparks and market positioning of different projects involved, which led to generally lowered pricing for carparks we delivered in 2021. Our ASP for carparks decreased from 2021 to 2022, primarily due to sales promotion and the specification of the carparks and market positioning of different projects involved, which led to generally lowered pricing.

See "Financial Information—Description of Certain Consolidated Statements of Profit or Loss Items—Revenue" for further details.

The following table sets forth a breakdown of total GFA delivered and the respective ASP per sq.m. by the market positioning of our residential properties, as well as a breakdown of our revenue, gross profit and gross profit margin by the market positioning of our residential properties for the years indicated:

	Year ended December 31,														
	2020					2021					2022				
	Revenue	Gross Profit	Gross Profit Margin	GFA	ASP	Revenue	Gross Profit	Gross Profit Margin	GFA	ASP	Revenue	Gross Profit	Gross Profit Margin	GFA	ASP
	(RMB'000)	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*	*(RMB'000)*	*(RMB'000)*	*(%)*	*(in sq.m.)*	*(RMB per sq.m.)*
Joyful Living series (樂享系)	1,245,550	276,046	22.2	185,340	6,720	1,983,185	314,198	15.8	259,874	7,631	1,280,720	412,587	32.2	173,853	7,367
Refined Living series (優享系)	2,376,347	433,666	18.2	363,048	6,546	5,934,207	1,184,923	20.0	690,303	8,597	7,580,236	1,666,569	22.0	809,781	9,361
Premium Living series (尊享系)	1,070,023	622,106	58.1	112,704	9,494	3,782,324	1,186,037	31.4	362,254	10,441	1,477,985	410,180	27.8	141,187	10,468
Total	**4,691,920**	**1,331,818**	**28.4**	**661,093**	**7,097**	**11,699,716**	**2,685,158**	**23.0**	**1,312,431**	**8,915**	**10,338,941**	**2,489,336**	**24.1**	**1,124,821**	**9,192**

The gross profit margin for the Premium Living series had been particularly high in 2020, primarily because two projects delivered within this series, namely Xi Yun Tai (璽雲台) and Xining Salzburg Palace (西寧薩爾斯堡), had high unit price due to their high-end market position and low development cost as the underlying parcels of land were acquired by us many years ago when the cost of land was relatively low.

Our Suppliers and Customers

Our suppliers primarily include construction contractors, decoration and landscaping contractors and materials and equipment suppliers. All of our five largest suppliers during the Track Record Period were construction contractors. In 2020, 2021 and 2022, purchases from our five largest suppliers amounted to RMB2,011.4 million, RMB2,031.6 million and RMB1,192.0 million, respectively, accounting for 32.3%, 29.5% and 25.9% of our total purchases, respectively. In 2020, 2021 and 2022, purchases from our single largest supplier amounted to RMB543.7 million, RMB693.5 million and RMB385.0 million, respectively, accounting for 8.7%, 10.1% and 8.4% of our total purchases, respectively.

Our customers are primarily individual purchasers, corporate entities and government entities. In 2020, 2021 and 2022, revenue from our five largest customers amounted to RMB211.0 million, RMB103.4 million and RMB153.6 million, respectively, accounting for 3.7%, 0.8% and 1.3% of our total revenue, respectively. In 2020, 2021 and 2022, revenue from our single largest customer amounted to RMB100.0 million, RMB33.8 million and RMB82.6 million, respectively, accounting for 1.8%, 0.3% and 0.7% of our total revenue, respectively. We, acting as a nominee shareholder through our subsidiary, hold 5% interest in one of our five largest customers, to which we provided management consulting services. To the best knowledge of our Directors, other than the aforementioned customer, none of our Directors, their respective close associates or any shareholder who owns more than 5% of our issued share capital had any interest in any of our five largest suppliers or customers during the Track Record Period. For more details, see "Business—Suppliers and Customers" in this document.

Voting Right Arrangements

Zhongfang Vanke Industrial is a platform company for our strategical cooperation with Vanke Group. It had 13 project companies as of the Latest Practicable Date. Zhongfang Vanke Industrial was established in the PRC as a limited liability company on September 28, 2017, whose equity interest is owned as to 40% by Ningxia Zhongfang Industrial, 40% by Vanke Group and 20% by Shenzhen Huayin. On the same date, we entered into a voting right entrustment agreement with Shenzhen Huayin, pursuant to which Shenzhen Huayin agreed to entrust to us its 20% of the voting rights in Zhongfang Vanke Industrial. As a result, we have obtained majority of voting rights in Zhongfang Vanke Industrial and are entitled to exercise an aggregate 60% of the voting rights in the shareholders' meeting of Zhongfang Vanke Industrial, and therefore are able to exercise control over financial and business decisions and daily operations of Zhongfang Vanke Industrial. Accordingly, we are able to consolidate Zhongfang Vanke Industrial and project companies held by Zhongfang Vanke Industrial as subsidiaries into our Group in accordance with the IFRSs.

Apart from Zhongfang Vanke Industrial, we cooperate with another business partner Ningxia Yongning Shicheng Real Estate Development Co., Ltd. (寧夏永寧實成房地產開發有限公司) ("**Ningxia Yongning**"), and established Ningxia Zhongjin, which operates Yong Yue Mansion II (永悦府二期). We hold 35% equity interest in Ningxia Zhongjin but are entitled to exercise an aggregate 51% of the voting rights in the shareholders' meeting as stipulated in the articles of association of Ningxia Zhongjin. We are also able to consolidate Ningxia Zhongjin as a subsidiary into our Group by obtaining a majority of voting right in the shareholders' meeting in accordance with the IFRSs.

The business partners which had the voting right arrangements with us are Independent Third Parties (other than their interests in the relevant companies). We have such arrangements with our business partners so that we can leverage their network, market reputation, financial strength and industry experience for the purpose of acquiring large parcels of land or expanding into new markets while we can maintain a better control for the property projects. Our business partners can receive desired return by leveraging our brand name, industry expertise and experience and other property development resources in Northwest China. Although we held no more than 50% of the equity interest in the platform company and the project company, through the above voting rights arrangements, we still obtain control of the property development to ensure consistent quality of our products and services and to enlarge our market penetration and further increase our market recognition. We believe that such cooperation strategy was mutually beneficial for both our business partners and us.

For more details, see "History, Reorganization and Corporate Structure—Our Corporate Development—Our Principal Operating Subsidiaries in the PRC—Zhongfang Vanke Industrial" and "Business—Our Property Development Business—Voting Right Arrangements" in this document.

Our Relationship with Vanke Group

We and Vanke Group were members of China Urban Realty Association (中國城市房地產開發商策略聯盟) since 2008. We have more than 28 years of comprehensive experience focusing on the development and sales of residential properties and a strong foothold in Northwest China with a better established local presence and brand recognition. We have a better understanding of the local conditions and customs of Northwest China and local features, regulatory requirements and know-hows of property development activities therein, and have greater access to experienced local labor, local quality suppliers, other property development resources and networks relating to other players in the local real estate industry, media, financial institutions and investors, among other things. We had been the market leader in Yinchuan and Xining and ranked first in terms of contracted sales among all property developers in Yinchuan and Xining for eight consecutive years from 2014 to 2021, according to CIA. Vanke Group is a leading city and town developer and service provider in China and is recognized as an excellent enterprise in China's real estate industry in terms of market reputation, financial strength, and industry experience. To our best knowledge, Vanke Group has formulated well-developed and prudent standards in selecting its business partners and typically considers the overall strength, corporate culture, alignment of the interest and sustainability of its business partners. In 2017, under the mutual appreciation of each other's corporate culture and philosophy, we and Vanke Group initiated the strategic cooperation. Such strategic cooperation can bring mutual benefits to Vanke Group and us by reinforcing parties' strengths and achieving mutual complementarity.

We can leverage Vanke Group's nationwide network, market reputation, financial strength and industry experience to solidify our position in our existing markets and gradually expand to different regions. When we enter into a new geographic region or local market, our cooperation with Vanke Group could mitigate our risks in accurately predicting the local market demand, sorting out qualified suppliers and recruiting skillful and qualified personnel. Likewise, we believe that Vanke Group can leverage our local network and market reputation in Northwest China, particularly, in Xining and Yinchuan, to shorten their adaption period in entering the local markets, reduce the costs of communications with regulatory authorities, increase the efficiency in utilizing the local financial resources, recruiting local talents and sorting out qualified local suppliers. For potential projects outside Northwest China, Vanke Group has indicated its willingness to cooperate with us since we are a preferred quality business partner of Vanke Group and the cooperation with us could reduce its opportunity costs in selecting new business partners in the new region, and to some extent reduce its initial investment and development costs in a single project. We and Vanke Group could participate in land auctions in the new region independently, and cooperate with each other in project development when the land is bid successfully by either us or Vanke Group, subject to the permission of the relevant bidding documents and/or consent from relevant government authorities. In addition to the financial benefits, we and Vanke Group considered strategic benefits with respect to our cooperation. With the nationwide presence of Vanke Group, management of Vanke Group would be able to closely and efficiently monitor its businesses in all regions across the PRC, by cooperating with qualified business partners, like our Group, which we believe would ensure the stable property development of Vanke Group in different regions by delegating the local project executions to its partners, while optimizing its utilization of resources on large and complex projects in other developed regions with more fierce competitions and such cooperation with our Group would also allow Vanke Group to respond to the market more quickly, capture opportunities, and maximize on-the-ground ability to compete with other competitors in Yinchuan and Xining where Vanke Group is expanding into. No project in Yinchuan and Xining was solely developed by Vanke Group, whereas Vanke Group entered this market by cooperating with our Group, according to CIA. Although revenue contributed by projects jointly developed by Vanke Group and our Group was less than 1.0% to Vanke Group's revenue for each of the year during the Track Record Period, cooperation with our Group expanded the market segment for Vanke Group in Northwest China and most importantly, Vanke Group located a qualified business partner, which would further create a long term value growth for Vanke Group in Yinchuan and Xining where Vanke Group is expanding into. Based on the annual reports of Vanke Group, its revenue from northwestern region increased from RMB27.6 billion in 2020 to RMB29.9 billion in 2021, which was mainly driven by the revenue derived from projects jointly developed by Vanke Group and our Group.

Zhongfang Vanke Industrial contributed an aggregate amount of revenue of RMB1,209.4 million, RMB7,972.3 million and RMB5,798.1 million in 2020, 2021 and 2022, respectively, accounting for 21.5%, 61.6% and 50.3%, respectively, of our total revenue during the respective period. As we continue strengthening the cooperation with Vanke Group, the number of our jointly developed projects delivered is expected to remain stable in the year ending December 31, 2023. See "Business—Our Property Development Business—Our Property Projects" and "Business—Our Property Development Business—Our Relationship with Vanke Group" for further details.

For the pipeline of the projects jointly developed with Vanke Group, in addition to projects under development of Zhongfang Vanke Industrial, as of December 31, 2022, we established two non-wholly owned subsidiaries with Vanke Group, including (i) Ningxia Wanjia Jinye Real Estate Development Co., Ltd. (寧夏萬嘉錦業房地產有限公司), which was owned as to 51.0% by us and 49.0% by Vanke Group, to develop Emerald Lakeview (翡翠湖望•觀璟) in Yinchuan; and (ii) Ningxia Wanyu Xiangchen Real Estate Development Co., Ltd. (寧夏萬宇翔宸房地產有限公司), which was owned as to 51.0% by us and 49.0% by Vanke Group, to jointly develop Yue Jin Bay (閱錦灣) in Yinchuan. We also established three associates with Vanke Group, including (i) Ningxia Jinyao Real Estate Co., Ltd. (寧夏金耀置業有限公司) to jointly develop Vanke—New Metropolis (萬科•新都會) in Yinchuan; (ii) Zhongwan Yijing Real Estate Co., Ltd. (中萬逸景置業有限公司) to jointly develop Vanke—Weinan Glorious Mansion (萬科•渭南錦宸) in Weinan; and (iii) Xi'an Ningzhu Real Estate Co., Ltd. (西安寧築實業有限公司) to jointly develop Vanke—Oriental Vision (萬科•東望) under city renovation project in Xi'an. See "Business—Our Property Development Management—Site Selection and Land Acquisition—Potential Land Acquisition Opportunities in City Renovation Projects" for details regarding the city renovation project in Xi'an. Further to our enhanced cooperation in Northwest China, we and Vanke Group entered into strategic framework agreements for future strategic cooperation to develop future potential property projects in Chengdu, Sichuan Province and Changsha, Hunan Province.

In the future, besides the projects developed under Zhongfang Vanke Industrial and other non-wholly owned subsidiaries and associates we established with Vanke Group, we will continue (i) focusing on projects developed by us; (ii) participating in primary land development, such as city renovation, and acquiring equity interests in, or land parcels from third parties which possess land parcels or projects under construction to enhance our ability to acquire suitable land by our own project companies; (iii) providing management consulting services by our own projects companies in order to diversify our revenue stream; and (iv) diversifying our project portfolio by partnering with other selected third-party property developers when expanding into other new regions. Our Directors are of the view that, and the Sole Sponsor concurs, our strategic cooperation with Vanke Group and the business relationship between Vanke Group and us will not have material adverse impact on our suitability for [**REDACTED**].

Our Directors are of the view that, and the Sole Sponsor concurs, our relationship with Vanke Group is unlikely to materially and adversely change or terminate in the foreseeable future, on the basis that (i) such cooperation is based on the actual needs of the two parties' business development and is mutually beneficial. Under the faithful performance of the two parties, the cooperation has developed steadily over the years with a proven record of operation; (ii) we and Vanke Group have accumulated extensive experiences from working with each other and maintained a sound communication mechanism to ensure smooth agreements between the two parties on any related matters as of the Latest Practicable Date; (iii) we and Vanke Group both have profound concepts of credit and honor of agreements rooted in our corporate cultures; and (iv) we further enhanced the cooperation by establishing two non-wholly owned subsidiaries with Vanke Group in addition to Zhongfang Vanke Industrial to jointly develop Emerald Lakeview (翡翠湖望 • 觀璟) and other potential projects in Yinchuan; (v) in addition to Yinchuan and Xining, we and Vanke Group are entering into Xi'an and Weinan to jointly develop projects, such as Vanke—Weinan Glorious Mansion (萬科 • 渭南錦宸) in Weinan and Vanke—Oriental Vision (萬科 • 東望) in Xi'an, and may consider entering into other new regions in Northwest China through cooperation; (vi) we and

Vanke Group entered into strategic framework agreements for future strategic cooperation in Chengdu, Sichuan Province and Changsha, Hunan Province; and (vii) during the Track Record Period and up to the Latest Practicable Date, we were not involved in any disputes with Vanke Group that had a material adverse effect on our business, financial condition and results of operations.

However, we cannot assure you that we will be able to sustain such business relationship and all of our contractual obligations under such arrangements at all times or we need to maintain such business relationship. Please see "Risk Factors—Risks Relating to Our Business—Our business and prospects are dependent on and may be adversely affected by our non-wholly owned subsidiaries consolidated through voting right arrangements" for details. Considering (i) our historical business operation for more than 28 years and existing market position in Yinchuan and Xining; (ii) our proven record in acquiring land and developing property projects independently; (iii) our established brand recognition in Northwest China in delivering quality properties and providing quality customer services; (iv) our accumulated reputation and a loyal customer base; (v) our recognized strengths in business operation, management, financial and labor recourses and our excellent corporate culture to ensure that we are ready to partner with other selected third-party property developers at any time; (vi) some sizeable property developers of similar scale with Vanke Group had reached out to us for potential cooperation on comparable terms, and subject to further negotiation of details of potential cooperation, we believe that we are readily able to cooperate with other property developers of similar scale and on comparable terms in the event that our relationship with Vanke Group materially deteriorates or terminates; (vii) no breach of contractual obligations or failure of contractual capacity under the voting right arrangements had occurred during the Track Record Period and up to the Latest Practicable Date; and (viii) our future business plans as discussed in the preceding paragraph, particularly, we will continue developing property projects independently in addition to projects jointly developed with Vanke Group, the Directors are of the view that our Group would be able to effectively mitigate the potential risks if our relationship with Vanke Group materially deteriorates or terminates.

COMPETITIVE STRENGTHS

We believe the following strengths contributed to our success during the Track Record Period and distinguish us from our competitors: (i) a property developer with a market leading position in Yinchuan and Xining; (ii) products with distinctive designs and high quality standards that enhance our value proposition; (iii) quality land bank acquired through diversified channels to fuel our future development; (iv) well-established brand image and loyal customer base; and (v) professional, experienced management team and highly motivated employees.

BUSINESS STRATEGIES

Our goal is to become a leading real estate developer offering quality products in Northwest China as well as other high growth cities in China. To achieve our goal, we intend to implement the following strategies: (i) continue to strengthen our position in Ningxia Hui Autonomous Region and Qinghai Province and actively expand into cities with high potential in other regions; (ii) further improve our product design and quality to enhance the competitiveness of our products and our brand image; (iii) continue to implement prudent financial policies and optimize our capital structure; and (iv) continue to attract, retain and motivate talents and build a productive workforce.

CONTROLLING SHAREHOLDERS

Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), MSmart International will directly hold [**REDACTED**]% of the issued share capital of our Company. MSmart International is wholly owned by Mr. Fang. Accordingly, Mr. Fang and MSmart International will be our Controlling Shareholders upon [**REDACTED**]. See "Relationship with Controlling Shareholders."

PRE-[REDACTED] INVESTMENT

Jadeway Investments made a total investment of RMB8,349,750 in our Group, which was settled on March 2, 2021. Immediately following the completion of the [**REDACTED**] (assuming the [**REDACTED**] is not exercised and without taking into account any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme), Jadeway Investments will hold [**REDACTED**]% of the issued share capital of our Company. The total investment cost per Share of Jadeway Investments under the Pre-[**REDACTED**] Investment represents a premium of [**REDACTED**]% to the [**REDACTED**] per Share (based on the mid-point of the indicative [**REDACTED**] range of HK$[**REDACTED**] per Share). The Shares held by Jadeway Investments will be subject to lock-up for a period of six months after [**REDACTED**]. See "History, Reorganization and Corporate Structure—Pre-[**REDACTED**] Investment" for details.

CONTINUING 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 Subject to the Reporting, Annual Review and Announcement Requirements but Exempt from Independent Shareholders' Approval Requirement." See "Connected Transactions" for details.

SUMMARY KEY FINANCIAL INFORMATION

The summary historical data of financial information set forth below has been derived from, and should be read in conjunction with, our consolidated audited financial statements, including the accompanying notes, set forth in the Accountants' Report attached 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.

Consolidated Statements of Profit or Loss Data

	Year ended December 31,		
	2020	2021	2022
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Revenue	**5,635,839**	**12,945,370**	**11,516,403**
Cost of sales	(3,842,191)	(9,747,240)	(8,690,233)
Gross profit	**1,793,648**	**3,198,130**	**2,826,170**
Other income and gains	257,323	253,024	107,757
Selling and distribution expenses	(213,813)	(379,518)	(260,860)
Administrative expenses	(233,617)	(343,417)	(259,276)
Impairment losses on financial assets, net	(1,334)	(916)	(32,237)
Other expenses	(64,223)	(89,219)	(124,643)
Finance costs	(37,993)	(50,734)	(41,213)
Share of losses of associates	(5,176)	(8,083)	(12,873)
Profit before tax from continuing operations	**1,494,815**	**2,579,267**	**2,202,825**
Income tax expense	(624,003)	(1,195,491)	(902,838)
Profit for the year from continuing operations	**870,812**	**1,383,776**	**1,299,987**

The following table sets forth each of the components and the percentage of our revenue represented for the years indicated:

	Year ended December 31,					
	2020		2021		2022	
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*	*(RMB'000)*	*(%)*
Property development and sales						
Residential	4,691,920	83.3	11,699,716	90.3	10,338,941	89.7
Commercial	528,877	9.4	500,381	3.9	653,396	5.7
Carpark	317,717	5.6	683,727	5.3	487,769	4.2
Sub-total	5,538,514	98.3	12,883,824	99.5	11,480,106	99.6
Property leasing services	27,919	0.5	33,770	0.3	30,611	0.3
Management consulting and other services	69,406	1.2	27,776	0.2	5,686	0.1
Total	**5,635,839**	**100.0**	**12,945,370**	**100.0**	**11,516,403**	**100.0**

Our revenue during the Track Record Period primarily consisted of revenue derived from property development and sales. Our operating results for any given period are dependent upon the GFA and the selling prices of the properties we delivered during such period. Conditions in the property markets in which we operate change from period to period and are affected by general economic, political and regulatory developments in the PRC as well as in the cities and regions in which we operate. The fluctuation in our revenue during the Track Record Period was primarily attributable to the fluctuation in the total GFA delivered in a given year. Our revenue increased from 2020 to 2021, primarily due to the eight new projects we delivered in 2021. Our revenue decreased from 2021 to 2022, primarily because our GFA delivered decreased from 1,572,723 sq.m. in 2021 to 1,414,153 sq.m. in 2022. See "Financial Information—Description of Certain Consolidated Statements of Profit or Loss Items."

Selected Consolidated Statements of Financial Position Data

	As of December 31,		
	2020	**2021**	**2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Total non-current assets	1,894,315	2,106,654	2,369,331
Total current assets	32,245,275	33,643,126	31,818,154
Total current liabilities	29,845,284	29,889,688	27,624,431
Net current assets	2,399,991	3,753,438	4,193,723
Total non-current liabilities	1,509,771	1,607,664	1,408,430
Non-controlling interests	452,922	1,159,877	1,398,003
Total equity	2,784,535	4,252,428	5,154,624

Our net current assets increased from December 31, 2020 to December 31, 2021, primarily due to the increase in our total current assets while our total current liabilities remained relatively stable. The increase in our total current assets from RMB32,245.3 million as of December 31, 2020 to RMB33,643.1 million as of December 31, 2021 was primarily due to an increase in our properties under development of RMB3,705.7 million, which is in line with our business expansion, partially offset by a decrease in prepayments, other receivables and other assets of RMB2,041.9 million and a decrease in completed properties held for sale of RMB623.3 million. Our net current assets increased from RMB3,753.4 million as of December 31, 2021 to RMB4,193.7 million as of December 31, 2022, primarily due to the decreases in trade and bills payables and contract liabilities, partially offset by a decrease in properties under development. See "Financial Information—Net Current Assets."

Summary Consolidated Cash Flow Statements Data

	Year ended December 31,		
	2020	**2021**	**2022**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*
Operating cash flows before movements in working capital	1,347,928	2,528,101	2,344,891
Changes in working capital	(1,577,868)	(3,566,169)	(247,175)
Interest received	15,272	22,317	37,134
Income tax paid	(718,264)	(998,945)	(761,484)
Net cash flows (used in)/from operating activities	(932,932)	(2,014,696)	1,373,366
Net cash flows from/(used in) investing activities	2,548,802	2,049,557	(175,717)
Net cash flows (used in)/from financing activities	(281,780)	158,838	(1,062,634)
Net increase in cash and cash equivalents	1,334,090	193,699	135,015
Cash and cash equivalents at the beginning of the year	1,003,073	2,337,163	2,530,862
Cash and cash equivalents at the end of the year	2,337,163	2,530,862	2,665,877

In 2020, we recorded net cash flows used in operating activities primarily due to negative movements in working capital, mainly reflecting RMB3,758.9 million increase in properties under development and RMB930.5 million decrease in other payables and accruals, partially offset by RMB892.7 million increase in contract liabilities. We recorded net cash used in operating activities in 2020 primarily because we spent substantial amount of cash to develop our new property projects, as reflected by the significant increase in properties under development, as well as the payment of cooperative operation payables. We recorded net cash outflows from operating activities of RMB2,014.7 million in 2021, primarily because (i) a significant portion of our revenue recognized in 2021 was from properties pre-sold in earlier periods; (ii) we further increased our properties under development as a result of our business expansion; and (iii) a decrease in contract liabilities in 2021. We turned from net cash flows used in operating activities for the year ended December 31, 2021 to net cash flows from operating activities for the year ended December 31, 2022, primarily because we used less cash for land purchase and paid less tax in 2022. See "Financial Information—Liquidity and Capital Resources—Cash Flow."

Key Financial Ratios

The following table sets forth certain of our key financial ratios as of the dates and for the years indicated:

	As of/for the year ended December 31,		
	2020	2021	2022
Current ratio	1.1	1.1	1.2
Interest coverage ratio	40.3	51.8	54.4
Debt to equity ratio (%)	N/A	N/A	N/A
Gearing ratio	0.7	0.6	0.4
Return on total assets (%)	2.9	4.1	3.7
Return on equity (%)	35.1	39.3	27.6
Gross profit margin (%)	31.8	24.7	24.5

Our current ratio remained stable during the Track Record Period.

Our interest coverage ratio increased from 2020 to 2021, because the increase in our profit before finance costs and income tax expenses outweighed the increase in finance costs during the period. Our interest coverage ratio increased from 51.8 in 2021 to 54.4 in 2022, because the decrease in our finance costs outweighed the decrease in our profit before finance costs and income tax expenses during the period.

We did not record debt to equity ratios as of December 31, 2020, 2021 and 2022 because we had more cash than borrowings.

Our gearing ratio decreased from 0.7 as of December 31, 2020 to 0.6 as of December 31, 2021 primarily due to the increased in equity as a result of increased net profit, and decreased further to 0.4 as of December 31, 2022 due to a decrease in our borrowings as well as an increase in retained profit.

Our return on total assets increased from 2.9% in 2020 to 4.1% in 2021, due to our further increase of overall profit. Our return on total assets was 3.7% in 2022 due to a decrease of overall profit.

Our return on equity increased from 35.1% in 2020 to 39.3% in 2021 because we experienced a significant increase in our profit from continuing operations, which outpaced the increase in our equity. Our return on equity was decreased to 27.6% in 2022, primarily due to a decrease of overall profit as well as an increase in our equity.

Our gross profit margin decreased from 31.8% in 2020 to 24.7% in 2021, primarily due to decreases in gross profit margins from our property development and sales business and management consulting and other services. Our gross profit margin remained stable at 24.5% in 2022. See "Financial Information—Description Of Certain Consolidated Statements Of Profit Or Loss Items—Gross Profit and Gross Profit Margin" for details.

See "Financial Information—Summary of Key Financial Ratios."

PROPERTY VALUATION

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

In the valuation of property interests by using comparison method, JLL has identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the subject properties such as nature, use, size, layout, accessibility, environmental quality of the properties. The selected comparables are basically located in the area close to the subject properties or within the same development. Appropriate adjustments and analysis are considered with regard to the differences in location, size and other characters between the comparable properties and the subject properties to arrive at an assumed unit rate for the subject properties.

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

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

JLL has valued the selected properties in which we had interests as of December 31, 2022 and is of the opinion that the aggregate market value of those properties as of such date was RMB27,200.5 million, and the value attributable to our Group was RMB17,352.0 million. The full text of the letter and summary disclosure of property valuation with regard to such property interests are set out in Appendix III to this Document. For risks associated with assumptions made in the valuation of our properties, see "Risk Factors—Risks Relating to Our Business—The actual realizable value of our properties may be substantially lower than their appraisal value and is subject to change."

[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**].

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

DIVIDENDS

We declared dividends to the then equity holder of a subsidiary of RMB98.6 million, nil and nil in 2020, 2021 and 2022, respectively. The recommendation of the payment of dividend, if any, is subject to the absolute discretion of our Board, and, after the [**REDACTED**], any declaration of final dividend for the year will be subject to the approval of our Shareholders. The declaration and payment of future dividends will be subject to various factors, including but not limited to our results of operations, financial performance, profitability, business development, prospects, capital requirements and economic outlook. Any declaration and payment as well as the amount of the dividend will be subject to our constitutional documents and the Cayman Islands Companies Act, and may require the approval of our Shareholders. For more details, 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). 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**] million, will be used to finance the construction of our existing and future projects;

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used to repay a portion of our borrowings; and

- approximately [**REDACTED**]%, or approximately HK$[**REDACTED**] million, will be used for general business operations and working capital.

See "Future Plans and [**REDACTED**]."

RECENT DEVELOPMENTS AND NO MATERIAL ADVERSE CHANGE

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

Business Highlights

Subsequent to the Track Record Period and up to the Latest Practicable Date, the contracted sales attributable to us were approximately RMB1,514.1 million with respect to an aggregate GFA attributable to us of approximately 176,350 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.

Financial Performance

Based on our unaudited management accounts, our revenue from property development and sales increased in the month ended January 31, 2023 as compared to the same month in 2022, primarily attributable to an increase in GFA delivered resulting from the delivery of the Xi Jiang Yue (西江悦) project.

Our Directors confirmed that, since December 31, 2022, being the latest date of our financial statements, and as of the date of this document, there has been no material adverse change in our financial or trading position, indebtedness, mortgage, contingent liabilities, guarantees or prospects.

Effects of the COVID-19 Pandemic

An outbreak of respiratory illness caused by a novel coronavirus, which has been named as COVID-19 by the World Health Organization ("**WHO**") was identified in December 2019 and spread globally in early 2020.

Our Directors are of the view that the COVID-19 pandemic did not and will not have a significant adverse impact on our business in general. Our construction sites in Ningxia Hui Autonomous Region and Qinghai Province generally have a construction suspension season in winter from November to the coming mid-March due to the low temperature and governmental requirement. As a result of the COVID-19 pandemic, we had an extra month of construction suspension period in addition to the construction suspension season in early 2020. In 2020, we experienced a slight delay in property delivery for one project as a result of the COVID-19 pandemic. In addition, due to the resurgence of COVID-19 pandemic in 2022, we experienced city lockdowns of 30 days in Yinchuan and three months in Xining. As a result, Eastern Cloud (東方雲舒) with a GFA of 86,895 sq.m. in Xining, Qinhai Province experienced a delay in delivery of approximately three months in 2022 and was delivered in December 2022; Xining Salzburg Palace (西寧薩爾斯堡) with a GFA of 61,409 sq.m. experienced a delay in delivery of approximately three months and is expected to be delivered in March 2023; certain buildings of Vanke—Vanke Town (萬科•萬科城) with a GFA of 68,140 sq.m. experienced a delay in delivery of approximately six months and are expected to be delivered in April 2023. After we sent notices to the relevant property buyers with respect to the extension of property delivery dates pursuant to the relevant local policies, we had not received any complaints, claims, nor administrative penalties. Our Directors are of the view that the delay in delivery of this project did not have any material adverse impact on our business, financial condition and results of operations, given that (i) the delay only affected the time of recognition of our revenue; and (ii) as confirmed by our PRC Legal Advisors, the delay in property deliveries does not involve any non-compliance with the PRC laws and regulations. The delay in delivering of this project breaches the undertaking of the delivery time as stipulated in the property sales contract, however, pursuant to force majeure provisions under property sales contracts between buyers and us, the relevant provincial guiding opinions related to the COVID-19 pandemic stipulating that the delayed period as a result of the COVID-19 pandemic shall not be accounted as default period under the property sales contracts and as per our PRC Legal Advisors' view, the risk resulting in legal liabilities to pay our customers damages for such delay in property deliveries is low. Other than the aforementioned projects, we had not experienced any material delay in our property delivery because we timely applied for approvals for resumption of construction from relevant authorities pursuant to the relevant local regulations and requirements when relevant restrictions were lifted.

We also formulated appropriate rent reduction or exemption measures for our commercial properties in Yinchuan and Xining in 2020 only. As a result of such measures, the total amount of rent reduced and exempted in 2020 was approximately RMB1.6 million. In 2020, two tenants sought an earlier termination of their lease contracts with us. Our Directors confirm that the COVID-19 pandemic had no material adverse impact on our property leasing business as well as our financial performance in 2020.

Local governments in many cities, such as Yinchuan, Wuzhong and Chongzhou County of Chengdu, implemented various easing measures to boost the demand for properties hit by COVID-19 curbs. For example, on May 19, 2022, various departments in Yinchuan jointly promulgated the Implementation Opinions on Promoting the Health and Steady Development of the Real Estate Market in Yinchuan (《關於促進銀川市房地產業良性循環和健康發展的實施意見》), which releases the prior restrictions on individuals on numbers of house purchases and lowers the down payment ratio to 20% for the mortgage loans of first-time house purchasers and 30% for the mortgage loans where a purchaser has more than one mortgage loan for properties.

In late 2022, the PRC government has gradually lifted restrictions and quarantine measures in China due to the fact that the pandemic is being contained and the virus has become milder and less virulent. There is still great uncertainty as to the future development of the COVID-19 pandemic, which may adversely affect the growth prospects of China's property development industry. We are continuously evaluating the impact of the COVID-19 pandemic on our business, results of operations and financial condition, which we believe will depend on the duration of the pandemic and the government's responsive measures. If the COVID-19 pandemic persists or escalates, our business, results of operations and financial condition may be negatively affected.

See "Business—Effects of the COVID-19 Pandemic" for further details.

Co-investment Schemes

In anticipation of the expansion of our business and to align the interests of our employees with our business prospects and further incentivize our employees, we have implemented co-investment schemes with benefit- and risk-sharing features for our employees' participation. We started to implement our co-investment schemes (the "**Co-investment Schemes**") in March 2021, pursuant to which our employees participate by investing into the designated project companies held by our Group through the scheme's investment platform. Distributable benefits and proceeds derived from the property projects are to be distributed to the participants when the invested project has achieved a positive cash flow, and, where relevant, the participants may share losses on a pro rata basis. We plan to initiate the Co-Investment Schemes for all new projects developed starting July 2021. As of the Latest Practicable Date, we had initiated investments with our employees for ten projects through Co-investment Schemes with the amount invested by the Participating Members of approximately RMB144.5 million. Please see "Business—Our Property Development Business—Co-investment Schemes" for further details.

Recent Regulatory Development

Recent Regulatory Developments Relating to Overseas Listing

On February 17, 2023, the CSRC promulgated the Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies (《境內企業境外發行證券和上市管理試行辦法》) (the "Overseas Listing Trial Measures") and relevant supporting guidelines, which will come into effect on March 31, 2023. The Overseas Listing Trial Measures will comprehensively improve and reform the existing regulatory regime for overseas offering and listing of PRC domestic companies' securities and will regulate both direct and indirect overseas offering and listing of PRC domestic companies' securities. Any domestic company that is deemed to conduct overseas offering and listing activities shall file with the CSRC in accordance with the Overseas Listing Trial Measures.

Pursuant to the Overseas Listing Trial Measures, where an issuer submits an application for initial public offering to competent overseas regulators, such issuer must file with the CSRC within three business days after such application is submitted. Also according to the Announcement relating to the Arrangement of Filing Management of Overseas Offering and Listing by Domestic Companies (《關於境內企業境外發行上市備案管理安排的通知》) issued on February 17, 2023 by the CSRC, (i) on or prior to the effective date of the Overseas Listing Trial Measures, domestic companies that have already submitted valid applications for overseas securities offering and listing but have not obtained approval from overseas regulatory authorities or stock exchanges may reasonably arrange the timing for submitting their filing applications with the CSRC, and must complete the filing before the completion of their overseas securities offering and listing; (ii) a six-month transition period will be granted to domestic companies which, prior to the effective date of the Overseas Listing Trial Measures, have already obtained the approval from overseas regulatory authorities or stock exchanges (such as the completion of hearing in the market of Hong Kong or the completion of registration in the market of the United States), but have not completed the indirect overseas listing; if domestic companies fail to complete the overseas listing within such six-month transition period, they shall file with the CSRC according to the requirements. As at the Latest Practicable Date, the Overseas Listing Trial Measures are yet to take effect.

Based on the foregoing, if we cannot pass the hearing for the [**REDACTED**] on or before [**REDACTED**], or if we pass the hearing for the [**REDACTED**] on or before March 31, 2023 but fail to complete the [**REDACTED**] on or before [**REDACTED**], our PRC Legal Advisors are of the view that we will be required to complete the filing procedures with the CSRC in connection with the [**REDACTED**].

Recent Changes in Real Estate Market Regulations

In order to promote the steady and healthy development of the real estate market, the PRC government has issued the Notice on Continued Rectification and Standardization of the Real Estate Market Order (《關於持續整治規範房地產市場秩序的通知》) (the "Regulatory Notice") on July 13, 2021, which was promulgated to rectify and standardize the real estate market order in the fields of real estate development, property sale and purchase, housing leasing and property management services. See "Regulatory Overview—Laws and Regulations Concerning Land Use Rights For Real Estate Development—Rectification and Regulation of the Real Estate Market" for details.

As advised by our PRC Legal Advisors, there is no significant difference between the provisions of the Regulatory Notice and those of existing laws and regulations in the real estate development industry. The Regulatory Notice primarily refines or reiterates certain general requirements and does not create new and substantive change regarding the existing laws and regulations for real estate enterprises. Therefore, there exists no circumstances in which the Group had been subject to significant penalties for violating the Regulatory Notice. In addition, our Directors are of the view and the Sole Sponsor concurs, that the Regulatory Notice will unlikely result in any material adverse impact on our business operations, financial information or future prospects, on the basis that (i) since the promulgation of the Regulatory Notice and up to the Latest Practicable Date, (a) we had not experienced any material delay in the commencement of property development and construction, nor any material delays in property completion and delivery; (b) we had not experienced any material financial difficulties and (c) we were not subject to any administrative penalties or investigations in connection with the Regulatory Notice by any government authorities in the PRC; and (ii) the PRC Legal Advisors' view mentioned above. Nevertheless, we remain susceptible to regulatory changes relating to the property development industries in the PRC and ensure we will comply with the relevant requirements in the future. For more information, see "Risk Factors—Risks Relating to Our Business—Our business and prospects are dependent on the economic conditions in the PRC and are susceptible to adverse movements in the PRC real estate market, particularly in Yinchuan, Xining and various major cities in Northwest China and other cities we operate and intend to operate."

We have established a comprehensive risk management and internal control system, which consist of an organization framework, as well as policies, procedures and risk management methods that we consider to be appropriate for our business operations, including but not limited to (i) regular assessment of internal control; (ii) regular and random check on project development process; (iii) delegation of the relevant departments to monitor the projects at various stage, including the property development, sales management, finance and tax management; (iv) delegation of our operational management center to revisit the deficiencies, if any, to ensure rectification action has been conducted; and (v) a reporting system to allow employees or outsiders to report improper or non-compliant situations. Our internal control system covers various aspects of our operations, including information system control, procurement and accounts payable control, cash management, compensation management and financial reporting control. See "Business—Risk Management and Internal Control" for further details.

Proposed PBOC Standards in Controlling the Scale of Interest-Bearing Debts of Property Developers

The PBOC and the Ministry of Construction started to control the scale of interest-bearing debts of property developers in China by delivering a newly proposed standard in the assessment of the debt burden of property developers since January 1, 2021. In particular, under such new standard, for a property developer, (i) the pro forma liability asset ratio (excluding contract liabilities), shall not exceed 70%; (ii) the net gearing ratio shall not exceed 100%; and (iii) the cash to short-term borrowing ratio shall not be lower than 1.0. The PBOC standard further stipulates that (i) for property developers which comply with all the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 15% annually; (ii) for property developers which only comply with two of the above-mentioned three limits, their size of interest bearing liabilities shall increase by less than 10% annually; (iii) for property developers which only comply with one of the above-mentioned three limits, their size of interest-bearing liabilities shall increase by less than 5% annually; and (iv) for property developers which fail to comply with any of the above-mentioned three limits, their size of interest-bearing liabilities shall not increase at all. However, as of the Latest Practicable Date, there were no official announcements regarding new standard, regulations or rules after the forum was held. As such, the newly proposed standard or the "three red lines" has not materially come into effect.

As of the Latest Practicable Date, our Directors are of the view and the Sole Sponsor concurs, that the policies to limit the growth rate of real estate developers' interest-bearing liabilities will not have material adverse impact on our financial and operational performance, on the basis that (i) as of December 31, 2022, we were in compliance with all the "three red lines" limits; (ii) we have been prudent on our financial policies by reducing the leverage and closely monitoring our capital structure and liquidity position and will continue to optimize our capital structure; and (iii) we were not subject to any administrative penalties or investigations in connection with the newly proposed PBOC standards as of the Latest Practicable Date.

After the [**REDACTED**], to ensure that we comply with the requirements under the newly proposed standard from time to time, we will (i) review the above-mentioned ratios on a regular basis or whenever we intend to raise new debt financing; (ii) improve our cash flow by arranging for pre-sale activities as soon as practicable and speed up the collection of pre-sale proceeds of our properties; and (iii) obtain more long-term bank and other borrowings instead of short-term financing to finance the development of our projects. In addition, we may freely adjust our land acquisition plans in response to the proposed regulations.

Recent Changes in Provision of Mortgage Loans to Purchasers of New and Second-Hand Properties

On December 28, 2020, PBOC and CBIRC jointly promulgated the Notice on Establishing a Centralization Management System for Real Estate Loans of Banking Financial Institutions (《關於建立銀行業金融機構房地產貸款集中度管理制度的通知》) (the "**Real Estate Loan Notice**"), which put forward certain limitations for the proportion of real estate loans and the personal housing loans to all RMB loans in banking financial institutions (excluding overseas branches). On March 26, 2021, the General Office of CBIRC, the General Office of MOHURD and the General Office of PBOC jointly promulgated the Notice on Preventing the Illegal Flow of Business Loans into Real Estate Market (《關於防止經營用途貸款違規流入房地產領域的通知》), which requires the local counterparts of CBIRC, MOHURD and PBOC to strengthen supervisory inspection on the illegal flow of business loans into real estate market, enhance non-compliance complaint mechanism, and promptly share and jointly investigate clues on such violations. Also, relevant authorities shall consider illegal flow of business loans into real estate market and other related issues as important content of various inspections, strictly enforce relevant obligations in accordance with laws, strengthen joint punishment, and promptly include the information on relevant administrative penalties on enterprises and individuals in the credit reporting system. See "Regulatory Overview—Insurance on Real Estate Projects—Real Estate Loan Concentration Management System" for details and see "Risk Factors—Risks Relating to our Business—We may not have adequate financing to fund our future land acquisition and property development projects, and capital resources may not be available on favorable terms, or at all" for the risks involved.

On September 24, 2021, the Monetary Policy Committee of PBOC held the third quarterly meeting of 2021 (its 94th meeting), which said that PBOC will keep the real estate market stable and protect the legitimate rights and interests of property purchasers.

On November 11, 2022, PBOC and China Banking and Insurance Regulatory Commission (the "**CBIRC**") issued the Notice of the PBOC and CBIRC on providing Financial Support for the Stable and Healthy Development of the Real Estate Market, which put forwards stabilizing lending to property developers, supporting reasonable financing needs of homebuyers and meeting basic and improving housing demand, such as encouraging financial institutions to set reasonable payment ratios and mortgage rates for homebuyers. According to the Notice, the grace period shall be extended if the cap on real estate loans can not be met. For banks that failed to meet the regulatory cap on their loans to developers and mortgage lending on time due to COVID, the PBOC and CBIRC will properly extend the grace period based on objective assessments of the specific circumstances.

Those restrictions on the real estate loans and personal housing loans aim to regulate overheated speculative real estate investment by limiting the proportion of real estate loans and the personal housing loans banking financial institutions could provide. Our Directors believe that the Real Estate Loan Notice mainly affects residential properties, and in the short term, in light of the Real Estate Loan Notice, some banking financial institutions may be reluctant to provide financing to personal housing mortgages, which in turn affects purchasing power of personal housing buyers, residential property sales and the growth of real estate sector. Consequently, due to the decreasing volume of real estate transactions in the short run, the aforementioned regulatory development may have a potential short term negative impact on our business operation and financial results.

As of the Latest Practicable Date, considering that, based on our consultation with our PRC Legal Advisors, the Real Estate Loan Notice does not raise the interest rates of personal housing loans, but merely limits the concentration of individual housing loans for various commercial banks, which is a control measure adopted by the PRC government to curb the overheated real estate market and foster the sustainable and healthy development of the real estate market, our Directors are of the view and the Sole Sponsor concurs, the development and delivery schedule of our projects were not materially and adversely affected by the relevant regulations on provision of personal housing loans to new property purchasers and such regulations would not materially and adversely affect our development plan or construction activities in the foreseeable future. Accordingly, we have not experienced any material adverse effect to our results of operation or financial conditions as a result of such regulations.

Recent Changes in Real Estate Tax Reform

On October 23, 2021, the 31st Session of the Standing Committee of the 13th National People's Congress adopted the Decision of the Standing Committee of the National People's Congress (the ″SCNPC″) on Authorizing the State Council to Carry out a Pilot Program of Real Estate Tax Reform in Certain Areas (the "Decision"), authorizing the State Council to carry out a pilot program of real estate tax reform in certain areas. The Decision clarifies that the taxation objects of real estate tax are various types of real estate for residential use and non-residential use in urban areas, and that the property owners are taxpayers of the real estate tax. The Decision authorizes the State Council to formulate specific measures for the real estate tax pilot program, and determine the list of cities for the pilot program and file the record with the SCNPC. The Decision also authorizes the people's governments of pilot areas to formulate specific implementing rules. See "Regulatory Overview—Laws and Regulations concerning taxation—Property Tax" for details.

There are several reasons for the levying of the real estate tax: as the main tax of a local government, it is conducive to raise local fiscal revenue and is directly used for providing basic social public services to local residents; as a property tax, it can adjust the fair distribution of real estate wealth and promote common prosperity; under the background of high domestic real estate market and rising house prices, it is conducive to the stable and healthy development of the real estate market and the return of real estate to housing attribute.

The real estate tax in Shanghai and Chongqing has been levied for ten years. The pilot reform of the real estate tax will be carried out in various cities according to the further implementation rules, and on the basis of summing up the pilot experience, the final law will be enacted and implemented nationwide. There is no official channel to say when the new pilot measures will be implemented and that the new pilot measures will be based on the current regulations in Shanghai and Chongqing.

According to the Decision, the period for the real estate tax pilot program shall be five years from the date when the measures for the pilot program are officially issued by the State Council. As of the Latest Practicable Date, based on the review of the information on the official websites of the SCNPC and State Council, our PRC Legal Advisors are unaware of any official announcements from the PRC Government in relation to the execution details of the Decision such as the specified pilot regions, tax base or rate of the proposed real estate tax. Moreover, the Ministry of Finance confirmed on March 16, 2022 that the pilot program will not become effective in 2022. As such, our Directors and the Sole Sponsor are of the view that there was no material adverse impact on the Group's business operations or financial performance as of the Latest Practicable Date.

Going forward, we require the responsible staff of Finance Department to monitor the updates of relevant rules and regulation in relation to the real estate tax reform. When there is any change of rules and regulation, they should inform our headquarters and our Board.

Recent Development in the Real Estate Market

Since September 2021, there has been negative news relating to certain Chinese property companies including defaults on their indebtedness. This has had a negative impact on, and resulted in increased volatility in, the property sector in China. Such developments may have an adverse impact on the ability of Chinese property developers, management companies and potential property purchasers to obtain financing, a decrease in consumer confidence and demand in China real estate and increased market volatility and resulting in the financial difficulties of the property developers which had business relationship with us.

To our best knowledge, some of our business partners which we had investment, co-development or financing arrangement with showed some indicators of financial difficulties by recording net liabilities in their unaudited financial statements or involving in a dispute. See "History, Reorganization and Corporate Structure—Our Corporate Development—Our Principal Operating Subsidiaries in the PRC—Xianyang Yangguang Meiyu" for detailed discussion on the dispute our business partner was involved. Nevertheless, we remain susceptible to adverse movements in the PRC real estate market, see "Risk Factors—Risks Relating to Our Business—Our business and prospects are dependent on the economic conditions in the PRC and are susceptible to adverse movements in the PRC real estate market, particularly in Yinchuan, Xining and various major cities in Northwest China and other cities we operate and intend to operate."

NON-COMPLIANCE MATTERS

Except for the non-compliance incidents disclosed below, we were in compliance with the requirements of relevant PRC laws and regulations governing the business of property development and management in all material respects and we had obtained all material licenses, permits and certificates for the purpose of operating our business during the Track Record Period:

- During the Track Record Period, we commenced construction work for four projects before obtaining the requisite construction permit;

- During the Track Record Period, we failed to make full contribution to the social insurance and housing provident funds for some of our employees of our subsidiaries and branches as required under the relevant PRC laws and regulations; and

- During the Track Record Period, certain subsidiaries failed to fully or directly deposit the required amounts of pre-sale proceeds into the designated escrow accounts as generally required by the relevant local regulatory requirements.

Please see "Business—Legal Proceedings and Compliance—Non-compliance Incidents" for details.

As of the Latest Practicable Date, there were no litigation or arbitration proceedings or administrative proceedings pending or threatened against us or any of our Directors which would have a material adverse effect on our business, financial position or results of operations.

See "Business—Legal Proceedings and Compliance—Compliance with Laws and Regulations" and "Business—Legal Proceedings and Compliance—Legal Proceedings."

[**REDACTED**] EXPENSES

The total amount of [**REDACTED**] expenses that will be borne by us in connection with the [**REDACTED**], including [**REDACTED**], is estimated to be RMB[**REDACTED**] (HK$[**REDACTED**]), representing approximately [**REDACTED**]% of our [**REDACTED**] from the [**REDACTED**] (based on the mid-point of the indicative [**REDACTED**] range), of which RMB[**REDACTED**] (HK$[**REDACTED**]) is expected to be accounted for as a deduction from equity in accordance with the relevant accounting standard. The remaining fees and expenses of RMB[**REDACTED**] (HK$[**REDACTED**]) were or are expected to be charged to our profit or loss account, of which approximately RMB[**REDACTED**] (HK$[**REDACTED**]) was charged for the year ended December 31, 2020, approximately RMB[**REDACTED**] (HK$[**REDACTED**]) was charged for the year ended December 31, 2021, approximately RMB[**REDACTED**] (HK$[**REDACTED**]) was charged for the year ended December 31, 2022, and approximately RMB[**REDACTED**] (HK$[**REDACTED**]) is expected to be charged upon [**REDACTED**]. The total amount of [**REDACTED**] expenses include [**REDACTED**] of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) and non-[**REDACTED**]-related expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), which consist of audit fee and legal advisors fee of approximately RMB[**REDACTED**] (HK$[**REDACTED**]) and other expenses of approximately RMB[**REDACTED**] (HK$[**REDACTED**]), based on the mid-point of the indicative [**REDACTED**] range, before the exercise of the [**REDACTED**]. The professional fees and/or other expenses related to the preparation of [**REDACTED**] subsequent to December 31, 2022 are currently in estimates for reference only and the actual amount to be recognized is subject to adjustment based on audit and the then changes in variables and assumptions. Our Directors do not expect that our [**REDACTED**] expenses will have a material adverse impact on our financial performance for the year ending December 31, 2023.

RISK FACTORS

Our operations are subject to certain risks, some of which are beyond our control. These risks can be broadly categorized into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to the PRC; and (iv) risks relating to the [**REDACTED**]. Some of the risks generally associated with our business and industry include the following: (i) our business and prospects are dependent on the economic conditions in the PRC and are susceptible to adverse movements in the PRC real estate market, particularly in Yinchuan, Xining and various major cities in Northwest China and other cities we operate and intend to operate; (ii) we may not be successful in managing our growth and expansion into new regions and cities; (iii) we may not be able to identify desirable locations or acquire land use rights for future property development on favorable terms, or at all; (iv) our business and prospects are dependent on and may be adversely affected by our non-wholly owned subsidiaries consolidated through voting right arrangements; (v) we may not have adequate financing to fund our future land acquisition and property development projects, and capital resources may not be available on favorable terms, or at all; and (vi) the COVID-19 pandemic may adversely affect the PRC economy, the PRC real estate industry and our business operations.

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.