Application Proof of

Huijing Holdings Company Limited
滙景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

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IMPORTANT

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Huijing Holdings Company Limited
滙景控股有限公司

(Incorporated in the Cayman Islands with limited liability)

[REDACTED]

Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to the [REDACTED])**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation)**
Number of [REDACTED]	**:**	**[REDACTED] Shares (subject to reallocation and the [REDACTED])**
[REDACTED]	**:**	**Not more than HK$[REDACTED] per Share and expected to be not less than HK$[REDACTED] per Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application in Hong Kong dollars and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
[REDACTED]	**:**	**[REDACTED]**

Sole Sponsor, [REDACTED]

中國銀河國際
CHINA GALAXY INTERNATIONAL

China Galaxy International Securities (Hong Kong) Co., Limited

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The **[REDACTED]** is expected to be determined by agreement between the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and our Company on the **[REDACTED]**. The **[REDACTED]** is expected to be on or around **[REDACTED]** (Hong Kong time) and, in any event, not later than **[REDACTED]** (Hong Kong time). The **[REDACTED]** will be not more than HK$**[REDACTED]** per **[REDACTED]** and is currently expected to be not less than HK$**[REDACTED]** per **[REDACTED]**, unless otherwise announced. Applicants for the **[REDACTED]** are required to pay, upon application, the maximum **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, plus a brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%, subject to refund if the **[REDACTED]** as finally determined should be lower than HK$**[REDACTED]** per **[REDACTED]**. If, for any reason, the **[REDACTED]** is not agreed by **[REDACTED]** between the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) and our Company, the **[REDACTED]** will not proceed and will lapse.

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

The **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) may, with the consent of our Company, reduce the number of **[REDACTED]** in the **[REDACTED]** and/or the indicative **[REDACTED]** below that stated in this document (which is HK$**[REDACTED]** to HK$**[REDACTED]** per **[REDACTED]**) at any time on or prior to the morning of the last day for lodging applications under the **[REDACTED]**. In such a case, notices of the reduction in the number of **[REDACTED]** and/or the indicative **[REDACTED]** will be published in the [South China Morning Post] (in English) and the [Hong Kong Economic Times] (in Chinese), and on the website of our Company at **www.huijingholdings.com** and on the website of the Stock Exchange at **www.hkexnews.hk** as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the **[REDACTED]**. Further details are set forth in the sections headed "Structure of the **[REDACTED]**" and "How to Apply for **[REDACTED]**" in this document.

Prospective investors of the **[REDACTED]** should note that the obligations of the **[REDACTED]** under the **[REDACTED]** to subscribe for, and to procure subscribers for, the **[REDACTED]**, are subject to termination by the **[REDACTED]** (for itself and on behalf of the **[REDACTED]**) if certain grounds arise prior to 8:00 a.m. on the **[REDACTED]**. Such grounds are set out in the subsection headed "**[REDACTED]** — **[REDACTED]** arrangements and expenses — **[REDACTED]** — Grounds for termination" in this document. It is important that you refer to that section for further details.

The **[REDACTED]** have not been, and will not be, registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States. There will be no **[REDACTED]** of the securities of our Company in the United States.

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

EXPECTED TIMETABLE[1]

[REDACTED]

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This document is issued by our Company solely in connection with the ***[REDACTED]*** *and does not constitute an* ***[REDACTED]*** *to sell or a solicitation of an* ***[REDACTED]*** *to subscribe for or buy any security other than the* ***[REDACTED] [REDACTED]*** *by this document pursuant to the* ***[REDACTED]****. This document may not be used for the purpose of, and does not constitute, an* ***[REDACTED]*** *to sell or a solicitation of an* ***[REDACTED]*** *to subscribe for or buy any security in any other jurisdiction or in any other circumstances. No action has been taken to permit a* ***[REDACTED]*** *of the* ***[REDACTED]*** *in any jurisdiction other than Hong Kong and no action has been taken to permit the distribution of this document in any jurisdiction other than Hong Kong. The distribution of this document and the* ***[REDACTED]*** *and sale of the* ***[REDACTED]*** *in other jurisdictions are subject to restrictions, and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom.*

You should rely only on the information contained in this document and the ***[REDACTED]*** *to make your investment decision. The* ***[REDACTED]*** *is made on the basis of the information contained in the representations made in this document.*

We have not authorized anyone to provide you with information that is different from what is contained in this document. Any information or representation not made in this document must not be relied on by you as having been authorized by us, the ***[REDACTED]****, the Sole Sponsor, the* ***[REDACTED]****, the* ***[REDACTED]****, the* ***[REDACTED]****, any of our or their respective affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the* ***[REDACTED]****.*

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*This summary aims to give you an overview of the information contained in this document. As it is a summary, it does not contain all the information that may be important to you and is qualified in its entirety by and should be read in conjunction with, the full text of this document. You should read the whole document 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 forth in "Risk Factors". You should read that section carefully before you decide to invest in the **[REDACTED]**.*

OVERVIEW

We are an established integrated residential and commercial property developer in the PRC, focusing in the Guangdong and Hunan provinces. Started with property projects in Dongguan, we have gradually spread to Heyuan, the Yangtze River Delta Urban Cluster (which includes Anhui Province, Jiangsu Province and Zhejiang Province) and the Yangtze Mid-stream Urban Cluster (which includes Hubei Province, Hunan Province and Jiangxi Province). According to JLL, in 2018, the total contracted sales of our Group, together with our joint venture, achieved a 58.6% year-on-year growth and amounted to RMB2,055 million. In terms of contracted sales among the top 100 local property developers, our Group, together with our joint venture, ranked 31st in Dongguan (with market share of 0.5%), 63rd in Changsha (with market share of 0.4%) and 57th in Hefei (with market share of 0.3%), and accounted for 1.3% and 0.8% of the market share in Heyuan and Hengyang respectively. Having been recognized by the market, we are dedicated to offering quality integrated properties to our customers. We also offer properties promoting specific industry(ies) encouraged by local government authorities.

Our history can be traced back to 2004 when Dongguan Huijing Real Estate, the predecessor of our major subsidiary, Huijing Group, was established and when Dongguan Huijing Real Estate obtained the pre-sale permits for Huijing Villa (First Phase) (滙景豪庭第一期). Leveraging on our ability to provide quality residential properties to our customers, we commenced the construction of our first integrated development Huijing City (滙景城) in 2011 in Dongguan.

Our property projects comprise residential property projects, integrated property projects and property projects promoting specific industry(ies). Our integrated property project typically consists of a combination of residential and commercial properties. Our residential properties primarily include apartments, townhouses, mansions and villas. Our commercial properties primarily include retail outlets, shopping malls, offices, and where required by the relevant land grant contract, hotels. Our properties promoting specific industry(ies) comprise of our "tourism-healthy living" property projects ("旅遊康養生活" 項目) and innovative technologies industry property projects ("科創產業"項目).

For each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, the contracted sales of our Group, together with our joint venture, amounted to RMB1,999.5 million, RMB1,296.1 million, RMB2,562.4 million and RMB1,598.4 million, with contracted sales GFA of 187,192 sq.m., 138,440 sq.m., 214,264 sq.m. and 121,238 sq.m., respectively, and our Group, together with our joint venture, have developed and delivered properties with a total GFA of 260,356 sq.m., 107,576 sq.m., 211,429 sq.m. and 130,467 sq.m., respectively.

We assess different opportunities to acquire land to maintain land reserves for our operations. As at September 30, 2019, our Group, together with our joint venture, had acquired or were in the process of acquiring the following property projects:

	Property projects over which construction has commenced or completed	**Land reserves**
Acquired during the period from December 2004 to June 2019	16 property projects in five cities with an aggregate site area of 2.0 million sq.m. with an expected total GFA of 4.5 million sq.m. when completed, the GFA of which: • 1.8 million sq.m. had been completed • 1.2 million sq.m. is under development; and • 1.5 million sq.m. is planned for later development.	All land parcels of three future developments with an aggregate site area of 162,211 sq.m., and land for a portion of another development with a site area of 266,353 sq.m.
In the process of acquiring	One property project in Dongguan with a planned GFA of 18,894 sq.m., namely Fenhua Mansion.	Land parcels for 12 future developments with an aggregate site area of 578,408 sq.m.

Please refer to the subsection headed "Business — Our Properties — Our Completed Properties and Properties under Development" for a list of our completed properties and properties under development as at September 30, 2019.

Below is a summary of our property projects in terms of number of projects as at September 30, 2019:

Location	Completed	Under development (*Note 1*)	Future development/ land reserves (acquired)	Future development/ land reserves (in the process of acquiring) (*Note 2*)
Dongguan	9	3	3	9
Heyuan	1	1	—	1
Hefei	—	1	—	—
Hengyang	—	1	—	—
Changsha	—	1	—	—
Zhejiang	—	—	—	2
Total	10	7	3	12

Notes:

1. This includes property projects with a portion or portions that is/are under development, and for the purposes of this table, we have included Fenghua Mansion, a project under development that we are in the process of acquiring.
2. This includes future development/land reserves with a portion or portions of which have been acquired.

We have commenced pre-selling of properties developed from a urban renewal projects and have been engaged in three urban renewal projects in Dongguan during the Track Record Period with a total site area of 248,140 sq.m., which includes as an illustration, our proposed redevelopment of 58,230 sq.m. of land at Wanjiang District, Dongguan.

We believe that our strong brand recognition, in particular in Dongguan, together with our land sourcing strategy and cost control measures, have contributed to our growth. For each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we delivered properties with an aggregate GFA of 260,356 sq.m., 107,576 sq.m., 211,429 sq.m. and 130,467 sq.m. respectively, and recorded a revenue generated from the sale of properties of approximately RMB2,092.7 million, RMB1,197.8 million, RMB2,238.5 million and RMB1,314.7 million, for the respective years.

We and our property projects have been awarded various accolades from different organizations including the "Exquisite Taste Luxury Home Award" (頂級品味豪宅獎) awarded by Wen Wei Po (文匯報), the Hong Kong Institute of Architects, and the Hong Kong Institute of Designers in 2010, "Dongguan's Most Influential Brand Real Estate Enterprises" (東莞最具影響力品牌房企) by Sohu (搜狐網) in 2014, and "Anhui Top-10 City Complex Annual Award" (安徽年度十佳城市綜合體) by the Graduate School of Real Estate of Hefei University (合肥學院房地產研究所) in 2016.

Our Business Model

Our business operations primarily consist of property development. We also selectively retained ownership of some commercial properties with strategic value as investment properties, in order to generate a stable and recurring source of income.

We engage qualified third-party contractors for the construction of our property developments.

Due to the highly competitive landscape and evolving nature of the real estate industry in the PRC, we are required to constantly monitor the changing market conditions and adjust the sales prices of our property projects as appropriate. Please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (v) Sales and Marketing — Pricing Policies" in this document for further details.

Land Reserves

We proactively assess and acquire new land to maintain land reserves for our future developments. If the opportunity arises, we may consider to acquire land parcels with (a) title or other defects or (b) non-compliance with relevant laws, regulations or land grant contracts, provided such defects/non-compliance as being considered as immaterial and capable of being remedied by our Group. Please refer to the subsection headed "Business — Our Strategies — Continue to pursue urban renewal projects" for further details on our strategy for land acquisition. As at September 30, 2019, we had acquired interest in the following land and/or property over which we had yet to commence development:

Land	Location	Approximate site area
		(sq.m.)
General land reserves		
Dongjiang River Galleries (a portion of)	Dongyuan, Heyuan	266,353
Houjie Town Baotun Village Area	Houjie, Dongguan	10,722

Land	Location	Approximate site area
		(sq.m.)
Land reserves in connection with urban renewal projects		
Hongmei Hongwugao	Hongmei, Dongguan	115,544
Qingxi Sanzhong Area	Qingxi, Dongguan	35,945
Total		428,564

As at September 30, 2019, we had also contracted to acquire interest in the following land and/or property over which no development had commenced:

Land	Location	Approximate site area
		(sq.m.)
General land reserves		
Dongjiang River Galleries (a portion of)	Dongyuan, Heyuan	40,000
Pinghu Area No. 2	Pinghu City, Zhejiang	37,218
Pinghu Area No. 1	Pinghu City, Zhejiang	25,114
Land reserves in connection with urban renewal projects		
Zhangmutou Baoshan Area	Zhangmutou, Dongguan	175,000
Shatian Renzhou Area	Shatian, Dongguan	77,688
Qingxi Luhu Area	Qingxi, Dongguan	65,206
Wanjiang Gonglian Area	Wangjiang, Dongguan	58,230
Qingxi Sanxing Area No. 1	Qingxi, Dongguan	30,157
Nancheng Gedi Area	Nancheng, Dongguan	29,519
Qingxi Sanxing Area No. 2	Qingxi, Dongguan	16,000
Humen Xinwan Area	Humen, Dongguan	14,910
Shatian Yanggongzhou Area	Shatian, Dongguan	9,366
Total		578,408

The Group's current pipeline of projects are mainly urban renawal projects. The land parcels for the projects named under "Land reserves in connection with urban renewal projects" above were acquired (or were contracted to be acquired) in connection with our plans for urban renewal projects, which are significantly different from property projects that we have developed in the past except for Humen Marina Bay (an urban renewal project). Such projects may require more costs and resources to complete and are subject to risks involved in urban renewal Projects, including uncertainties in project timeline, requisite government approvals and resettlement arrangements, and as with any other developments, are subject to government policies and regulations. For further details, please refer to the subsections headed (i) "Risk Factors — Our involvement in urban renewal developments may require more costs and resources"; (ii) "Risk Factors — Our business and operations, including our urban renewal projects, are highly subject to government policies and regulations. We are susceptible to adverse changes in policies in the PRC real estate market and in regions we operate."; (iii) "Risk Factors — We may not be able to recoup committed resources if our land acquisition fails"; (iv) "Risk Factors — We may acquire land parcels in the future, title or other defects of which we may not be able to remedy"; (v) "Risk Factors — Our land resettlement operations involving resettlement of existing residents may be delayed or may not be completed as planned"; and (vi) "Risk Factors — Our rights to use certain parcel of land, building and ancillary facilities may be unenforceable or void." in this document.

Please refer to the subsection headed "Business — Our Properties — Land Reserves" in this document for further details.

Our Customers and Suppliers

Our customers for residential properties are primarily individual buyers in the PRC while our customers for commercial properties include individual buyers, corporations and other business entities. Our five largest customers for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, accounted for 2.3%, 2.2%, 1.6% and 2.3% of our total revenue, respectively. Our single largest customer for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, accounted for 0.5%, 0.6%, 0.6% and 1.0% of our total revenue, respectively.

Our major suppliers are construction contractors and construction material suppliers. During the Track Record Period, we engaged a large number of contractors and sub-contractors and we sourced all of our construction materials from the PRC. Our five largest suppliers for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, accounted for 65.7%, 75.7%, 66.1% and 59.6% of our total purchases, respectively. Our single largest supplier for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, accounted for 18.8%, 24.2%, 24.0% and 18.9% of our total purchases, respectively.

Sales and Marketing Efforts of Our Group

We rely on the efforts of our Sales and Marketing Management Department, which include telemarketing, establishing showrooms and on-site sales offices, for the sale of most of our properties. Depending on market conditions and our overall sales condition of a particular property project, we may also occasionally engage third party real estate agents to facilitate our sales and marketing efforts. Please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (v) Sales and Marketing — Sales and Marketing Efforts of Our Group" in this document for further details.

OUR COMPETITIVE STRENGTHS

We believe that our market position is principally attributable to the following competitive strengths: (i) reputation as a recognized regional developer and strategic focus on high growth potential cities; (ii) ability to control land acquisition costs and construction costs; (iii) our experience in procuring and developing urban renewal projects; (iv) ability to coordinate various resources, including partnering with government and other parties to deliver tailor-made properties; (v) our strategy of tailoring project-specific development plans for land parcels; and (vi) we have a professional management team with extensive industry experience.

OUR STRATEGIES

We will continue to implement our mission of "Maintain foothold in Greater Bay Area" (立足大灣區). With a foothold in Dongguan, we will primarily focus on developments in the Guangdong Province and expand into regions such as the Central China Region. To achieve our goal, we intend to implement the following strategies: (i) continue to focus on property projects in the Greater Bay Area and Heyuan and continue to make deep-plough investments in high growth potential cities that enjoy government policy support; (ii) continue to pursue urban renewal projects; (iii) focus on developing integrated tailored developments, and continue to cooperate with entities in emerging industries; and (iv) attract, retain and motivate skilled and talented employees.

SELECTED RESULTS OF OPERATIONS

Our revenue during the Track Record Period derived mainly from the sale of properties. The following table sets forth our key results of operations during the Track Record Period:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
				(Unaudited)	
Revenue *(RMB'000)*	2,092,663	1,197,774	2,238,462	1,375,253	1,316,210
Gross Profit *(RMB'000)*	631,121	650,100	1,192,993	678,017	682,783
GFA Delivered *(sq.m.)*	260,356	107,576	211,429	149,832	130,467
Recognized ASP *(RMB per sq.m.)*	8,038	11,134	10,587	9,179	10,077

During the Track Record Period, our GFA delivered fluctuated from year to year depending on the size of the property projects and the property development schedules. We do not recognize any revenue from the pre-sale of the properties until such properties are completed and delivered to the buyer. Therefore, periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate correspondingly high level of revenue, given that the properties pre-sold are not completed within the same period. As a result, our revenue from sale of properties may fluctuate due to property development schedules.

The recognized ASP of properties sold also fluctuated from period to period due to market demand, the types and location of the properties. Additionally, the ASP has been and will continue to be affected by economic conditions of the properties market in which we operate and by the pricing policies adopted by local governments which may stipulate the range of selling price of our properties.

SUMMARY OF CONSOLIDATED FINANCIAL INFORMATION

The following tables set out a breakdown of our summary of financial information for the periods indicated and should be read together with the audited consolidated financial information set out in the Accountants' Report set out in Appendix I to this document, including the accompanying notes, and the information set out in the section headed "Financial Information" in this document. Our consolidated financial information was prepared in accordance with HKFRS.

Summary of Consolidated Statements of Profit or Loss

The following table sets forth a summary of our consolidated statements of profit or loss for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	2,092,663	1,197,774	2,238,462	1,375,253	1,316,210
Cost of sales	(1,461,542)	(547,674)	(1,045,469)	(697,236)	(633,427)
Gross profit	631,121	650,100	1,192,993	678,017	682,783
Fair value gains on investment properties	153,799	61,105	90,830	21,245	8,387
Profit before tax	588,376	444,745	937,350	538,243	508,642
Income tax expenses	(249,986)	(286,813)	(536,382)	(297,952)	(295,341)
Profit for the year/period	338,390	157,932	400,968	240,291	213,301

Our revenue decreased by 42.8% from RMB2,092.7 million to RMB1,197.8 million for the years ended December 31, 2016 and 2017, primarily due to a 58.7% decrease in GFA delivered from 260,356 sq.m. to 107,576 sq.m., during such period, being partially offset by 38.5% increase in ASP per sq.m. from RMB8,038 to RMB11,134 over the same period. Our revenue increased by 86.9% from RMB1,197.8 million for the year ended December 31, 2017 to RMB2,238.5 million for the year ended December 31, 2018, due to a 96.5% increase in GFA delivered during 2018, as we started recognizing revenue from our projects in Heyuan and Hefei which in aggregate contributed 55.1% of total GFA delivered for the year ended December 31, 2018. Please refer to the subsection headed "Financial Information — Description of Selected Consolidated Statements of Profit or Loss Items — Results of Operations" in this document for further details.

The table below sets out the revenue generated from the sales of properties by geographical region, property type and project type for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Total revenue	2,092,663	1,197,774	2,238,462	1,375,253	1,314,733
By geographical region(*Note 1*)					
Dongguan	2,092,663	1,197,774	1,204,202	901,093	467,788
Heyuan	—	—	481,628	474,160	651,844
Hefei	—	—	552,632	—	195,101
By property type					
Residential					
Apartment	1,477,859	1,135,257	2,015,830	1,280,325	1,148,357
Villa	594,996	39,700	42,091	33,445	10,905
Commercial					
Retail	3,206	9,013	98,719	44,717	105,769
Carpark	16,602	13,804	81,822	16,766	49,702
By project type					
Residential property project	2,092,663	690,475	1,248,566	1,142,806	909,065
Integrated property project	—	507,299	989,896	232,447	405,668

Note 1: The proceeds from pre-sale of Huijing Yanhu International Resort (衡陽滙景 • 雁湖生態文旅小鎮) were recorded as contract liabilities since it has not been delivered. We did not recognize any revenue in connection with Huijing Global Centre (滙景發展環球中心), a property in Changsha, since it is held by Hunan Development, our joint venture, the financial statements of which were not consolidated into the Accountants' Report.

The table below sets out the gross profit and gross profit margin by geographical region, property type and project type for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
By geographical region										
Dongguan	631,121	30.2	650,100	54.3	664,471	55.2	517,886	57.5	220,541	47.1
Heyuan	—	—	—	—	165,223	34.3	160,131	33.8	357,333	54.8
Hefei	—	—	—	—	363,299	65.7	—	—	104,632	53.6
By property type										
Residential										
Apartment	388,504	26.3	624,735	55.0	1,073,311	53.2	627,404	49.0	583,217	50.8
Villa	235,822	39.6	15,468	39.0	17,895	42.5	16,745	50.1	5,240	48.1
Commercial										
Retail	1,868	58.3	6,772	75.1	67,431	68.3	32,176	72.0	68,840	65.1
Carpark	4,927	29.7	3,125	22.6	34,356	42.0	1,692	10.1	25,209	50.7
By project type										
Residential property project	631,121	30.2	359,552	52.1	581,718	46.6	531.426	46.5	500,971	55.1
Integrated property project	—	—	290,548	57.3	611,275	61.8	146,591	63.1	181,535	44.7

We recorded higher gross profit margin for the year ended December 31, 2017 and 2018 and the six months ended June 30, 2019, compared to the year ended December 31, 2016, primarily due to the higher gross profit margin generated by Huijing Riverside Villa (御海藍岸), being 52.8% and 54.7% for the years ended December 31, 2017 and 2018, respectively, as compared to its gross profit margin of 29.6% for the year ended December 31, 2016. Such increase in gross profit margin was due to the 30.1% increase in ASP of Huijing Riverside Villa (御海藍岸) from RMB8,479 per sq.m. for the year ended December 31, 2016 to RMB11,031 per sq.m. for the same period in 2017, while its unit cost remained during these two periods.

Additionally, a portion of Huijing City Centre (滙景城市中心) was completed in 2017 with gross profit margin of 57.3% and 56.7% for the years ended December 31, 2017 and 2018, respectively, which was higher than all of the properties delivered in 2016.

Furthermore, we completed and delivered the residential part of Hefei Huijing City Centre (合肥滙景城市中心) in 2018, which carried gross profit margin of 65.7% for the year ended December 31, 2018, being higher than all of the properties delivered in 2016, because we acquired the relevant land parcels at a relatively competitive price. Please refer to the subsection headed "Description of Selected Consolidated Statements of Financial Position Items — Investment Properties" in this section.

Please refer to the subsection headed "Financial Information — Description of Selected Consolidated Statements of Profit or Loss Items — Gross Profit and Gross Profit Margin" in this document for further details.

Our profit for the year decreased by 53.3% from RMB338.4 million to RMB157.9 million for the years ended December 31, 2016 and 2017, respectively, primarily due to (i) the decrease in fair value gains on investment properties of RMB92.7 million for the year ended December 31, 2017 and (ii) the increase in administrative expenses of RMB61.5 million for the year ended December 31, 2017. Please refer to the subsection headed "Financial Information — Description of Selected Consolidated Statements of Profit or Loss Items — Results of Operations" in this document for further details.

Please refer to the section headed "Financial Information" in this document for further details on our financial performance during the Track Record Period.

Summary of Consolidated Statements of Financial Position

The following table sets forth a summary of our consolidated statements of financial position as at the dates indicated. We have derived the summary from our consolidated financial information set forth in the Accountants' Report in Appendix I to this document. The below summary should be read together with the consolidated financial information in Appendix I to this document, including the accompanying notes and the information set forth in "Financial Information" in this document. Our consolidated financial information was prepared in accordance with HKFRS.

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	874,823	1,232,644	1,612,213	1,913,027
Current assets	4,427,231	6,471,996	8,360,615	7,709,011
Current liabilities	4,331,586	5,942,387	7,220,639	6,347,337
Net current assets	95,645	529,609	1,139,976	1,361,674
Non-current liabilities	567,603	1,010,531	1,664,219	1,960,643
Equity	402,865	751,722	1,087,970	1,314,058

Please refer to the subsection headed "Financial Information — Liquidity and Capital Resources — Net Current Assets" in this document for further details.

Summary of Consolidated Statements of Cash Flows

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

	For the year ended December 31,			For the six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Operating cash flows before movements in working capital for the year/period	477,977	446,068	929,899	548,783	554,597
Net cash flows from/(used in) operating activities	419,764	(94,591)	428,876	368,488	(317,047)
Net cash flows used in investing activities	(729,040)	(893,513)	(1,773,914)	(826,583)	(291,914)
Net cash flows from financing activities	368,159	910,689	1,405,764	552,893	664,959
Net increase/(decrease) in cash and cash equivalents	58,883	(77,415)	60,726	94,798	55,998
Cash and cash equivalents at beginning of year/period	116,468	175,351	97,936	97,936	158,662
Cash and cash equivalents at end of year/period	175,351	97,936	158,662	192,734	214,660

For the year ended December 31, 2017, our net cash used in operating activities was RMB94.6 million, primarily due to the increase in completed properties held for sale of RMB471.6 million, the increase in prepayment, other receivables and other assets of RMB533.4 million, the decrease in other payables, deposits received and accruals of RMB114.7 million and the interest paid of RMB152.0 million, being partially offset by the decrease in properties under development of RMB128.4 million, the increase in trade payables of RMB159.6 million and the increase in contract liabilities of RMB562.6 million.

Despite the position of negative operating cash flows for the six months ended June 30, 2019, taking into account our current property projects and sale schedules, our expected cash generated from operating activities, the estimated **[REDACTED]** from the **[REDACTED]** and our credit facilities, our Directors confirm, and the Sole Sponsor concurs with our Directors, that we have sufficient working capital for our present requirements and for the next 12 months from the date of this document.

Please refer to the subsection headed "Financial Information — Liquidity and Capital Resources — Cash Flow Information" in this document for further details.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years/periods or as at the dates indicated:

	For the year ended December 31,/ As at December 31,			For the six months ended June 30,/ As at June 30,	
	2016	2017	2018	2018	2019
Gross profit margin(Note 1)	30.2%	54.3%	53.3%	49.3%	51.9%
Net profit margin(Note 2)	16.2%	13.2%	17.9%	17.5%	16.2%
Return on equity(Note 3)	84.0%	21.0%	36.9%	N/A	32.5%
Current ratio (times)(Note 4)	1.0	1.1	1.2	N/A	1.2
Net gearing ratio(Note 5)	377.8%	278.5%	243.2%	N/A	240.4%

Notes:

1. Gross profit for the year/period divided by revenue multiplied by 100%
2. Profit for the year/period divided by revenue multiplied by 100%
3. Profit for the year/period divided by total equity, multiplied by 100%, multiplied by 360 days and divided by the number of days in that period
4. Current assets divided by current liabilities
5. Total borrowings including loans from related parties, interest-bearing bank and other borrowings and lease liabilities less cash and cash equivalents and restricted cash divided by total equity

For detailed discussion on above-mentioned ratios, please refer to the subsection headed "Financial Information — Key Financial Ratios" in this document.

INDEBTEDNESS

As at September 30, 2019, we had total borrowings of RMB2,581.3 million. Please refer to the subsection headed "Financial Information — Indebtedness — Bank Loans and Other Loans" in this document for further details.

OUR PROJECT FINANCING

We finance our property projects primarily through cash flows generated from our operating activities, including proceeds from the pre-sales and sale of properties, bank loans, and equity injection. During the Track Record Period, we also entered into several trust and other financing arrangements to finance our property projects. We aim to finance our property projects with internal resources to the extent practicable so as to reduce the level of external funding required. Please refer to the subsection headed "Business — Our Project Financing" in this document for further details.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and without taking into account any Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes), our Company will be owned as to **[REDACTED]**% by Mr. Lun RX through Wui Ying and **[REDACTED]**% by Ms. Chan through Wui Shing. As Ms. Chan is the spouse of Mr. Lun RX, each of Mr. Lun RX and Ms. Chan is deemed to be interested in the Shares of each other. Given the aforesaid and for the purpose of the Listing Rules, Mr. Lun RX, Wui Ying, Ms. Chan and Wui Shing are regarded as a group of Controlling Shareholders pursuant to the Guidance Letter HKEX GL89-16 issued by the Stock Exchange.

Please refer to the section headed "Relationship with our Controlling Shareholders" in this document for further details about our Controlling Shareholders.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

We have entered into certain transactions which would constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules following completion of the **[REDACTED]**. We have applied to the Stock Exchange for, and the Stock Exchange [has agreed] to grant, a waiver from strict compliance with the relevant requirements under Chapter 14A of the Listing Rules for the non-exempt continuing connected transactions for our Company. Please refer to the section headed "Connected Transactions" in this document for further details.

VALUATION OF OUR PROPERTIES

Our 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. No allowance has been made in the Property Valuation Report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, our Property Valuer assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

The valuation of our properties was carried out by our Property Valuer on a market value basis.

Our Property Valuer has valued the property interests in Group I which are held for sale by our Group, together with our joint venture, and property interests in Group IV which are held for future development by our Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market.

Our Property Valuer has valued the property interests in Group II (except Property No. 16) which are held for investment by our Group, together with our joint venture, by the Discounted Cash Flow ("**DCF**") Approach, which derives the market value by discounting the future net cash flow of the property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for similar type of properties.

In valuing portions of the property interests of Property No. 16 in Group II which are construction in progress and held for investment by our Group, together with our joint venture, and the property interests in Group III which are currently under development by our Group, together with our joint venture, our Property Valuer has assumed that they will be developed and completed in accordance with the latest development proposals provided to our Property Valuer by our Group, together with our joint venture. In arriving at the opinion of values, our Property Valuer has adopted the DCF Approach for hotel portion of Property No. 16, the income approach for retail portion of Property No. 16 in Group II and the comparison approach for property interests in Group III by making reference to comparable rental/sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development.

For the property interests in Group V which are to be acquired by our Group, together with our joint venture, we have entered into agreements with the relevant government authorities, land use rights transfer agreement/share transfer agreements/framework agreement with the land owners/property interest holder. Since our Group, together with our joint venture, has not yet obtained the State-owned land use rights certificates/Real Estate Title Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, our Property Valuer has attributed no commercial value to the property interests.

Our Property Valuer has valued our property interests and the total market value of our properties as at September 30, 2019 was approximately RMB22.2 billion (with interest attributable to our Group, together with our joint venture, of approximately RMB18.5 billion). Please refer to the Property Valuation Report for details about the valuation of our properties. For risks associated with assumptions made in the valuation of our properties, please see subsection headed "Risk Factors — Risks Relating to Our Business and Industry — The appraised value of our properties may be different from their actual realizable value and are subject to change" in this document.

[REDACTED]

Following the adoption of the **[REDACTED]** on April 6, 2019 and on the same date, an aggregate of **[REDACTED]** have been conditionally granted, representing approximately **[REDACTED]**% of the issued capital of our Company immediately following the **[REDACTED]** and the completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**, the **[REDACTED]** and the options which have been granted under the **[REDACTED]** and any options which may be granted under the **[REDACTED]**), to 43 Grantees, including four Directors, four members of the senior management of the Company, one connected person of our Company (other than Directors and chief executive of our Company) and 34 other Grantees.

Assuming full vesting and exercise of the outstanding **[REDACTED]** granted under the **[REDACTED]**, the shareholding percentage of our Shareholders immediately following the **[REDACTED]** would be diluted by approximately **[REDACTED]**% as calculated based on **[REDACTED]** then in issue (assuming that the **[REDACTED]** is not exercised and without taking into account any Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the **[REDACTED]**).

Please refer to the subsection headed "D. **[REDACTED]** — 1. **[REDACTED]**" in Appendix VI to this document for further details.

[REDACTED] STATISTICS

The statistics in the following table are based on the assumptions that: (i) the **[REDACTED]** is completed and **[REDACTED]** Shares are newly **[REDACTED]** in the **[REDACTED]**; and (ii) the **[REDACTED]** and any options which have granted or may be granted under the Share Option Schemes are not exercised, details of which are set out in "Unaudited **[REDACTED]** Financial Information" in Appendix II to this document.

	Based on an [REDACTED] of HK$[REDACTED] per Share	**Based on an [REDACTED] of HK$[REDACTED] per Share**
Market capitalization of our Shares	HK$**[REDACTED]**	HK$**[REDACTED]**
Unaudited **[REDACTED]** adjusted consolidated net tangible assets per Share	[RMB**[REDACTED]**] [(HK$**[REDACTED]**)]	[RMB**[REDACTED]**] [(HK$**[REDACTED]**)]

[REDACTED]

Assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]** Range, we estimate that we will receive **[REDACTED]** from the **[REDACTED]** (after deducting the **[REDACTED]** commissions and other estimated expenses in connection with the **[REDACTED]**) of approximately HK$**[REDACTED]** assuming no exercise of the **[REDACTED]**, or approximately HK$**[REDACTED]** assuming the **[REDACTED]** is exercised in full.

We intend to use the **[REDACTED]** from the **[REDACTED]** for the following purposes (assuming an **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the indicative **[REDACTED]** **[REDACTED]**, after deduction of **[REDACTED]** commissions and other estimated expenses in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) and in the amounts set out below:

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for settling the remainder of the consideration of the acquisitions and the development of land and/or project companies pursuant to certain acquisition and cooperation agreements entered into by our Group, together with our joint venture, as set out in the subsection headed "Business — Our Property Development Operation and Management" in this document and for construction of the relevant property projects;
- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the development and construction costs for the development of our existing property projects and other property projects that we commence development over;
- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for repayment of certain existing interest-bearing bank borrowings and other borrowings, which are working capital loans for our project companies; and
- the remaining amount of approximately HK$**[REDACTED]**, representing approximately **[REDACTED]**% of the **[REDACTED]**, will be used to provide funding for our working capital and other general corporate purposes.

Please refer to the section headed "Future Plans and **[REDACTED]**" in this document for further details.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]** and the **[REDACTED]**. **[REDACTED]** expenses to be borne by us are estimated to be approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the indicative **[REDACTED]**), of which RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) is directly attributable to the **[REDACTED]** to the **[REDACTED]** and to be capitalized, whereas RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) and RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) were charged to the consolidated statement of profit or loss for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively, and the remainder is expected to be reflected in the consolidated statement of profit or loss for the six months ending December 31, 2019. Our Directors do not expect such expenses to materially impact our results of operations for the year ending December 31, 2019.

DIVIDENDS

Our Board is responsible for submitting proposals in respect of dividend payments to our general meeting for approval. We do not have a pre-determined fixed dividend payout ratio. The determination of whether to pay a dividend and in what amount is based on our general business conditions, our financial results, our capital requirements, and payment by our subsidiaries of cash dividends to our Company, interests of our Shareholders and any other factors which our Board may deem relevant. On August 8, 2016, a final dividend of RMB7.0 million was declared and fully paid subsequently. Our historical dividends may not be indicative of the future payments.

Please refer to the subsection headed "Financial Information — Dividends" in this document for further details.

RISK FACTORS

There are certain risks and uncertainties involved in our business and operations and in connection with the **[REDACTED]**, many of which are beyond our control. These risks can be categorized into (i) risks relating to our business and industry; (ii) risks relating to the PRC; and (iii) risks relating to the **[REDACTED]**. We believe that the following are some of the major risks that we face: (a) our business and prospects depend on the performance of the PRC property market and may be adversely affected by any market fluctuations; (b) our expansion into new geographical markets presents certain risks and uncertainties; (c) our involvement in urban renewal developments may require more costs and resources; (d) we may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices in the future, which may affect our business, financial conditions, results of operation and prospects; and (e) our business and operations are highly subject to government policies and regulations. We are susceptible to adverse changes in policies in the PRC real estate market and in regions we operate.

As different interpretations and standards may be applied for determining the materiality of a risk, you should carefully consider all of the information set out in this document, including the risks and uncertainties described in the section headed "Risk Factors" in this document.

HISTORICAL NON-COMPLIANCE INCIDENTS

We historically had incidents of non-compliance with PRC laws and regulations. During the Track Record Period, we experienced certain non-compliance incidents. We failed to commence and/or complete construction within the prescribed period as stated in certain land grant contracts for 14 of our property projects. In addition, some of our property projects had (i) failed to comply with requirements in relation to civil air defense matters, (ii) failed to submit revised development plans for environmental approval; (iii) been developed over land over which we have no rights; (iv) been pre-sold but the proceeds of which were not directly deposited to specified control accounts in accordance with relevant requirements; and/or (v) been developed by entities that lacked the requisite Qualification Certificate. Certain members of our Group, together with our joint venture, had also failed to make adequate social security insurance and housing provident fund contributions. Please refer to the subsection headed "Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents" in this document for further details.

LEGAL PROCEEDINGS

During the Track Record Period and as at the Latest Practicable Date, we were involved in certain legal proceedings, which included claims against us by our supplier, one of our property sales agents, as well as our claims against other entities. Please refer to the subsection headed "Business — Legal Proceedings" in this document for further details.

COMPETITIVE LANDSCAPE

The commercial and residential property market in the PRC is highly competitive and fragmented. According to the released contract sales figures from developers in 2018, our Group, together with our joint venture, ranked 47th in Dongguan and 59th in Hefei. The competitors of our Group, together with our joint venture, include major national and regional developers in the PRC. We compete primarily with other property developers in both the cities we operate in and the cities we intend to operate in. Our Group, together with our joint venture, competes with them in terms of land acquisition strategies, urban renewal experience, brand recognition, financial resources, product design and quality, and experience in developing properties promoting specific industry(ies) encouraged by local government authorities. Please refer to the subsection headed "Business — Competition" in this document for further details.

RECENT DEVELOPMENTS

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

During the period from June 30, 2019 and up to the Latest Practicable Date, we had continued to develop our properties under development, and we had continued construction of the Nine Miles Bay project after being granted the relevant construction work commencement permit on December 10, 2018.

We had continued our sale of projects. In aggregate, we have delivered a total GFA of approximately 15,532 sq.m. in certain projects including Huijing Riverside Villa, Huijing Riverside Villa Perfection, Royal Spring Hill, City Valley, Central Palace, Bund No. 8 and Hefei Huijing City Centre between July 1 and September 30, 2019, with total sales amount of approximately RMB186.4 million.

On July 17, 2019, Chenzhou Huijing had entered into a separate cooperation agreement with a third party ("**Chenzhou Counterparty A**") in relation to a proposed cultural-tourism town development. Under the agreement, Chenzhou Huijing has incorporated Chenzhou Huijing Heshun Real Estate and Chenzhou Huijing Heshun Tourism for the proposed acquisition of a parcel of land with a total site area of up to 2,000,000 sq.m. ("**Proposed Chenzhou Development 1**"), on which residential and other properties (including public facilities and infrastructures) will be developed. For further details on Proposed Chenzhou Development 1, please refer to the subsection headed "Waivers from Strict Compliance with the Listing Rules — Other Acquisitions" in this document.

Further, in July 2019, our Group had entered into two contracts to provide preparatory services in respect of two urban renewal processes.

On July 15, 2019, under an agreement between Huijing Group, Dongguan Zhanfeng and the local government, Huijing Group was appointed as a preparatory service provider in respect of an on-going urban renewal development in Shatian, Dongguan with a site area of 294,400 sq.m.. It is expected that a town intended for business and entities involved in the artificial intelligence industry would be developed on this land.

On July 25, 2019, Dongguan Huijing Jiasheng was appointed as the preparatory service provider in respect of an urban renewal in Chashan Town, Dongguan with a site area of 208,000 sq.m..

We will take advantage of the insights we have gained through our appointment as the preparatory service provider in our bid to become the sole redevelopment entity for these urban renewal developments.

In October 2019, we submitted the application to transfer Fenghua Mansion, a project under development, to the relevant Land Resources Bureau, and obtained a further construction work commencement permit in respect of our development of Nine Miles Bay.

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since June 30, 2019, and there is no event since June 30, 2019 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I.

In this document, unless the context otherwise requires, the following expressions shall have the following meanings.

"Accountants' Report"	the report of our reporting accountants, the text of which is set out in Appendix I to this document
"affiliate(s)"	any other person, directly or indirectly, controlling or controlled by or under direct or indirect common control with such specified person
"AI"	artificial intelligence
"**[REDACTED]**"	**[REDACTED]**
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on [●] 2019, which will become effective upon the **[REDACTED]** and as amended from time to time
"ASP"	average selling price
"associate(s)"	has the meaning ascribed thereto under the Listing Rules
"Audit Committee"	the audit committee of our Board
"Board Lot"	the board lot in which our Shares are traded on the Stock Exchange from time to time
"Board" or "Board of Directors"	our board of Directors
"Business Day" or "business day"	a day on which banks in Hong Kong are generally open for normal banking business to the public and which is not a Saturday, Sunday or public holiday in Hong Kong
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"**[REDACTED]**"	**[REDACTED]**
"Cayman Company Law" or "Company Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Central China Region"	a region which includes the provinces of Henan, Hubei and Hunan of the PRC
"Changsha Ruiying"	Changsha Ruiying Properties Limited* (長沙瑞盈房地產有限公司), a limited liability company established in the PRC on December 13, 2017 which was a subsidiary of our Group and was deregistered on May 31, 2019
"Chenzhou Huijing"	Chenzhou Huijing Property Development Limited (郴州滙景房地產開發有限公司), a limited liability company established in the PRC on May 17, 2019 and an indirect wholly-owned subsidiary of our Company
"Chenzhou Huijing Heshun Real Estate"	Chenzhou Huijing Heshun Real Estate Development Limited (郴州滙景和舜地產有限公司), a limited liability company established in the PRC on July 19, 2019 and an indirect non-wholly-owned subsidiary of our Company
"Chenzhou Huijing Heshun Tourism"	Chenzhou Huijing Heshun Cultural Tourism Development Limited (郴州滙景和舜文化旅遊發展有限公司), a limited liability company established in the PRC on July 19, 2019 and an indirect non-wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China, but for the purpose of this document and for geographical reference only and except where the context requires, references in this document to "China" and the "PRC" do not include Hong Kong, Macau and Taiwan

"CIT"	corporate income tax
"Companies Ordinance" or "Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended or supplemented from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended and supplemented from time to time
"Company" or "our Company"	Huijing Holdings Company Limited (滙景控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on January 9, 2019
"completion certificate"	construction work completion inspection acceptance certificate/ record issued by local urban construction bureaux or competent authorities in the PRC with respect to completion of property projects (竣工驗收備案)
"connected person(s)"	has the meaning ascribed thereto under the Listing Rules
"connected transaction(s)	has the meaning ascribed thereto under the Listing Rules
"construction land planning permit(s)"	construction land planning(s) permit issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設用地規劃許可證)
"construction work commencement permit(s)"	construction work commencement permit(s) issued by local construction committees or competent authorities in the PRC (建築工程施工許可證)
"construction work planning permit(s)"	construction work planning permit(s) issued by local urban zoning and planning bureaux or competent authorities in the PRC (建設工程規劃許可證)
"contracted sales"	the aggregate price as stated in the sale and purchase agreements entered into by our Group, together with our joint venture, during the relevant period for sales and pre-sales of properties regardless of when the properties would be delivered
"contracted sales GFA"	the aggregate GFA sold pursuant to the sale and purchase agreements entered into by our Group, together with our joint venture, during the relevant period for sales and pre-sales of properties regardless of when the properties would be delivered

"Controlling Shareholder(s)"	has the meaning ascribed thereto under the Listing Rules and, unless the context otherwise requires, means each of Wui Shing, Wui Ying, Mr. Lun RX and Ms. Chan
"CREIS"	China Real Estate Index System (中國房地產指數系統)
"Deed of Indemnity"	the deed of indemnity dated [●] entered into by our Controlling Shareholders in favor of our Company, the particulars of which are set out in the subsection headed "E. Other Information" in Appendix VI to this document
"Deed of Non-competition"	the deed of non-competition dated [●] entered into by our Controlling Shareholders in favor of our Company, the particulars of which are set out in the section headed "Relationship with our Controlling Shareholders" in this document
"Director(s)"	the director(s) of our Company
"Dongguan"	Dongguan City, Guangdong Province of the PRC
"Dongguan Baihui"	Dongguan Baihui Property Development Limited (東莞市百滙房地產開發有限公司), a limited liability company established in the PRC on November 5, 2010 and an indirect wholly-owned subsidiary of our Company
"Dongguan Baorui"	Dongguan Baorui Trading Limited (東莞寶瑞貿易有限公司), a limited liability company established in the PRC on January 18, 2012 and an indirect wholly-owned subsidiary of our Company
"Dongguan Daxi"	Dongguan Daxi Property Development Limited (東莞市大喜房地產開發有限公司), a limited liability company established in the PRC on December 31, 2006 and an indirect wholly-owned subsidiary of our Company
"Dongguan Fengshang"	Dongguan Fengshang Apartment Property Development Limited (東莞市鋒尚公寓房地產開發有限公司), a limited liability company established in the PRC on March 14, 2005 and held as to 40% by Huang Jinhu (黃錦湖), 10% by Dongguan Market Service Centre (東莞市市場服務中心) and 10% by Lan Yunfei (蘭雲飛), all being Independent Third Parties, and 40% by our subsidiary, Huijing Group. It is our associated company
"Dongguan Guanfeng"	Dongguan Guanfeng Investment Limited (東莞市莞鋒實業投資有限公司), a limited liability company established in the PRC on February 16, 2017 and an indirect wholly-owned subsidiary of our Company

"Dongguan Haiqi"	Dongguan Haiqi Investment Limited (東莞市海啟實業投資有限公司), a limited liability company established in the PRC on March 5, 2018 and wholly-owned by Dongguan Henglai
"Dongguan Haiya"	Dongguan Haiya Trading Limited (東莞市海亞貿易有限公司), a limited liability company established in the PRC on February 17, 2003 and an indirect wholly-owned subsidiary of our Company
"Dongguan Henglai"	Dongguan Henglai Investment Limited (東莞市恒來實業投資有限公司), a limited liability company established in the PRC on October 18, 2016 and beneficially owned by Mr. Lun RX and were entrusted by Mr. Lun RX to Ms. Jin JL as to 50% and Mr. Chen GL as to 50%
"Dongguan Houshun"	Dongguan Houshun Trading Limited (東莞市厚順貿易有限公司), a limited liability company established in the PRC on June 7, 2016 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Automobile"	Dongguan Huijing East Automobile Development Limited (東莞市滙景東部汽車產業發展有限公司), a limited liability company established in the PRC on September 3, 2013 and held as to 20% by Dongguan Zhangmutou Town Joint Economic Union (東莞市樟木頭鎮圩鎮股份經濟聯合社), being Independent Third Parties and 80% by our subsidiary, Huijing Group. It is an indirect non-wholly-owned subsidiary of our Company
"Dongguan Huijing Jiachao"	Dongguan Huijing Jiachao Properties Limited (東莞市滙景嘉超置業有限公司), a limited liability company established in the PRC on June 5, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiadi"	Dongguan Huijing Jiadi Properties Limited (東莞市滙景嘉迪置業有限公司), a limited liability company established in the PRC on June 5, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiafu"	Dongguan Huijing Jiafu Properties Limited (東莞市滙景嘉孚置業有限公司), a limited liability company established in the PRC on June 5, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiali"	Dongguan Huijing Jiali Properties Limited (東莞市滙景嘉力置業有限公司), a limited liability company established in the PRC on June 20, 2017 and an indirect wholly-owned subsidiary of our Company

"Dongguan Huijing Jiaming"	Dongguan Huijing Jiaming Properties Limited (東莞市滙景嘉銘置業有限公司), a limited liability company established in the PRC on June 5, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiaqi"	Dongguan Huijing Jiaqi Properties Limited (東莞市滙景嘉企置業有限公司), a limited liability company established in the PRC on June 20, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiasheng"	Dongguan Huijing Jiasheng Properties Limited (東莞市滙景嘉昇置業有限公司), a limited liability company established in the PRC on April 25, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiawan"	Dongguan Huijing Jiawan Properties Limited (東莞市滙景嘉萬置業有限公司), a limited liability company established in the PRC on June 20, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiawei"	Dongguan Huijing Jiawei Properties Limited (東莞市滙景嘉維置業有限公司), a limited liability company established in the PRC on June 5, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiaxin"	Dongguan Huijing Jiaxin Properties Limited (東莞市滙景嘉信置業有限公司), a limited liability company established in the PRC on October 17, 2016 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiaying"	Dongguan Huijing Jiaying Properties Limited (東莞市滙景嘉英置業有限公司), a limited liability company established in the PRC on June 20, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiayou"	Dongguan Huijing Jiayou Properties Limited (東莞市滙景嘉優置業有限公司), a limited liability company established in the PRC on March 31, 2017 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Jiayu"	Dongguan Huijing Jiayu Properties Limited (東莞市滙景嘉愉置業有限公司), a limited liability company established in the PRC on March 13, 2017 and an indirect wholly-owned subsidiary of our Company

"Dongguan Huijing Kailun Bay"	Dongguan Huijing Kailun Bay Property Development Limited (東莞市滙景凱倫灣房地產開發有限公司), a limited liability company established in the PRC on May 30, 2006 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Property Development"	Dongguan Huijing Property Development Company Limited (東莞市滙景房地產發展有限公司), a limited liability company established in the PRC on April 19, 2016 and an indirect wholly-owned subsidiary of our Company
"Dongguan Huijing Real Estate"	Dongguan Huijing Real Estate Development Limited (東莞市滙景豪庭房地產開發有限公司), a limited liability company established in the PRC on December 26, 2002 which is the predecessor of our Company's major subsidiary, Huijing Group, and was deregistered on November 4, 2009
"Dongguan Huijing Shuoer"	Dongguan Huijing Shuoer Property Development Limited (東莞市滙景朔而房地產開發有限公司), a limited liability company established in the PRC on September 19, 2017 and held as to 70% by our subsidiary, Dongguan Huijing Jiayu, and 30% as to Dongguan Shuoer Holdings. It is an indirect non-wholly owned subsidiary of our Company
"Dongguan Jade"	Dongguan Jade Peninsula Property Development Limited (東莞市翡翠半島房地產開發有限公司), a limited liability company established in the PRC on September 16, 2009 and an indirect wholly-owned subsidiary of our Company
"Dongguan Jiayishi"	Dongguan Jiayishi Investment Limited (東莞市嘉益仕實業投資有限公司), a limited liability company established in the PRC on March 19, 2019 and an indirect wholly-owned subsidiary of our Company
"Dongguan Shuoer Holdings"	Dongguan Shuoer Holdings Company Limited (東莞市朔而控股有限公司), a limited liability company established in the PRC on June 2, 2017 and is wholly owned by Shenzhen Suoer Holdings Company Limited (深圳市索爾控股有限公司), an Independent Third Party. Dongguan Shuoer Holdings holds 30% of our subsidiary, Dongguan Huijing Shuoer
"Dongjiang Village Long He"	Dongyuan Dongjiang River Village Long He Investment Development Limited (東源縣東江水鄉隆和投資發展有限公司), a limited liability company established in the PRC on February 3, 2015 and an indirect wholly-owned subsidiary of our Company

"Dongjiang Village Properties"	Dongyuan Dongjiang River Village Properties Limited (東源縣東江水鄉實業有限公司), a limited liability company established in the PRC on May 18, 2006 and held as to 80% by our subsidiary, Dongguan Huijing Jiawei, and 12% by Liu Wuping (劉武平) and 8% by Du Peiyi (杜佩怡), both being Independent Third Parties. It is an indirect non-wholly owned subsidiary of our Company
"Dongguan Wanfang"	Dongguan Humen Wanfang Properties Limited (東莞市虎門萬方實業有限公司), a limited liability company established in the PRC on June 7, 2000 and held as to 98% by our subsidiary, Dongguan Huijing Jiayu, and 2% by Dongguan Wanqi. It is an indirect non-wholly owned subsidiary of our Company
"Dongguan Wanqi"	Dongguan Wanqi Investment Limited (東莞市萬啟實業投資有限公司), a limited liability company established in the PRC on June 12, 2018 and an Independent Third Party
"Dongguan Wansha"	Dongguan Wansha Industrial Co., Ltd (東莞市萬廈實業投資有限公司), a limited liability company established in the PRC on July 4, 2016 and an Independent Third Party
"Dongguan Wansheng"	Dongguan Wansheng Property Development Limited (東莞市萬升房地產開發有限公司), a limited liability company established in the PRC on November 28, 2017, a wholly-owned subsidiary of Dongguan Wanfang
"Dongguan Zhancheng"	Dongguan Zhancheng Investment Limited (東莞市湛誠實業投資有限公司), a limited liability company established in the PRC on September 6, 2019 and an indirect wholly-owned subsidiary of our Company
"Dongguan Zhanfeng"	Dongguan Zhanfeng AI Investment Limited (東莞市湛豐人工智能投資有限公司), a limited liability company established in the PRC on August 2, 2018 and an indirect wholly-owned subsidiary of our Company
"Dongguan Zhanhua"	Dongguan Zhanhua Investment Limited (東莞市湛華實業投資有限公司), a limited liability company established in the PRC on April 3, 2018 and an indirect wholly-owned subsidiary of our Company
"Dongguan Zhanjia"	Dongguan Zhanjia Investment Limited (東莞市湛嘉實業投資有限公司), a limited liability company established in the PRC on September 30, 2019 and an indirect wholly-owned subsidiary of our Company

"Dongguan Zhanrun"	Dongguan Zhanrun Investment Limited (東莞市湛潤實業投資有限公司), a limited liability company established in the PRC on April 3, 2018 and an indirect wholly-owned subsidiary of our Company
"Dongguan Zhengyun"	Dongguan Zhengyun Investment Limited (東莞市正韻實業投資有限公司), a limited liability company established in the PRC on January 23, 2013 and an indirect wholly-owned subsidiary of our Company
"Executive Director(s)"	executive director(s) of our Company
"Extreme Condition"	extreme conditions caused by a super typhoon as announced by the Government of Hong Kong
"Fushen Investment"	Huizhou Fushen Investment Management Limited (惠州富紳投資管理有限公司), a limited liability company established in the PRC on October 19, 2012 and an indirect wholly-owned subsidiary of our Company
"GDP"	gross domestic product
"GFA"	gross floor area
"**[REDACTED]**"	**[REDACTED]**
"Grantees"	the grantees under the **[REDACTED]**
"Great Mission"	Great Mission Trading Limited, a company incorporated in the BVI with limited liability on May 8, 1997 and an indirect wholly-owned subsidiary of our Company
"Greater Bay Area"	Guangdong-Hong Kong-Macau Greater Bay Area
"**[REDACTED]**"	**[REDACTED]**
"Group", "our Group", "the Group", "we", "our" or "us"	our Company and its subsidiaries and the businesses operated by such subsidiaries
"Hai Feng Holdings"	Hai Feng Holdings Limited (海豐控股有限公司), a company incorporated in Hong Kong with limited liability on June 7, 2011 and an indirect wholly-owned subsidiary of our Company
"Hai Feng International"	Hai Feng International Holdings Limited (海豐國際控股有限公司), a company incorporated in the BVI with limited liability on May 19, 2015 and a wholly-owned subsidiary of our Company

"He Tai Land"	He Tai Land and Properties Holdings Limited (合泰地產控股有限公司), a company incorporated in Hong Kong with limited liability on June 18, 2012 and an indirect wholly-owned subsidiary of our Company
"Hefei Changheng"	Hefei Changheng Property Development Limited (合肥昌恒房地產開發有限公司), a limited liability company established in the PRC on January 12, 2018 and an indirect wholly-owned subsidiary of our Company
"Hefei Fuhua"	Hefei Fuhua Properties Limited (合肥富華置業有限公司), a limited liability company established in the PRC on January 4, 2013 and an indirect wholly-owned subsidiary of our Company
"Heng Fu Development"	Heng Fu Grand Development Limited (恒富兆業發展有限公司), a company incorporated in the BVI with limited liability on June 5, 2012 and an indirect wholly-owned subsidiary of our Company
"Heng Fu Holdings"	Heng Fu Grand Holdings Limited (恒富兆業控股有限公司), a company incorporated in the BVI with limited liability on March 18, 2016 and an indirect wholly-owned subsidiary of our Company
"Hengyang Huijing"	Hengyang Huijing Property Development Limited (衡陽滙景房地產開發有限公司), a limited liability company established in the PRC on October 25, 2010 and an indirect wholly-owned subsidiary of our Company
"Hengyang Yanhu"	Hengyang Yanhu Eco-tourism Limited (衡陽雁湖生態旅遊有限公司), a limited liability company established in the PRC on June 8, 2018 and an indirect wholly-owned subsidiary of our Company
"Heyuan Huijing Jiachao"	Heyuan Huijing Jiachao Properties Limited (河源市滙景嘉超置業有限公司), a limited liability company established in the PRC on October 12, 2017 and an indirect wholly-owned subsidiary of our Company
"Heyuan Huijing Jiaqi"	Heyuan Huijing Jiaqi Properties Limited (河源市滙景嘉企置業有限公司), a limited liability company established in the PRC on October 12, 2017 and an indirect wholly-owned subsidiary of our Company
"Heyuan Huijing Jiasheng"	Heyuan Huijing Jiasheng Properties Limited (河源市滙景嘉昇置業有限公司), a limited liability company established in the PRC on October 12, 2017 and an indirect wholly-owned subsidiary of our Company

"Heyuan Huijing Jiawei"	Heyuan Huijing Jiawei Properties Limited (河源市滙景嘉維置業有限公司), a limited liability company established in the PRC on October 12, 2017 and an indirect wholly-owned subsidiary of our Company
"Heyuan Huijing Jiaying"	Heyuan Huijing Jiaying Properties Limited (河源市滙景嘉英置業有限公司), a limited liability company established in the PRC on October 12, 2017 and an indirect wholly-owned subsidiary of our Company
"Heyuan Huijing Property"	Heyuan Huijing Property Development Limited (河源市滙景房地產發展有限公司), a limited liability company established in the PRC on November 27, 2015 and an indirect wholly-owned subsidiary of our Company
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"HKD" or "HK$"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	Hong Kong Financial Reporting Standards, as issued from time to time by the Hong Kong Institute of Certified Public Accountants
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"**[REDACTED]**"	**[REDACTED]**
"Hong Kong Stock Exchange" or "Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Hui Jing Group (International)"	Hui Jing Group (International) Company Limited (匯景集團(國際)有限公司), a limited liability company incorporated in the BVI on August 28, 2018 and an indirect wholly-owned subsidiary of our Company

"Huijing Group"	Huijing Group Limited (滙景集團有限公司), a limited liability company established in the PRC on April 14, 2004 and an indirect wholly-owned subsidiary of our Company
"Huijing Hunan"	Huijing Group (Hunan) Property Limited (滙景集團(湖南)置業有限公司), a limited liability company established in the PRC on June 5, 2019 and an indirect wholly-owned subsidiary of our Company
"Huijing Jianuo Property"	Dongguan Huijing Jianuo Property Development Limited (東莞市滙景嘉諾置業有限公司), a limited liability company established in the PRC on February 1, 2019 and an indirect wholly owned subsidiary of Company
"Hunan Development"	Hunan Development Gaoxin Properties Limited (湖南發展高新置業有限公司), a limited liability company established in the PRC on January 17, 2011 and held as to 49% by our subsidiary, Huijing Group, and 35.7% by Hunan Development Assets Management Group Limited (湖南發展資產管理集團有限公司) and 15.3% by Hunan Gaoxin Venture Investment Limited (湖南高新創業投資集團有限公司), both being Independent Third Parties. It is our joint venture company
"Independent Non-executive Director(s)"	independent non-executive director(s) of our Company
"Independent Third Party(ies)"	person(s) or company(ies) and their respective ultimate beneficial owner(s), who/which, to the best of our Directors' knowledge, information and belief, having made all reasonable enquiries, is/are not connected with our Company or our connected persons as defined under the Listing Rules
"Industry Consultant" or "JLL"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the industry consultant engaged by us, which is an Independent Third Party
"Industry Research Report"	the industry research report on the real estate markets in China prepared by the Industry Consultant, a summary of which is set out in the section headed "Industry Overview" in this document
"Internal Control Consultant"	Corporate Governance Professionals Limited, the internal control consultant engaged by us, which is an Independent Third Party
"**[REDACTED]**"	**[REDACTED]**

"km"	kilometer(s)
"LAT"	land appreciation tax (土地增值稅), as defined in the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) and the Detailed Implementation Rules on the Provisional Regulations of the People's Republic of China on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則)
"land grant contract"	a land use rights grant contract (土地使用權出讓合同)
"land use rights certificate"	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land (土地使用權證)
"Latest Practicable Date"	[Friday, October 18, 2019], being the latest practicable date prior to the printing of this document for the purpose of ascertaining certain information contained in this document
"**[REDACTED]**"	**[REDACTED]**
"Listing Committee"	the listing committee of The Stock Exchange
"**[REDACTED]**"	**[REDACTED]**
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"m."	meter(s)
"Macau"	Macao Special Administrative Region of the PRC
"Memorandum" or "Memorandum of Association"	the amended and restated memorandum of association of our Company conditionally adopted on [●] 2019, which will become effective upon the **[REDACTED]** and as amended from time to time
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
"Mr. Chen GL"	Mr. Chen Ganlin (陳淦林), the younger brother of Ms. Chan and the brother-in-law of Mr. Lun RX
"Mr. Hung"	Mr. Hung Wan Shun Stephen (熊運信), an Independent Non-executive Director

"Mr. Lau"	Mr. Lau Kam Kwok Dickson (劉金國), the company secretary of our Company and an Executive Director
"Mr. Long"	Mr. Long Bo (龍波), a member of the senior management of our Company
"Mr. Lun JZ"	Mr. Lun Jia Zai (倫加仔), father of Mr. Lun RX
"Mr. Lun RX"	Mr. Lun Ruixiang (倫瑞祥), a Non-executive Director, a Controlling Shareholder and chairman of our Board. He is the spouse of Ms. Chan, the father of Ms. Lun YK and a relative of Mr. Lun ZM
"Mr. Lun ZM"	Mr. Lun Zhao Ming (倫照明), an Executive Director. He is a relative of Mr. Lun RX
"Mr. Lu"	Mr. Lu Peijun (盧沛軍), an Executive Director
"Mr. Wang"	Mr. Wang Bo (王波), a member of the senior management of our Company
"Ms. Chan"	Ms. Chan Hau Wan (陳巧云), a Controlling Shareholder and the spouse of Mr. Lun RX and the mother of Ms. Lun YK
"Ms. Chiu"	Ms. Chiu Lai Kuen Susanna (趙麗娟), an Independent Non-executive Director
"Ms. Lin JL"	Ms. Lin Jinlan (林金蘭), the spouse of Mr. Chen GL and sister-in-law of Ms. Chan
"Ms. Lin YN"	Ms. Lin Yanna (林燕娜), an Independent Non-executive Director
"Ms. Lun YK"	Ms. Lun Ying Kit (倫櫻杰), daughter of Mr. Lun RX and Ms. Chan
"NDRC"	the National Development and Reform Commission of the PRC
"Non-executive Director"	non-executive director of our Company
"Nomination Committee"	the nomination committee of our Board

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"PBOC"	The People's Bank of China (中國人民銀行)
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"PRC Contract Law"	the Contract Law of the PRC (中華人民共和國合同法) promulgated by the National People's Congress of the PRC on March 15, 1999
"PRC Legal Advisers"	Dentons, the legal advisers to our Company as to the law of the PRC
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and its organs or, as the context requires, any of them
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**

"Property Valuation Report"	the property valuation report prepared by the Property Valuer, the text of which is as set out in Appendix III to this document
"Property Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the property valuer engaged by us, which is an Independent Third Party
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"Regulation S"	Regulation S under the U.S. Securities Act
"Remuneration Committee"	the remuneration committee of our Board
"Reorganization"	the reorganization implemented to form our Group in preparation for the **[REDACTED]** as described in the subsection headed "History, Reorganization and Group Structure — Reorganization" in this document
"Runfeng Xianghe"	Changsha Runfeng Xianghe Properties Limited (長沙潤豐湘和房地產有限公司), a limited liability company established in the PRC on March 2, 2018 which was a subsidiary of our Group prior to its deregistration on May 31, 2019
"SAT"	the State Administration of Taxation of the PRC (中華人民共和國國家税務總局)
"SFC"	the Securities and Futures Commission of Hong Kong

"SFO" or "Securities and Futures Ordinance"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended or supplemented from time to time
"Share(s)"	share(s) of HK$0.01 each in the share capital of our Company
"Shareholder(s)"	holder(s) of our Shares
"Share Option Schemes"	the **[REDACTED]** and the **[REDACTED]**
"Share Swap Agreement"	the share swap agreement dated March 25, 2019 entered into between Mr. Lun RX, Ms. Chan, Hai Feng International and our Company in relation to, inter alia, (i) the transfer of the shareholdings in Hai Feng International to our Company from Mr. Lun RX; and (ii) the transfer of the shareholdings in Hai Feng Holdings to Hai Feng International by Ms. Chan for allotment and issue of 98 Shares and one Share by our Company to Wui Ying and Wui Shing, respectively
"Sing Hui Holdings"	Sing Hui Holdings (Hong Kong) Limited (昇匯控股(香港)有限公司), a limited liability company incorporated in Hong Kong on November 2, 2012 which is beneficial wholly-owned by Mr. Lun RX
"Songsen Furniture"	Songsen Furniture (Dongguan) Company Limited* (松森家俱(東莞)有限公司), a limited liability company established in the PRC on December 5, 2001 and an indirect wholly-owned subsidiary of our Company
"Sole Sponsor", "**[REDACTED]**", "**[REDACTED]**", "**[REDACTED]**" or "China Galaxy International"	China Galaxy International Securities (Hong Kong) Co., Limited, being the sole sponsor to the **[REDACTED]** and a corporation licensed to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
"sq.m."	square meter
"**[REDACTED]**"	**[REDACTED]**
"**[REDACTED]**"	**[REDACTED]**
"subsidiary" or "subsidiaries"	has the meaning ascribed thereto in the Companies Ordinance
"substantial shareholder(s)"	has the meaning ascribed thereto under the Listing Rules
"Track Record Period"	the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019

"U.S. Securities Act"	the U.S. Securities Act of 1933, as amended and supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
"U.S." or "United States"	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD" or "US$"	United States dollars, the lawful currency of the United States of America
"[REDACTED]"	**[REDACTED]**
"[REDACTED]"	**[REDACTED]**
"VAT"	value-added tax
"[REDACTED]"	**[REDACTED]**
"Wuhan Wui Ying"	Wuhan Wui Ying Property Limited (武漢滙盈置業有限公司), a limited liability company established in the PRC on August 8, 2019 and an indirect wholly-owned subsidiary of our Company
"Wui Shing"	Wui Shing Holdings Limited (滙盛控股有限公司), a company incorporated in the BVI with limited liability on January 4, 2019 and wholly-owned by Ms. Chan. It is one of our Controlling Shareholders
"Wui Ying"	Wui Ying Holdings Limited (滙盈控股有限公司), a company incorporated in the BVI with limited liability on January 4, 2019 and wholly-owned by Mr. Lun RX. It is one of our Controlling Shareholders
"Xiangyang Huiyu"	Xiangyang Huiyu Construction Limited (襄陽滙宇建築工程有限公司), a limited liability company established in the PRC on May 20, 2019 and an indirect wholly-owned subsidiary of our Company
"Yangtze Mid-Stream Urban Cluster"	the Yangtze Mid-Stream Urban Cluster (長江中游城市群) referred to in the "Notice on the Development Plan of the Mid-Stream Urban Cluster" (長江中游城市群發展規劃) issued by the National Development and Reform Commission (國家發展改革委員會) on April 13, 2015

"Yangtze River Delta Urban Cluster"	the Yangtze River Delta Urban Cluster referred to in the "Notice on the Distribution of Development Plan for the Yangtze River Urban Cluster" (關於印發長江三角洲城市群的通知) issued by the National Development and Reform Commission (國家發展改革委員會) on June 1, 2016
"Yayuan Property"	Dongyuan Yayuan Property Investment Limited (東源縣雅園實業投資有限公司), a limited liability company established in the PRC on November 10, 2011 and held as to 80% by our subsidiary, Heyuan Huijing Jiaxin, and 10% by Du Guiping (杜貴平) and as to 10% by Chen Zhijian (陳志健), both being Independent Third Parties. It is an indirect non-wholly owned subsidiary of our Company
"**[REDACTED]**"	**[REDACTED]**
"%"	per cent

Unless otherwise expressly stated or the context otherwise requires, all data in this document is as at the Latest Practicable Date.

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

Certain amounts and percentage figures included in this document have been subject to rounding adjustments. Where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, and amounts presented as percentages have been rounded to the nearest tenth of a percent. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them.

FORWARD-LOOKING STATEMENTS

This document contains certain forward-looking statements. All statements other than statements of historical fact contained in this document, including, without limitation, those regarding our future financial position, strategies, plans, objectives, goals, targets, and future developments in the markets where we participate or are seeking to participate and any statements preceded by, followed by or that include the words "aim", "anticipate", "believe", "consider", "continue", "could", "estimate", "expect", "foresee", "going forward", "intend", "may", "ought to", "predict", "plan", "project", "seek", "should", "will", "would" and similar expressions or the negative thereof, are forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. These forward-looking statements reflecting our current views with respect to future events are not a guarantee of future performance and involve known and unknown risks, uncertainties, assumptions and other factors, some of which are beyond our control, which may cause our actual results, performance or achievements or industry results to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, without limitation, the risk factors set forth under the section headed "Risk Factors" in this document and the following:

- our business strategies, initiatives, plans and prospects;
- changes in the laws, rules and regulations applicable to us;
- general economic, market and business conditions in the PRC, including the sustainability of the economic growth in the PRC;
- changes or volatility in interest rates, foreign exchange rates, equity price or other rates or prices;
- business opportunities and plans that we may pursue;
- our ability to identify and successfully take advantage of new business development opportunities;
- future events and developments, trends and conditions in the industry and markets in which we operate/plan to operate;
- expected changes in our reserves and certain costs or expense items and our ability to reduce costs;
- our ability to identify, measure, monitor and control risks in our business, including our ability to improve our overall risk profile and risk management practice; and
- other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any and undertake no obligation to update or otherwise revise the forward-looking statements in this document, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this document might not occur in the way we expect, or at all. Moreover, the inclusion of forward-looking statements should not be regarded as representations by us that our plans and objectives will be achieved or realized.

All forward-looking statements contained in this document are qualified by reference to the cautionary statements set out in this section as well as the risk factors set out in the section headed "Risk Factors" in this document. We caution you not to place undue reliance on any forward-looking statements or information.

In this document, statements of or references to the intentions of our Company or any of our Directors are made as at the date of this document. Any such intentions may potentially change in light of future developments.

In addition to other information in this document, prospective investors should carefully consider the following risk factors, which may not be typically associated with investing in our Shares, before making any investment decisions in relation to the ***[REDACTED]****. You should pay particular attention to the fact that we are a company incorporated under the laws of the Cayman Islands and our business and most of our assets are located in the PRC. If any of the possible risks described below materialise, our business, financial condition and results of operations could be materially and adversely affected and the market price of our Shares could decrease significantly.*

There are certain risks involved in our business and industry and in connection with the **[REDACTED]**. These risks can be categorised as: (i) risks relating to our business and industry; (ii) risks relating to the PRC; and (iii) risks relating to the **[REDACTED]**.

RISKS RELATING TO OUR BUSINESS AND INDUSTRY

Our business and prospects depend on the performance of the PRC property market and may be adversely affected by any market fluctuations.

We develop and sell properties in the Guangdong Province, the Yangtze River Delta Urban Cluster and Yangtze Mid-Stream Urban Cluster. The property market in these regions may be affected by local, regional, national or global factors, including changes in the PRC's social, political, economic and legal environment, speculative activities in the local markets, changes in the PRC Government policies, slowdowns in economic growth, the lack of a mature and active secondary market for residential and commercial properties and the rising concerns over the sustainability of the real estate growth in the PRC, all of which are beyond our control. The level of demand for properties may be affected by the funds available and the general level of investors' confidence and consumer spending. As a result, there may be an excess in supply of properties and idle housing inventory. Any excess in supply of properties or potential decrease in demand for properties, particularly in the cities in which we operate or intend to operate in, could have a material and adverse impact on our cash flows, results of operations and overall financial condition.

Our expansion into new geographical markets presents certain risks and uncertainties.

In order to achieve and maintain sustainable growth, we need to continue to seek development opportunities in regions with potential for growth and where we may not have any existing operations. We have recently expanded our business to Changsha, Hunan Province, Hefei, Anhui Province and Heyuan, Guangdong Province, all of which we had little or no prior experience. We may not always be able to identify geographic locations with sufficient growth potential to expand our market reach or operate our new property projects. For the geographical locations we select, we may face intense competition from other property developers with similar expansion plans. Further, the property markets in our target cities may be different from one another in terms of the level of local economic and industrial development, local government policies and development phases of local businesses. We may also experience different demand for our properties, types of properties to be developed and development cycles. We may have limited ability to effectively leverage our established brands and reputation in new markets in the same way as our existing markets. Additionally, the administrative, regulatory and tax environment in our target cities may be different and we may face additional expenses or difficulties in complying with new procedures and adapting to new environment. As we do not have the same level of familiarity with the local government, businesses and consumers as compared to the other local and more experienced property developers in the new geographical markets, we may be in a disadvantaged position.

Our involvement in urban renewal developments may require more costs and resources.

Urban renewal is a reconstruction strategy implemented in provinces such as Guangdong Province which focuses on the transformation of old towns, old factories and old villages. In recent years, a number of cities have issued their own policies and plans regarding urban renewal. For details about our Group's property projects involving urban renewal developments, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research and Investment — Land Acquisition — (z) Urban renewal" in this document for further details. Urban renewal developments usually involve longer developing cycle, large capital pressure, high planning difficulty, and more efforts in negotiations with local government and local existing residents. Moreover, urban renewal developments usually involve sophisticated procedures. For such reasons, our involvement in urban renewal developments may increase our costs as more time and resources may be required for us to complete the planning and obtain the necessary approvals, and our business operation and financial conditions may be adversely affected.

We may not be able to recoup committed resources if our land acquisition fails.

We primarily acquire land for our developments through third parties and through urban renewal developments but we may also acquire land through other channels including but not limited to auctions or public tendering processes.

During the Track Record Period, four acquisition or cooperation agreements, with an aggregate transaction amount of RMB21.8 million were terminated (or lapsed) through mutual agreement and/or a failure to meet condition(s) prescribed under the relevant contracts. As at June 30, 2019, we have RMB6.3 million of other receivables for sums paid in relation to such acquisitions or cooperation agreements.

As at June 30, 2019, we have prepaid RMB567.7 million in relation to sums paid in connection with acquisitions of potential projects (which is, according to the relevant agreements, typically recoverable in the event of our Group failing to complete the relevant acquisitions for reasons other than our fault), of which RMB136.1 million relates to urban renewal projects initiated under the Cooperation Scenario. Additionally, as at June 30, 2019, we have incurred obligation to make further payments in the amount of RMB1,102.6 million in respect of our plans to acquire land. For further details in relation to our urban renewal projects initiated under the Cooperation Scenario, please refer to the subsection headed "Regulatory Overview — Regulations on Urban Renewal Projects" in this document.

In particular, as urban renewal projects will be a focus of our Group going forward, we will continue to explore opportunities for urban renewal projects from time to time and select opportunities which best satisfy the (i) various criteria our Group adopted in selecting land parcels and (ii) relevant needs of our Group from time to time. For details of the relevant criteria, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research and Investment — Land Acquisition" in this document for further details.

Land acquisitions could fail for various reasons, a number of which we have no control over. These include but are not limited to: (i) our failure to obtain the relevant government approvals; (ii) changes in land ownership (and in the case of urban renewal developments, changes in the local sentiments); (iii) unexpected urban or infrastructure development in the vicinity (for example, the compulsory acquisition of land by the government for the construction of a high speed rail tracks); (iv) changes in relevant laws and policies; and (v) breach of the relevant acquisition contracts by our counterparties (including existing land owners). In the event of an unsuccessful land acquisition, there is no guarantee that we will be able to proceed with our planned development, or that we would be able to recoup the resources committed, including any sums prepaid to original land owners under relevant acquisition agreements, even if we are entitled to recover such sums under the relevant agreements when the land acquisition has failed.

We may acquire land parcels in the future, title or other defects of which we may not be able to remedy.

During the Track Record Period, we had acquired land parcels and interests in property (through acquisition of relevant holding companies or otherwise) with title defects or non-compliance with (i) the relevant laws and regulations or (ii) the relevant land grant contracts, such as delay in commencement and/or completion of construction.

In the future, we will continue to explore opportunities to acquire land parcels, and we may acquire land parcels with (x) title or other defects or (y) non-compliance with (i) and (ii) mentioned above, with such defects/non-compliance as being considered as immaterial and capable as being remedied by our Group. As a result, we may be subject to losses and/or penalties as a result of or in relation to such defects/non-compliances. We may also not be able to develop the relevant projects (including any plans for urban renewal) as we have anticipated or at all, and this may cause adverse effect to our business operations and/or financial conditions.

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

During the Track Record Period, our revenue derived mainly from the sales of properties. To ensure a steady stream of developed properties available for sale and continuous growth in the long term, we need to replenish and increase our land reserves that are suitable for development. For the year ended December 31, 2016, 20% (in terms of site area) or 66% (in terms of acquisition costs) of our land reserves were acquired from land use right and/or property owners, and 80% (in terms of site area) or 34% (in terms of acquisition costs) of our land reserves were acquired from the government. For the two years ended December 31, 2018, and the six months ended June 30, 2019, all our land reserves were acquired from land use right and/or property owners. Our ability to identify and acquire suitable land may be affected by a number of factors, some of which are beyond our control, for example, the overall local economic conditions, the availability of land reserves provided by the government and secondary market, our effectiveness in estimating the profits of the acquired land reserves and the competition for such land reserves. As the supply of land is controlled by the PRC Government, the policies in this regard have a direct impact on our ability to acquire land use rights for development and the cost of such land acquisitions. In recent years, the PRC Government has implemented various measures to regulate the means by which property developers obtain land for property development, which increases the competition for land in the PRC. Furthermore, the rapid development in major cities in recent decades has resulted in a limited supply of undeveloped land in desirable locations and at reasonable acquisition costs. As a result, our costs of acquiring land use rights may rise in the future and our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land reserves that are suitable for development at commercially acceptable prices. For further information on the regulatory procedures and restrictions relating to the acquisition of land, please refer to the section headed "Regulatory Overview" in this document.

Our business and operations, including our urban renewal projects, are highly subject to government policies and regulations. We are susceptible to adverse changes in policies in the PRC real estate market and in regions we operate.

The real estate market in the PRC is highly subject to government policies and regulations. According to the Industry Research Report, in 2015 and 2016, driven by higher household income, stagnant of share market, increasing urbanization rate, etc., residential prices in the PRC skyrocketed, and in order to avoid overheating of the real estate market, the PRC central and local government has promulgated various tightening measures to stabilize housing prices in recent years. In order to curb the rapid rise in housing price and control speculative demand, the PRC Government imposed a series of strict restrictions, including house purchase restrictions (限購), tighter down-payment requirements (限貸), and limit house sale price (限價). Affected by the relevant regulations, the overall real estate market in the PRC gradually cooled down. In the beginning of 2018, cities such as Changsha and Dongguan announced to partially remove housing restrictions policies in order to attract more talents. However, the influence of such removal policies on stimulating residential markets in those cities is still unclear. Further, a series of regulations and policies have been issued by the PRC Government to generally control the growth of the property market, including those relating to idle land, house loans to buyers, financing to property developers, etc.. Separately, the relevant laws governing urban renewal processes had undergone changes in recent years, in particular, the introduction of the Opinion had removed the previous 'Cooperation Scenario' (村企合作模式) for urban renewal, which the Group is engaged in with our current urban renewal projects. While the relevant opinion allows certain existing 'Cooperation Scenario' urban renewal projects to continue, should we fail to complete our urban renewal projects initiated under the 'Cooperation Scenario', or if we are required to restart any of the urban renewal processes for any reason, we might not be able to restart the urban renewal process under the laws then applicable. Further, the minimum site area requirement of 100,000 sq.m. (equivalent of 150 mu.) has been imposed for urban renewal under the relevant law, meaning that our current urban renewal projects that have started through this mean may similarly not be feasible if we have to restart them. We have paid a total of RMB104.1 million in resettlement and other fees in our urban renewal projects operated under Cooperation Scenario, which may not be recouped if such projects fail to complete. Please refer to the sections headed "Industry Overview" and "Regulatory Overview" for further details.

The above-mentioned policies and restrictive measures could adversely impact our operations and business. It is uncertain whether the PRC Government will relax or enhance the existing restrictive measures, or will introduce new restrictive measures in the future. The existing and any future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs.

Property development involve uncertainties, and we may incur impairment losses of our assets (including our land reserves, properties under development and completed properties held for sale) if our property development or our property becomes less economically viable.

Property development involve uncertainties. We initially capitalized the expenditures relating to the development of our projects as assets before their commercial viability is determined. If we assess that the cost of development exceeds that of the amount recoverable from continuing development until completion, and decide to abandon the potential project, we will write off the total expenditure of the relevant project and recognize an impairment loss in our financial statements. Similarly, we will recognize an impairment loss if the carrying amount of our assets, including our land reserves, property under development, or completed properties held for sale, is less than their net realizable value.

We had not recognized any impairment loss during the Track Record Period, primarily due to the upward trend in property prices and the higher of net realizable value compared to the carrying amount of our property. However, there is no guarantee that we will not recognize impairment losses in the future, as the market condition and the realizable value of our assets may change. In that case, our development expenses may be written off and recorded as an impairment loss in our financial statements, which could have a material adverse effect on our business, financial conditions and results of operations.

We are exposed to the credit risk of our joint venture.

As at December 31, 2016, 2017 and 2018 and June 30, 2019, we had receivables from Hunan Development, a joint venture of our Group, of RMB128.3 million, RMB277.9 million, RMB458.8 million and RMB471.8 million, respectively. Given that (i) the receivables are unsecured, (ii) the amount of the receivables were on an increasing trend during Track Record Period, and (iii) Hunan Development was loss-making during the Track Record Period, should the credit worthiness of Hunan Development deteriorate or should it fail to settle the receivable in full in a timely manner for any reason, we may incur impairment losses and our results of operations and financial position could be materially and adversely affected.

In addition, there is no assurance that we will be able to fully recover the receivables from Hunan Development or that it will settle the receivables in a timely manner or at all. In the event the settlement is not made on a timely manner, the financial position, profitability and cash flow of our Group may be adversely affected.

We had negative operating cash flows for the year ended December 31, 2017 and the six months ended June 30, 2019.

We had negative operating cash flows of RMB94.6 million and RMB317.0 million for the year ended December 31, 2017 and the six months ended June 30, 2019, respectively. We cannot guarantee that we will be able to record positive operating cash flow in future as we continue to grow our business. Accordingly, our Group may require substantial additional capital in order to fund its future development activities. There is no assurance that such capital resources will be obtained when required. Any failure to obtain additional financing or failure to achieve profitability and positive operating cash flows will have a material adverse effect on our financial condition and results of operations.

We rely on third parties in certain key aspects of our business and if any of such third parties fails to deliver quality service or product in a timely manner, or if our relationships with any of them deteriorate, our reputation or business operation may be adversely affected.

We engage third parties to carry out various services relating to our property development projects, such as project design, construction of foundation and building, landscaping, equipment and utility installation and interior decoration. We generally select third-party contractors through competitive bids having taken into account factors including their demonstrated competence, market reputation and our prior business relationship with them. Our contractors may fail to provide satisfactory services at the level of quality or within the time required by us. Additionally, completion of our property developments may be delayed, and we may incur additional costs, due to the financial or other difficulties of our contractors. If the performance of any third-party contractor is unsatisfactory, or if any of the contractors is in breach of its contractual obligations, we may need to replace such contractor or take other actions to remedy the situation, which could materially and adversely affect our costs and the construction progress of our property projects.

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

We engage third-party contractors for the construction of our property projects, who are normally responsible for sourcing and purchasing the construction materials. The cost of labor and construction materials, such as steel and cement, are all subject to volatility. Our contracts with some of the contractors contain certain price adjustment mechanism which requires us to bear additional costs if they exceed the original contract price by certain percentage. Furthermore, the increases in costs of construction materials and labor will likely prompt our contractors to increase their fee quotes of our future property developments. Given that we often pre-sell our properties prior to their completion, it is unlikely that we can pass the increased costs to our customers if there are any substantial increases to labor costs or the price of construction materials. As a result of the inability to pass on the increased costs to our customers, our business, financial condition and results of operations may be adversely affected.

We generate revenue principally from the sale of properties, and our ability to realize revenue from a property project may fluctuate, as it will depend on our property development schedule and the timing of completion of the property projects.

During the Track Record Period, we derived most of our revenue from the sale of properties. Our results of operations may fluctuate due to factors such as the schedule of our property development and the timing of completion of the property projects.

Generally, we recognize our revenue from sale of a property upon the completion of property construction and the issuance of a notice of delivery of property to our customers, at which point the significant risks and rewards of ownership are transferred to our customers. Due to capital requirements for land acquisition and construction, limited land supply and the time required for completing a property project, we can undertake only a limited number of property developments at a time. Further, since the timing of the delivery of our properties varies according to our construction timetable, our revenue and results of operations may vary significantly from period to period depending on the number of properties delivered during a specific period. As a result, our period-to-period comparisons of results of operations and cash flow positions may not be indicative of our future results of operations and may not be as meaningful measures of our financial performance of a specific period as they would be for a company with a greater proportion of steady recurring revenues.

Our property pre-sale agreements may be subject to termination and variation under certain circumstances and are not a guarantee of our current or future recognized sales.

We have included information relating to our property pre-sale agreements and the related contract liabilities in this document. Contract liabilities refer to the aggregate amount set out in the property pre-sale agreements entered into between us and our customers during a given year or period, and the relevant information on contract liabilities are complied based on our internal records. The amount of contract liabilities differ from revenue in that the latter is an accounting concept, the amount of which is recognized for a specific year or period according to applicable accounting standard and rules. As the relevant property pre-sale agreements may be subject to termination or variation under certain circumstances pursuant to their contractual terms or otherwise, or subject to default by the relevant buyers, they are not a guarantee of current or future recognized revenue. Information on contract liabilities included in this document should in no event be treated as an indication of our revenue or profitability. Our subsequent revenue recognized from such contract liabilities may be materially different from contract liabilities included in this document. Accordingly, information on property pre-sale agreements and contract liabilities contained in this document should not be unduly relied upon as a measure or indication of our current or future operating performance.

We may not be able to complete or deliver our property projects according to schedule and this may adversely affect our business and financial condition.

Whether our property projects can be completed and delivered within scheduled times and within the planned budgets depends on various factors including the following:

(i) the performance and efficiency of our third-party contractors;

(ii) changes in market conditions and economic downturns;

(iii) delays in obtaining the necessary licenses, permits or approvals from government agencies or authorities;

(iv) changes in government rules and regulations and the related practices and policies, including reclamation of land for public works or facilities;

(v) relocation of existing residents and/or demolition of existing constructions;

(vi) disputes with our joint venture partners;

(vii) increases in the prices of construction materials;

(viii) shortages of materials, equipment, contractors and skilled labor;

(ix) latent soil or subsurface conditions and latent environmental damage requiring remediation;

(x) unforeseen engineering, design, environmental or geographic problems;

(xi) labor disputes and strikes;

(xii) construction accidents;

(xiii) natural disasters or adverse weather conditions; and

(xiv) other unforeseen problems or circumstances.

Construction delays, or failure to complete the construction of property projects as a result of the above factors may adversely affect our business and financial condition and may also cause reputational damage. If a property project is not completed or delivered in accordance with its schedule timetable, our customers, as the buyers of pre-sold properties, may be entitled to compensation for late delivery and/or may be able to terminate the pre-sale agreements and claim damages. Please refer to the subsection headed "— Risks Relating to Our Business and Industry — We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC Government" in this section for further details. There is no assurance that we will not experience such delays in the delivery of our property projects in the future or that we will not be subject to any liabilities if we do experience any such delays.

Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government approvals or licenses in carrying out our operations and property development.

The PRC property development industry is heavily regulated. To engage in property development operations, we must apply to the relevant PRC Government authorities to obtain (and renew for ongoing operations) various licenses, permits, certificates and approvals and meet the various relevant pre-conditions. For details about the licenses, permits, certificates and approvals required for our operations and property development, please refer to the section headed "Regulatory Overview" in this document. We cannot guarantee that we will be able to adapt to new rules and regulations in a timely manner or that we will not encounter other material delays or difficulties in fulfilling the conditions to obtain and/or renew necessary licenses, permits, certificates or approvals. If we are unable to obtain or renew any of them, we may not be able to continue with our development plans, which will adversely affect our business, financial condition and results of operations. Moreover, there is no assurance that our project companies which are in the process of applying for or renewing qualification certificates will be able to obtain such certificates on a timely basis to commence or continue their planned property development on schedule. If we or our project companies are unable to obtain or renew the qualification certificates, the PRC Government may refuse to issue pre-sale and other permits which will affect our cash flows, results of our operations and overall financial condition.

We may be involved in legal and other disputes from time to time arising out of our operations including disputes with our suppliers, customers or other third parties, and may face significant liabilities as a result.

We have during the Track Record Period and may from time to time be involved in disputes with various parties in connection with our operations including suppliers, customers and other third parties. These disputes may lead to legal or other proceedings and may result in damage to our reputation, substantial costs to our operations, and diversion of our management's attention. During the Track Record Period, we had been involved in disputes with our contractors and property sales agent in respect of contracting fees and agency, respectively fees, and with certain third parties in respect of our proposed acquisition of project companies and our equity interest in a subsidiary, etc.. For details of the legal proceedings that our Group, together with our joint venture, were or has been involved in, please refer to the subsection headed "Business — Legal Proceedings" in this document. We cannot assure you that these legal proceedings will be resolved in our favor or that we will not be involved in any other legal proceedings or disputes in the future. Any unfavorable judgment in our current legal proceedings or any involvement in further legal proceedings or disputes may materially and adversely affect our business, financial condition and results of operations.

We may be subject to penalties and our right to use certain land may be taken back by the PRC Government as we failed to commence and/or complete construction of our property projects within prescribed period.

During the Track Record Period, we failed to commence and/or complete construction of our property projects within the period prescribed in the relevant land grant contracts. For details of the non-compliance incidents, please refer to the subsection headed "Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents — (A) Delay in commencement and/or completion in construction" in this document. We may be subject to penalties for idle land and our right to use the relevant land may be taken back by the PRC Government without compensation and/or liquidated damages as prescribed by the relevant land grant contracts unless such delay is caused by force majeure or acts of the PRC Government. In such cases, our business operations and financial conditions may be adversely affected.

Our land resettlement operations involving resettlement of existing residents may be delayed or may not be completed as planned.

We engage in urban renewal developments involving resettlement of existing residents, and demolition and clearing of existing structures on the relevant lands. Generally, the local governmental authority is responsible for entering into resettlement agreements with affected existing residents and clearing the relevant land so that it becomes ready for subsequent public tender, listing-for-sale or auction; and we are often required to make a prepayment to the local government authorities before commencement of the resettlement operations and may be required to compensate the affected existing residents in accordance with applicable PRC laws and regulations. Please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research and Investment — Resettlement Operations" in this document for further details on our resettlement operations.

As at the Latest Practicable Date, we were involved in ongoing land resettlement operations. There is no assurance that we can successfully obtain land use rights at any subsequent public tender, listing-for-sale or auction of the relevant and there is also no assurance that our prepayments to the local government will be returned to us in a timely manner if we fail to obtain land use rights at the subsequent public tender, listing-for-sale and auction of the relevant land. If we cannot acquire land use rights for future property developments, there may be a material adverse effect on our business, results of operations and financial condition. Further, any disputes with affected existing residents as to the related compensation or refusal of dissenting residents to relocate may increase our resettlements costs, delay or obstruct the resettlement process and the subsequent land development process, which may in turn have a material adverse effect on our business, results of operation and financial condition.

Our rights to use certain parcel of land, building and ancillary facilities may be unenforceable or void.

For our Project Qingxi Sanxing No. 2 (清溪三星片區項目二) situated in Qingxi, Dongguan, we had entered into a contract for acquiring an entity which was the assignee of certain rights to use the relevant parcel of land as well as the rights in respect of a building and ancillary facilities that was built on the land by the assignor. Please refer to the subsection headed "Business — Our Business — Land reserves — Land in connection with urban renewal projects" in this document for further details. As advised by our PRC Legal Advisers, no title certificate has been registered in respect of the building. Given this, our PRC Legal Advisers are of the view that under applicable laws, our acquisition of the rights in respect of the building is at risk of being unenforceable or void, but if the relevant land parcel is involved in an urban renewal project, our PRC Legal Advisers advised that we may apply to be one of the beneficiaries of the relevant land plot. We have paid a total of RMB39.2 million in acquisitions costs for Project Qingxi Sanxing No. 2, and if we lose the rights in respect of the building or the ancillary facilities or the use of the relevant parcel of land or building, there is no assurance that we will (i) be compensated adequately or at all and (ii) be able to progress with the urban renewal as planned.

Further, in respect of our Zhangmutou Baoshan Area (樟木頭寶山片區) situated in Zhangmutou Town, Dongguan, we had entered into two resettlement agreements with local residents affected by the land resettlement operations on August 13, 2018 and January 3, 2019. Please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — Land Acquisition" for further details. As advised by our PRC Legal Advisers, given the land in question relate to Homestead Land (宅基地), such land is collectively owned by the villagers in the region and the land use rights may not be legally transferred to an entity other than the local economic organization and the villagers in the region according to the Land Administration Law of the PRC. On the basis of the above, our PRC Legal Advisers are of the view that under applicable laws, the resettlement agreements are at risk of being void. If the resettlement agreements are found to be void, there is no guarantee that we will be able to recoup the RMB1.1 million that we paid as resettlement fees and our plans for urban renewal over the area may be affected.

Our property portfolio contains certain areas which are designated as civil air defense properties.

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. According to the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009, and the Management Measures for Peacetime Development and Usage of Civil Air Defense Properties (人民防空工程平時開發利用管理辦法) promulgated by the Office of Civil Air Defense of the PRC on November 1, 2001, after obtaining the approval from the civil air defense supervising authority, a property developer can manage and use such areas designated as civil air defense properties in times of peace and make profit therefrom. As at the Latest Practicable Date, we owned certain such areas designated for civil air defense properties as car parks which have an aggregate GFA of 32,329 sq.m.. However, in times of war, such areas may be used by the government at no cost. In the event of war and if the civil air defense area of our property projects is used by the government, we may not be able to use such area as car parks. In addition, we cannot assure you that such laws and regulations will not be amended in the future, which may make it more burdensome for us to comply with and increase our costs of compliance with the laws and regulations relating to civil air defense.

We failed to comply with applicable laws in relation to civil air defense matters.

Under the applicable PRC laws and regulations, enterprises in the PRC are required to construct and incorporate civil air defense projects in new buildings for civil use. During the Track Record Period, we had not completed construction of civil air defense areas in accordance with applicable PRC laws for 11 of our property projects. The total GFA of the civil air defense areas that were not completed or were not in compliance with applicable laws and regulations is approximately 168,198 sq.m. as at September 30, 2019. We may be ordered to pay penalties of less than RMB100,000 for every property project that is not in compliance with the requirement for civil air defense areas under applicable laws and/or rectify the breach by constructing the property for civil air defense purposes in compliance with the relevant laws. Based on the quotations obtained by us, the total costs to rectify the breach is estimated to be approximately RMB34 million. For details of the relevant non-compliance incidents, please refer to the subsection headed "Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents — (B) Other historical non-compliance incidents during the Track Record Period" in this document.

We did not fully make social security insurance and housing provident fund contribution for our employees during the Track Record Period

During the Track Record Period, we did not fully make social security insurance and housing provident fund contribution for our employees in accordance with the relevant PRC laws and regulations. As at June 30, 2019, the outstanding balance of provisions we made for social security insurance and housing provident fund contribution was in aggregate of RMB5.5 million. Pursuant to the relevant PRC laws and regulations, we may be ordered to pay the social security insurance and housing provident fund contributions in arrears and be subject to overdue penalties on delinquent payment of social security insurance contribution calculated at a daily rate of 0.5%, and penalty of housing provident fund ranging from RMB10,000 to RMB50,000. Furthermore, relevant employees may take legal actions, such as filing arbitration claim against us in the future in respect of our failure to make contribution to the relevant social insurance for such employees. In such case, we may be required to assume relevant civil liabilities. Please refer to the subsection headed "Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents — (B) Other historical non-compliance incidents during the Track Record Period" in this document for further details.

We may be subject to penalties in relation to other historical non-compliance incidents.

During the Track Record, we were involved in other non-compliance incidents, including (i) breach of the Environmental Law of the PRC (中華人民共和國環境保護法) and the Guangdong Province Environmental Protection Ordinance (廣東省環境保護條例), by altering the development plans of our Royal Spring Hill Project which were approved by the relevant environmental protection agency; (ii) erroneously building an agricultural exhibition hall on land over which we have no rights; (iii) failure to directly deposit proceeds from pre-sale properties into specified control accounts in accordance with the applicable laws and regulations; and (iv) developing properties above the limit allowed under the relevant qualification certificate. In relation to (i) and (ii) above, penalties of RMB100,000 and RMB12,640, respectively, were levied. In relation to (iii) above, penalties and administrative actions may apply in case of misappropriation of pre-sale proceeds. In relation to (iv) above, failure to obtain the necessary qualification certificate may result in the relevant government authority issuing a notice to request rectification and imposing a fine in the amount between RMB50,000 and RMB100,000, or in cases of extended non-compliance, a revocation of the business license by the applicable Administration for Industry and Commerce. Please refer to the subsection headed ''Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents — (B) Other historical non-compliance incidents during the Track Record Period'' in this document for further details.

We may be subject to fines or sanctions by the PRC Government if we fail to pay land grant premium or fail to develop properties according to the terms of the land grant contracts.

Under PRC laws and regulations, if a developer fails to develop land in accordance with the terms of the land grant contract (including the terms on payment of fees, designated use of land and time for commencement and completion of development of the land), the relevant PRC Government authorities or other parties may issue warnings and/or impose fines on the developer and may revoke the developer's land use rights. In certain circumstances, the PRC Government authorities may also prohibit the developer from participating in future land bidding. If we fail to pay land premium payments on time, we may be subject to penalties and our business, operation and financial condition may be adversely affected.

Moreover, even if we commenced development of the land in accordance with the land use rights grant contracts, if certain other requirements are not met (such as the percentage of developed land area and the amount of capital expenditure on land development), the land may still be deemed to be idle land. In relation to idle land, where there is malicious hoarding or speculation of the land, the land authorities in the PRC may refuse to accept any application for new land use rights or process any title transfer transactions, mortgage transactions, lease transactions or land registration applications in respect of any idle land before the holder of the land use right completes the relevant rectification procedures. There is no assurance that such circumstances leading to the repossession of land or delays in the completion of any of our property development will not arise in the future. If our project development or other factors result in delays causing our land to be repossessed, we will not be able to continue the development or recover the costs incurred up to the date of the repossession, including the cost of initial acquisition of the land, which will materially and adversely affect our results of operation, business and financial condition.

We face risks related to the pre-sale of properties from any potential limitation and restriction imposed by the PRC Government.

We make certain undertakings in our pre-sale agreements in addition to the PRC laws and regulations, which provide for remedies for breach of these undertakings. For example, if we fail to complete a pre-sold property beyond a prescribed period, the buyer may have the right to terminate the pre-sale agreement and claim for damages, or if the floor plan of the relevant property is different from that set out in the contract and adversely affects the quality or functionality of the property; or the interior decoration of the relevant property is inferior to that set out in the contract, we may be liable to pay damages. Any of the aforesaid factors could have a material adverse effect on our results of operations, business and financial condition. Although we may be able to claim such damages from our contractors if the breaches were caused by their fault, we cannot assure you that we will be fully indemnified for our losses.

Further, we depend on proceeds from the pre-sale of properties as a significant source of funding for our property projects. Currently, the PRC Government requires certain pre-conditions to be met prior to the commencement of pre-sale of the relevant properties and also restricts the proceeds derived from such pre-sale to be used for the sole purpose of financing the property project. There can be no assurance that the PRC Government will not implement further restrictions on property pre-sale, such as imposing additional conditions for obtaining pre-sale permits or imposing further restrictions on the use of pre-sale proceeds. The introduction of such further measures may materially and adversely affect our business and cash flow position, thereby forcing us to seek alternative sources of funding to finance our property projects.

We may be liable to our customers for damages if we do not deliver ownership certificates in a timely manner.

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

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

We had entered into certain joint venture agreements with other property developers to conduct property developments. As at June 30, 2019, we had one joint venture company and one associated company. Please refer to the subsection headed ''History, Reorganization and Group Structure — Our joint venture company and associated company'' for further details. If we have any dispute with our joint venture partners on any material issues, the operation of the relevant joint venture or associated company may be adversely affected, and that may in turn affect our business operation and financial conditions.

Our business operations and financial conditions may be adversely affected if we suffer losses which are not covered or not adequately covered by insurance.

As advised by our PRC Legal Advisers, as we engage third-party contractors to conduct the construction of our properties but do not construct properties ourselves, the mandatory provisions under the relevant PRC laws and regulations requiring construction contractors to maintain insurance coverage with respect to their construction projects do not apply to us. We do not maintain any insurance policies for our residential property projects unless required to under the relevant loan agreements. If we secure bank loans from a commercial bank in relation to our properties under development, the commercial banks usually require certain insurance coverage against potential losses or damages to be held until the full repayment of the underlying loans. We believe our third-party contractors should bear liabilities from torturous or other personal injuries on our project sites and therefore we do not maintain any insurance coverage against such liabilities. In accordance with applicable PRC laws and regulations, we require the general contractors of our property projects to maintain insurance policy in accordance with the contracting agreements.

We are not insured against certain risks such as losses from natural disasters, terrorist attacks and construction delays, and in cases where we maintain insurance, we may not have sufficient insurance coverage for the damages and liabilities that may arise. If we suffer any of the above losses and the losses are either not covered or not adequately covered, our business operations and financial conditions may be adversely affected.

The appraised value of our interest in land and/or properties may be different from their actual realizable value and are subject to uncertainty or change.

The Property Valuation Report set out in Appendix III to this document with respect to the appraised value of our interest in land and/or properties is based on various assumptions, which are subjective and uncertain in nature. The assumptions that the Property Valuer adopted are set out in the Property Valuation Report and include (without limitation): (i) the timely development of our projects in accordance with the latest development proposals provided to the Property Valuer and as set out in the Property Valuation Report; (ii) our Group obtaining all approvals from regulators necessary for the proposed development of the projects on a timely basis; (iii) our Group having paid all land premium, demolition and resettlement costs payable as anticipated, and obtained all land use right certificates and transferable land use rights without obligation to pay any additional land premium, demolition and resettlement costs; and (iv) any special assumptions relating to each property interest, as stated in the footnotes of the valuation certificate of such property as attached to the Property Valuation Report.

The assumptions adopted by the Property Valuer in reaching the appraised value of our interest in land and/or properties are based on their best estimates, and some or all of the assumptions may be inaccurate, and/or relate to future events which are uncertain in nature. Thus, the appraised value of our interest in land and/or properties should not be taken as their actual realizable value or a forecast of their realizable value. Our plans for each project (including any plans for urban renewal) may not be realized as expected or at all, and unexpected changes to our development and other factors, including any (i) failure in our land and/or properties acquisitions, development, and/or urban renewal process; (ii) changes in our property development strategy in the future; and (iii) changes in national and local economic conditions, may affect the value of our interest in these land and/or properties. Investors should not place undue reliance on such appraised value attributable to these interest by the Property Valuer.

Group V properties are developments or interests in land and/or properties to be acquired for future developments, and our Group currently does not have proper title certificate for these properties. For the market value of these properties in their existing state, the Property Valuer has attributed no commercial value. However, the Property Valuer had assessed the market value/calculated value of these properties (the "**Assessed Value**") for reference purposes, assuming the title certificates and relevant government approval for proposed use have been obtained, land premiums have been fully settled and such properties can be freely transferred by our Group with no legal impediment and other cost in obtaining the title certificates.

In connection with the Assessed Value, there can be significant premium when comparing the Assessed Value with the acquisition costs and resettlement costs. Such premium may be attributable to (i) our Company's strategy to acquire interests in certain land and/or properties at an early stage of the projects in the past years; (ii) there are significant increase in the value of the land and/or properties where some of our interests in our Group V properties are situated; (iii) there may be significant increase in value when we are able to alter the current use restrictions, i.e. industry use, to include our intended land use, residential or commercial, for our potential urban renewal projects. However, there can be material risks that the premium may not materialize in the future due to significant uncertainties involved such as (i) potential failure in land and/or properties acquisitions or urban renewal projects and (ii) change in property development strategies given our Group's pipeline projects are mainly urban renewal projects while currently most of our Group's projects under development are not urban renewal projects.

Taking into account the potential premium from Group V properties, our Company may be valued at a premium to companies in the property development industry per certain valuation methodology, such as price-to-earnings ratio and price-to-book ratio, and investors should not place undue reliance when making references to the Assessed Value per the Valuation Report as such Assessed Value may be significantly different from the actual realizable value. For further details, please refer to the subsection headed "Business — Our Strategies — Continue to pursue urban renewal projects" in this document.

Our financing costs are subject to changes in interest rates.

We have incurred and we expect to continue to incur a significant amount of interest expenses relating to our borrowings from banks, as well as from our other financing arrangements. Accordingly, changes in interest rates will have affected and will continue to affect our financing costs. Since the majority of our borrowings are in Renminbi, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have fluctuated in the recent years. We incurred finance costs of RMB34.2 million, RMB50.6 million, RMB77.5 million and RMB34.3 million for the year ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, respectively. Any future increases in the PBOC benchmark interest rate may lead to higher lending rates, which may increase our financing costs and as a result, affect our business, financial conditions and results of operations.

We are subject to risks associated with certain covenants or restrictions under our borrowing arrangements.

We are subject to certain restrictive covenants in our loan and financing agreements with various banks and financial institutions in the PRC which also contain cross-default clauses. In the event of a cross-default, the banks or other financial institutions are entitled to accelerate repayment of any or all of our borrowings and to enforce any or all of the security for such our borrowings. In addition, many of our loan agreements contain covenants where we, or our relevant PRC subsidiary, may not undertake certain transactions such as mergers, joint ventures, restructuring, capital reduction, transfer of material assets, liquidation and distribution, without the written consent of the lender. Breaches of any such loan agreements may trigger the banks or other financial institutions to exercise their rights which may have a material adverse effect on our results of operation, business and financial condition.

We may not be able to obtain adequate financing to fund our future land acquisitions and property projects, or obtain financing on commercially reasonable terms.

During the Track Record Period, we financed our property projects primarily through internally generated funds, including proceeds from pre-sales and sales of our properties, borrowings from financial institutions, such as commercial banks and trust financing companies and other financing institutions. For further details, please refer to the subsection headed "Business — Our Project Financing" in this document. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including PRC Government policies on granting financing, our future results of operations, financial condition and cash flows, and the condition of the financial markets and changes in policies or regulations regarding the property market. For the reasons as set out above, we may not be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms or at all and in such circumstances, our business operations or financial conditions may be adversely affected.

The PRC Government may tighten regulations relating to trust loans being provided to the property industry in the PRC, which may affect our ability to obtain trust loans.

During the Track Record Period, we had certain trust financing arrangements. Please refer to the subsection headed "Financial Information — Key Factors Affecting Our Results of Operation and Financial Performance — Access to financing at reasonable costs" for further details. There are uncertainties regarding trust financing. The operation of trust financing companies in the PRC is primarily regulated by the China Banking and Insurance Regulatory Commission ("**CBIRC**") pursuant to the Rules Governing Trust Financing Companies (《信託公司管理辦法》), which came into effect on March 1, 2007. Trust financing companies are therefore under the supervision and monitoring of the CBIRC and are required to comply with the relevant notices and regulations promulgated by the CBIRC. There can be no assurance that the PRC Government will not implement additional or more stringent requirements with regard to trust financing companies. This could result in a reduction in our financing options and/or an increase in the cost of financing our properties, which in turn could have a material adverse effect on our business, financial condition, results of operations and prospects.

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

We are required to reassess the fair value of our investment properties at the end of each reporting period. Under the HKFRS, gains or losses arising from changes in the fair value of investment properties are captured under the consolidated profit and loss statements for the period in which they arise. During the Track Record Period, we recorded fair value gains on investment properties in the amount of RMB153.8 million, RMB61.1 million, RMB90.8 million and RMB8.4 million for the year ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, respectively. Nevertheless, prospective investors should be aware that an upward change in the fair value does not involve profit generated from day to day operations. Therefore, it does not generate cash inflow to us for dividend distribution to Shareholders until the investment properties are sold, and even upon such sale, the actual sale price may materially differ from the fair value recorded. Moreover, the fair value adjustments have been, and will continue to be, subject to market fluctuations. There is no assurance that we will continue to record upward change in the fair value of our investment properties, however any material downward change may adversely affect our results of operations.

We guarantee certain mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans.

Certain buyers of our properties apply for mortgages to fund their purchases. In accordance with industry practice, banks require us to guarantee mortgage loans taken by the relevant buyers of the properties that we develop. Typically, we guarantee mortgage loans taken out by the relevant buyers up until the earlier of (i) the date when we complete the relevant properties and the property ownership certificates and the mortgage are registered in favor of the mortgagee bank, and (ii) the date when mortgage loans are settled between the mortgagee bank and the relevant buyer. If a buyer defaults on a mortgage loan, the mortgagee bank may auction the underlying property or we may be liable to repay the mortgage loans. During the Track Record Period, we did not encounter any incidents of default by buyers which had a material impact on our business or financial condition. Should any material default occurs and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

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

Our investment properties compete for tenants with other property developers on factors including location, quality, maintenance, property management, rental rates, services provided and other lease terms. There is no assurance that our existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with us would increase the competition for tenants and, as a result, we may have to reduce rental rates or incur additional costs to make our properties more attractive. Also, we may not be able to lease our properties to a desirable mix of tenants to achieve our business objectives or for rental rates that are consistent with our projections. If we are not able to retain our existing tenants, attract new tenants to replace those that leave or lease our vacant properties, our occupancy rates may decline and our investment properties may become less attractive and competitive. This in turn may have an adverse effect on our business, financial condition and results of operations.

We have substantial indebtedness and may incur additional indebtedness in the future, and we may not be able to generate sufficient cash to satisfy our existing and future debt obligations.

We currently have, and will continue to require, a substantial amount of indebtedness. As at December 31, 2016, 2017 and 2018 and June 30, 2019, our bank and other borrowings were approximately RMB1,099.2 million, RMB1,748.3 million, RMB2,483.4 million and RMB2,989.3 million, respectively, our loans from related parties amounted to RMB743.7 million, RMB657.6 million, RMB601.7 million and RMB890.6 million, respectively, our lease liabilities amounted to RMB9.0 million, RMB9.1 million, RMB4.8 million and RMB5.8 million, respectively, and our net gearing ratio (calculated by the sum of loans from related parties, interest-bearing bank and other borrowings and lease liabilities, less cash and cash equivalents and restricted cash, divided by total equity) was 377.8%, 278.5%, 243.2% and 240.4%, respectively, as at the respective dates. Further, as at June 30, 2019, we expected to incur (a) in respect of our current urban renewal development, Project Zhangmutou Baoshan and Project Wanjiang Gonglian, approximately RMB3,185.1 million in resettlement costs; (b) in respect of our projects under development, total development costs of approximately RMB2,987.9 million; and (c) expected further costs in the amount of approximately RMB1,102.6 million to complete our acquisitions of land constituting our land reserves.

We may not be able to generate cash from our land reserves in the short term and may not have sufficient internal resources to meet our expected funding needs if we are unable to obtain other forms of financing.

For further details relating to our indebtedness, please refer to the subsections headed "Financial Information — Indebtedness" and "Financial Information — Key Financial Ratios" in this document. Our indebtedness and gearing could have significant implications, including but not limited to:

(i) increasing our vulnerability to general adverse economic and industry conditions;

(ii) requiring us to dedicate a substantial portion of our cash flow from operations on financing costs and repaying loans, and thereby reducing the availability of cash to be used for business expansion, working capital and other general corporate purposes;

(iii) limiting our flexibility in planning for or adapting to changes in our business and the industry which we operate in;

(iv) limiting our ability to borrow additional funds; and

(v) increase our cost of additional financing.

Our provision for LAT may be insufficient which could adversely affect our financial results.

Pursuant to PRC regulations on LAT, both domestic and foreign investors in real estate development in the PRC are subject to LAT on income from the sale or transfer of land use rights, properties and their attached facilities, at progressive rates ranging from 30% to 60% on the appreciation of land value. According to the circular issued by the State Administration of Taxation, effective from February 1, 2007, LAT obligations are required to be settled with the relevant tax bureau within a specified time after the completion of a property project. From time to time, we make provisions for LAT by reference to our sales recognized and in accordance with our estimates of LAT payable. As we often develop our property projects in several phases, deducible items for calculations of LAT, such as land costs, are apportioned among such different phases of development. Provisions of LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. During the Track Record Period, we incurred LAT expenses of RMB129.5 million, RMB198.6 million, RMB328.4 million and RMB178.4 million in the year ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, respectively. LAT liabilities are subject to determination by the tax authorities upon the completion of the property projects and may be different from the amounts that were initially provided for. If we substantially underestimated LAT for a particular period, a payment of the actual LAT assessed on us by the PRC tax authorities could adversely affect our financial results for the subsequent period.

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

As at June 30, 2019, our deferred tax assets amounted to RMB148.9 million. We periodically assess the probability of the realization of deferred tax assets, using significant judgments and estimates with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. In particular, deferred tax assets can only be recognized to the extent that it is probable that future taxable profits will be available against which the unused tax credits can be utilized. However, there is no assurance that our expectation of future earnings could be accurate due to factors beyond our control, such as general economic conditions and negative development of regulatory environment, in which case, we may not be able to recover our deferred income tax assets which thereby could have an adverse effect on our results of operations.

If we were unable to successfully retain our current personnel and hire, train and retain senior executives or key personnel, our ability to develop and successfully market our products could be harmed.

The growth and success of our business has depended significantly on our ability to identify, hire, train and retain suitable employees with capable skills and qualifications. If we were to lose the services of any of our senior management for any reason, we may not be able to find suitable replacements for them. Further, as competition in the PRC for senior management and key personnel with experience in property development is relatively intense and the pool of qualified candidates is limited, we may not be able to retain the services of key personnel, or hire, train and retain high quality senior executives or key personnel in the future. If any of such incidents occurred, our ability to develop and successfully market our products could be harmed and our business and prospects could be adversely affected.

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

We are subject to a variety of laws and regulations concerning the protection of health and the environment. Please refer to the subsections headed "Regulatory Overview — Regulations on Construction Safety" and "Regulatory Overview — Regulations on Environmental Protection" for further details. If we fail to meet the relevant requirements, local authorities may issue orders to stop construction and based on the circumstances of the violation and the consequences thereof, impose fines or penalties on us. Upon completion of the property project, the relevant authorities will inspect our properties to ensure compliance with the applicable standards and regulations before the property can be delivered to the buyers. If we cannot comply with the relevant requirements, the development of our properties or delivery of our properties to the buyers may be delayed, and our business operations and financial conditions may be adversely affected.

Our business depends significantly on the "滙景" brand and trademarks and any damage or negative news reports on "滙景" brand or false advertising of our properties may lead to penalties, and adversely affect our business operations and financial condition.

We believe brand image is one of the factors in our client's purchase decisions. We believe our success depends substantially on the "滙景" brand and trademarks. We rely to a significant extent on "滙景" brand name in marketing our properties and a number of properties developed by us contain "滙景" in the name of the buildings. In addition, certain properties held by our Controlling Shareholders, including hotels and other properties, contain "滙景" in the name of the buildings. Brand value is based largely on subjective consumer perception and can be damaged by isolated incidents that diminish consumer trust. If there is any negative incident or negative publicity concerning "滙景" brand name and trademark or if there is anything happened at these properties, our reputation and business may be adversely affected or the "滙景" brand value and consumer demand for our properties could decline significantly if we fail to maintain the quality of our properties or fail to deliver a consistently positive experience for the purchasers of our properties, or if we are perceived to have acted in an unethical or socially irresponsible manner.

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

We face possible infringement of our intellectual property rights or incidents which damage our brand image or reputation, which could weaken our competitive position and affect our operations.

Our principal intellectual property rights are our trademarks. We are susceptible to infringement of our intellectual property rights by third parties. There is no assurance that third parties will not copy or otherwise obtain and use our trademarks without our prior authorization. Infringement of our intellectual property rights, including our trademarks, could adversely affect the perception that our customers have of us as to our credibility, creditworthiness and abilities, which in turn may have a material adverse effect on our business, financial condition, results of operations and prospects. If we were to enforce our intellectual property rights through litigation, such litigation whether successful or unsuccessful, could result in the incurrence of substantial costs and the diversion of resources. In the event that we are unable to adequately protect or safeguard our intellectual property rights, our reputation, business, financial condition and results of operations and prospects may be materially and adversely affected.

As at the Latest Practicable Date, our Group had eight registered trademarks in the PRC which are material to our Group's business, details of all of which are set out in the section headed "B. Further Information about Our Business — 2. Material intellectual property rights" in Appendix VI to this document. It is possible that we may be unable to register trademarks in future markets in which we operate or to renew the registrations of our trademarks. Further, there is no guarantee that the registration of our trademarks can completely protect us against any infringement or keep us away from any potential challenges raised by our competitors or other third parties.

RISKS RELATING TO THE PRC

Our business operations may be affected by regulatory changes.

The establishment and many aspects of the business operations of our PRC subsidiaries are governed by various local, provincial and national regulations. The PRC legal framework, qualification requirements and enforcement trends in the property development industry may change, and we may not be able to respond to such changes in a timely manner. Such changes may also cause the compliance cost to increase, which may materially and adversely affect our business, financial condition and results of operations. Prospective investors should be aware that an upward change in the fair value largely depends on the prevailing property markets and does not generate cash inflow for us to distribute as dividends to the Shareholders until the investment property is sold. Moreover, there is no assurance that the property values will continue to record an upward change in the fair value of our investment properties in the future, however if there were to be a material downward change, our results of operations and financial condition may be adversely affected.

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

Our business and operations are conducted in the PRC and governed by PRC laws and regulations. The PRC legal system is a civil law system based on written statutes and their interpretations in terms of application and enforcement by relevant legislative and judicial authorities, various administrative regulations and decrees. There is only a limited number of published court decisions which may be cited for reference and in any case, unlike in the common law system, prior cases have limited precedential value in deciding subsequent cases in the civil law legal system. Since the late 1970s, the PRC government has committed to building up a socialistic legal system to regulate business practices and the overall economic order of the country. The PRC has made significant progress in the promulgation of laws and regulations dealing with business and commercial affairs of various participants of the economy, involving shareholders' rights, foreign investment, corporate organization and governance, commercial transactions, taxation and trade. However, the PRC has not developed a fully-integrated legal system, and its laws and regulations may not sufficiently cover all aspects of economic activity in the PRC, including those governing the resolution of disputes arising from the PRC issuer's articles of association and the transfer of the PRC issuer's shares. As many of these laws and regulations are relatively new, and given the limited volume of published decisions and the involvement of different enforcement bodies of the relevant laws and regulations and the non-binding nature of prior court decisions and administrative rulings, the interpretation and enforcement of these laws and regulations involve significant uncertainties.

You may experience difficulty in effecting service of legal process, enforcing foreign judgments or bringing original actions in the PRC based on foreign laws against us and our Directors and senior management.

Substantially all of our assets are located in the PRC. In addition, almost all of our Directors and executive officers reside in the PRC and their personal assets may also be in the PRC. Therefore, investors may encounter difficulties in effecting service of process from outside the PRC upon us or most of our Directors and executive officers. Moreover, it is understood that the enforcement of foreign judgments in the PRC is still subject to uncertainties. A judgment of a court from a foreign jurisdiction may be reciprocally recognized or enforced if the jurisdiction has a corresponding treaty with the PRC or if the judgments of the PRC courts have been recognized before in that jurisdiction, subject to the satisfaction of other requisite requirements. However, recognition and enforcement in the PRC of judgments of certain overseas courts in relation to any matter not subject to a binding jurisdiction provision may be difficult or impossible.

Payment of dividends is subject to restrictions under PRC law.

Under PRC law, we may only pay dividends out of distributable profits. Distributable profits are our after-tax profits as determined under the generally accepted accounting principles in the PRC ("**PRC GAAP**") or HKFRS, whichever is lower, less any recovery of accumulated losses and appropriations to statutory and other reserves that we require to make. As a result, we may not have sufficient or any distributable profit to enable us to make dividend distributions to our Shareholders, including periods in which our financial statements indicate we are profitable. Any distributable profit not distributed in a given year is retained and available for distribution in subsequent years.

Moreover, because the calculation of distributable profits under PRC GAAP is different from the calculation under HKFRS in certain respects, our operating subsidiaries may not have distributable profits as determined under PRC GAAP, even if they have profits for that year as determined under HKFRS, or vice versa. Accordingly, we may not receive sufficient distributions from our subsidiaries.

Failure by our operating subsidiaries to pay us dividends could materially and adversely impact our cash flow and ability to make dividend distributions to our Shareholders in the future, including periods in which our financial statements indicate we are profitable.

RISKS RELATING TO THE [REDACTED]

There has been no prior public market for our Shares, thus an active or liquid trading market for the Shares may not develop and the trading price of our Shares may be volatile.

Our Shares have not been listed or quoted on any stock exchange or open market prior to the **[REDACTED]**. There is no assurance that there will be an active trading market for our Shares on the Stock Exchange upon the **[REDACTED]**. In addition, the market price of our Shares to be traded on the Stock Exchange may differ from the **[REDACTED]** and prospective investors should not treat the **[REDACTED]** as an indicator of the market price of our Shares to be traded on the Stock Exchange.

Upon the **[REDACTED]**, the trading volume and the market price of our Shares may be affected or influenced by a number of factors from time to time, including but not limited to, our revenue, profit and cash flow, acquisitions, strategic partnerships, joint ventures or capital commitments, changes in our management and general market conditions or other developments affecting us or our industry. There is no assurance that such factors will not occur and it is difficult to quantify their impact on the trading volume and the market price of our Shares. As a result, investors in our Shares may experience volatility in the market price of the Shares and a decrease in the value of the Shares, regardless of our operating performance or prospects.

Allotment and [REDACTED] of Shares upon the exercise of the **[REDACTED]** granted will result in the dilution of your shareholdings in our Company and could negatively impact the financial results of our operations on a per-share basis.

To provide incentives to selected participants with the opportunity to acquire proprietary interests in our Company and to encourage selected participants to work towards enhancing the value of our Company, we adopted the **[REDACTED]**. As at the Latest Practicable Date, all of the **[REDACTED]** granted under the **[REDACTED]** were not exercised and remained outstanding. Assuming full vesting and exercise of the outstanding **[REDACTED]** granted under the **[REDACTED]**, the shareholding percentage of our Shareholders immediately following the **[REDACTED]** would be diluted by approximately **[REDACTED]**% as calculated based on **[REDACTED]** Shares then in issue (assuming that the **[REDACTED]** is not exercised and without taking into account any Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes). Please refer to the subsections headed "History, Reorganization and Group Structure — **[REDACTED]**" and "D. Share Option Schemes — 1. **[REDACTED]**" in Appendix VI to this document for further details. As at the Latest Practicable Date, all of the **[REDACTED]** granted had not been exercised and remained outstanding.

We account for the options granted under the **[REDACTED]** as an equity-settled share-based payment to our Directors, senior management and other employees. The fair value of these share options is amortized within the vesting period under the **[REDACTED]**. We expect to recognize an amount of HK$50.7 million as employee benefit expenses in the consolidated statement of comprehensive income in the year ending December 31, 2019.

[REDACTED] of Shares pursuant to the exercise of the options granted under the **[REDACTED]** will result in an increase in the total number of Shares in issue and therefore dilute your shareholding percentage. Moreover, the issuance or award of Shares under the **[REDACTED]** or any other share-based payment transactions that we may conduct may negatively impact the financial results of our operations on a per-Share basis.

Prospective investors of our Shares may experience dilution upon issue of new Shares under the Share Option Schemes and further dilution if our Company issues additional Shares in the future.

Prospective investors may experience dilution to the extent that the Shares are **[REDACTED]** upon exercise of options granted under the **[REDACTED]** and options which may be granted pursuant to the Share Option Schemes. In addition, we may need to raise additional funds in the future to finance expansions of our operations or new acquisitions. If additional funds are raised through **[REDACTED]** of new Shares or other securities that may be converted into the Shares other than on a pro rata basis to our existing Shareholders, the percentage ownership of the existing Shareholders may be reduced and Shareholders may experience subsequent dilutions. In addition, any such new securities may have preferred rights, options or pre-emptive rights that make them more valuable than or that take priority over those conferred by the Shares. Prospective investors of our Shares may also experience further dilution in the net tangible assets book value per Share if our Company **[REDACTED]** or **[REDACTED]** new Shares at a price lower than the then net tangible assets book value per Share.

Future sales or a major divestment of Shares by our Controlling Shareholders after the [REDACTED] could adversely affect the prevailing market price of our Shares.

Our Shares beneficially owned by our Controlling Shareholders are subject to certain lock-up periods, details of which are set out in the subsections headed "**[REDACTED]** — **[REDACTED]** Arrangements and Expenses — Undertakings given to the Stock Exchange pursuant to the Listing Rules — Undertakings by our Controlling Shareholders" and "**[REDACTED]** — **[REDACTED]** Arrangements and Expenses — Undertakings pursuant to the **[REDACTED]** — Undertakings by our Controlling Shareholders" in this document. We cannot guarantee you that our Controlling Shareholders will not dispose of our Shares following the expiration of their respective lock-up periods after the **[REDACTED]**. We cannot predict the effect, if any, of any future disposal of Shares by any of our Controlling Shareholders, or that the Shares held by our Controlling Shareholders are available for purchase in the market may have on the market price of our Shares. Future sales, disposals, or other transfers of a substantial number of our Shares by our Controlling Shareholders in public markets, or any prospects or possibilities of such sales, disposals or other transfers, as to or against which the holders of our Shares may or may not have a right to vote or veto, could adversely impact the market price of our Shares and our ability to raise equity capital in the future at a time and price that we deem appropriate.

We may not be able to pay any dividends on our Shares.

Following completion of the **[REDACTED]**, our Shareholders will be entitled to receive dividends only when declared by our Board. The payment and the amount of any future dividend will be at the discretion of our Board and will depend on, among others, our earnings, financial condition, cash requirement and availability, and other factors as our Directors may deem relevant. As such, factors and the payment of dividends are at the discretion of our Board which reserves the right to change its plan on the payment of dividends, there can be no assurance that any particular dividend amount, or any dividend at all, will be declared and paid in the future. Prospective investors should note that historical dividend payments should not be regarded as an indication of our future dividend policy.

Our Shareholders may experience difficulties in enforcing their shareholder rights because we are incorporated under Cayman Islands laws, which may provide different protection to minority shareholders than the laws of Hong Kong and other jurisdictions.

Our corporate affairs are governed by, among other things, our Memorandum and Articles of Association, Cayman Companies Law and common law of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions. Such differences may mean that our minority shareholders may have less protection than they would have under the laws of Hong Kong or other jurisdictions. Please refer to the section headed "Summary of the Constitution of our Company and Cayman Islands Company Law" in Appendix V to this document for further details.

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

There may be coverage in the media regarding our operations. There may be press and media coverage regarding us, which may contain certain financial information, profit estimate, projections, valuations and other forward-looking information about us. We do not accept any responsibility for the accuracy or completeness of the information and make no representation as to the appropriateness, accuracy, completeness or reliability of any information disseminated in the media. To the extent that any of the information in the media is inconsistent or conflicts with the information contained in this document, we disclaim it. Accordingly, prospective investors should read this document in its entirety carefully and should not rely on any of the information in press articles or other media coverage. Prospective investors should only rely on the information contained in this document to make investment decisions about us.

We cannot guarantee the accuracy of the facts and statistics in this document relating to the industry in which we operate.

Facts, forecasts and other statistics in this document relating to the property development industry are derived, in part, from official government sources. Our Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, or any of its or their respective affiliates, or advisers, have not independently verified these materials and, therefore, make no representations as to the accuracy of such facts, forecasts and statistics. Due to possibly flawed or ineffective collection methods, discrepancies between published information and market practice, or other problems, the statistics in this document, including without limitation those in the section headed "Industry Overview" in this document, may be inaccurate or may not be similar to statistics produced by other sources. Prospective investors should not place undue reliance on any of such information and statistics contained in this document.

WAIVER IN RELATION TO NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

Members of our Group have entered into certain transactions, which will constitute non-exempt continuing connected transactions under the Listing Rules upon **[REDACTED]**.

Our Company has applied to the Stock Exchange for, and the Stock Exchange [has granted], a waiver from strict compliance with the announcement requirement in respect of such non-exempt continuing connected transactions under Chapter 14A of the Listing Rules.

The details of such continuing connected transactions and waivers are set out in the section headed "Connected Transactions" in this document.

MANAGEMENT PRESENCE IN HONG KONG

Rule 8.12 of the Listing Rules provides that a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of our Executive Directors must be ordinarily resident in Hong Kong.

Most of our Executive Directors and members of the senior management are based in the PRC and are expected to continue to be based in the PRC. In addition, most of our business operations are managed and conducted in the PRC, and our headquarters and substantially all of our assets are based in the PRC. As our Executive Directors and members of the senior management play a vital role in our business operations, it is in our best interests that they are based in the PRC where our Group has significant operations. Relocation of our Executive Directors to Hong Kong will be burdensome and costly, and may not be in the best interest of our Company and our Shareholders as a whole. Moreover, appointing additional Executive Directors who ordinarily reside in Hong Kong for the sole purpose of satisfying the management presence requirement will increase our administrative cost and reduce the effectiveness and responsiveness of our Board in making decisions. Our Company currently does not, and in the foreseeable future will not, have a sufficient number of Executive Directors who are ordinarily resident in Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange [has granted] us, a waiver from strict compliance with Rule 8.12 of the Listing Rules subject to the following conditions:

(i) we have, pursuant to Rule 3.05 of the Listing Rules, appointed two authorized representatives, Mr. Lun ZM and Mr. Lau to act as our principal channel of communication with the Stock Exchange. Mr. Lau is ordinarily resident in Hong Kong and although Mr. Lun ZM resides in the PRC, he possesses valid travel documents and is able to renew such documents when they expire in order to visit Hong Kong. Each of our authorized representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame when required and will be readily contactable by telephone, facsimile and e-mail. Each of the authorized representatives has been duly authorized to communicate on our behalf with the Stock Exchange. Our Company has also been registered as a non-Hong Kong company under Part 16 of the Companies Ordinance, and Mr. Lau has been authorized to accept service of legal process and notices in Hong Kong on behalf of our Company;

(ii) each of our authorized representatives has means to contact all of our Directors (including our Non-executive Director and/or Independent Non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact our Directors for any matter;

(iii) to enhance communication between the Stock Exchange, our authorized representatives and our Directors, we have implemented a policy whereby (i) our Directors should provide their contact details in the form as prescribed by the Stock Exchange; (ii) in the event that a Director expects to travel, he or she will endeavor to provide the phone number of the place of his or her accommodation to the authorized representatives or maintain an open line of communication via his or her mobile phone; and (iii) each of our Directors and authorized representatives will provide his or her updated office telephone number, mobile telephone number, facsimile number and email address to the Stock Exchange;

(iv) each of our Directors who is not ordinarily resident in Hong Kong has confirmed that he or she possesses or can apply for valid travel documents to visit Hong Kong for business purpose and will be able to meet with the Stock Exchange on reasonable notice, when required;

(v) we have, in accordance with Rule 3A.19 of the Listing Rules, appointed TUS Corporate Finance Limited as our compliance adviser to act as an additional channel of communication with the Stock Exchange during the period commencing on the **[REDACTED]** and ending on the date on which we despatch our annual report to our Shareholders for the first full financial year after the **[REDACTED]** pursuant to Rule 13.46 of the Listing Rules. TUS Corporate Finance Limited will have access at all times to our authorized representatives, Directors and members of the senior management to ensure that they are able to provide prompt response to any query from the Stock Exchange;

(vi) our Company will appoint other professional advisers (including legal advisers and accountants) to advise on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws and regulations in Hong Kong and to ensure that there will be effective communication with the Stock Exchange after the **[REDACTED]**; and

(vii) we shall promptly inform the Stock Exchange of any changes in the authorized representatives and/or the compliance adviser of our Company in accordance with the requirements under the Listing Rules.

EQUITY INTEREST ACQUIRED OR TO BE ACQUIRED AFTER THE TRACK RECORD PERIOD

Rules 4.04(2) and 4.04(4)(a) of the Listing Rules require that a new listing applicant, amongst other things, to include in its accountants' report the results and balance sheet of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which its latest audited financial statements have been made up in respect of each of the three financial years immediately preceding the issue of the document or since the incorporation of such subsidiary or the commencement of such business if this occurred less than three years ("**Relevant Requirements**").

Paragraph 32 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance requires that, if the proceeds, or any part of the proceeds, of the **[REDACTED]** or debentures by an issuer are or is to be applied directly or indirectly in the purchase of any business, a report made by accountants (who shall be named in the document) upon (i) the profits or losses of the business in respect of each of the three financial years immediately preceding the issue of the document; and (ii) the assets and liabilities of the business at the last date to which the financial statements of the business were prepared should be set out in the document.

Our Group acquires equity interests in companies that possess the land use rights for the targeted land or property interests held by other companies. There are certain companies (the "**Target Companies**") being acquired/to be acquired after the Track Record Period, which are set out as below (the "**Acquisition(s)**"):

Target Companies	Date of transfer agreement	Principal business activities	Documents obtained when assessing the Acquisitions	Current status of acquisition	Percentage of equity interest acquired/to be acquired and status of the Acquisition	Approximate consideration for the acquisition	Basis of consideration	Expected timeline of completion of the Acquisition
	February 3, 2018	Property holding	(i) Business license of the vendor	We are in the process of conducting feasibility study on the urban renewal plan	100%	RMB215,000,000		Q4 2021
Target Company B		Property holding	(i) Business license of the vendor; (ii) land use rights certificate; (iii) property ownership certificate; and (iv) various lease agreements which the vendor is a party of	We are in the process of conducting feasibility study on the urban renewal plan	100%			
Target Company C	January 2, 2018	Property holding	(i) Business license of the vendor; (ii) land use rights certificate; (iii) property ownership certificate; and (iv) various lease agreements which the vendor is a party of	Acquisition pending the transfer of the relevant land into the company to be acquired	100%	RMB426,800,000		
Target Company D	May 5, 2017	Property holding	(i) Business license of the vendor; (ii) land use rights certificate; and (iii) identification documents of the vendor	Registration with the relevant Administration of Industry and Commerce has been completed and the seller is in the process of obtaining tax clearance certificate	100%	RMB93,660,000	(i) Value of land of the surrounding areas; (ii) recent transaction price of commercial properties; (iii) the location of the subject land held by the vendor; (iv) potential for development; (v) surrounding facilities; (vi) recent economic development. In addition, where the land will be used for the urban renewal projects, the practicality in the surrounding area in conducting such projects on the subject land held by the vendor	Q4 2019
Target Company E	October 15, 2016	Property holding	(i) Business license of the vendor; and (ii) land use rights certificate	Acquisition pending determination of a dispute in relation to the preliminary work over the land parcels. For further details, please refer to the subsection headed "Business — Legal Proceedings" in this document.	80%	RMB134,680,000		Q4 2020
Target Company F		Property holding	(i) Business license of the vendor; and (ii) land use rights certificate	Acquisition pending determination of a dispute in relation to the preliminary work over the land parcels. For further details, please refer to the subsection headed "Business — Legal Proceedings" in this document.	80%			
Target Company G (Note 1)	N/A	Property holding	(i) Land use rights certificate; and (ii) property ownership certificate	Acquisition pending the seller to complete upgrading to a limited liability company	100%	RMB145,500,000		Q2 2020
Target Company H (Note 2)	N/A	Property holdings	(i) land use rights certificate; and (ii) property ownership certificate	Acquisition pending the transfer of relevant land into the company to be acquired	70%	RMB100,000,000		Q1 2020

Note 1: Our Group has entered into the agreement with the vendor, (the "**Vendor G**"), an individually owned store (個體工商戶), to acquire a piece of land in Dongguan on January 17, 2017, which was supplemented by further supplemental agreements during 2017 and 2018. In June 2019, our Group has decided to acquire the piece of land through acquisition of the equity interests in the target company, after taking into account the obstacle that the urban renewal process would be disrupted if our Group had acquired the land through asset purchase, if the ownership of the land is changed, the urban renewal approval which was obtained before may be revoked as a result of the change of ownership, and our Group as the new owner may need to apply for the relevant approvals. Since Vendor G has decided to upgrade the individually owned store (個體工商戶) to a limited liability company under the Guiding Opinions of the Guangdong Province Administrator for Industry and Commerce on Accomplishing the Registration Work of Enterprises Transformed from Individually Owned Stores (廣東省工商行政管理局關於做好個體工商戶轉型為企業登記註冊工作的指導意見) promulgated on 12 February 2018, the Directors are of the view that it would be commercially justified and efficient to acquire the equity interests of the company instead of the title of the relevant land.

Note 2: Our Group has entered into the agreement with the vendor (the "**Vendor H**"), a limited company established in the PRC to acquire 70% in a piece of land in Dongguan on April 24, 2017 (the "**Acquisition**"), which is supplemented by further supplemental agreements during 2017 and 2018. On 13 June 2019, the Vendor notified our Group that relevant government authorities have indicated consent to the injection of land as the registered capital to another company, Dongguan Yuxin Industrial Investment Co., Ltd (東莞市淦鑫實業投資有限公司) (the "**Target Company**") established by the Vendor. Given such circumstances, the Directors are of the view that it would be commercially justified and efficient to acquire equity interests of the Target Company instead of the land.

Our Group had not provided any guarantee and/or other security as part of the Acquisitions.

For further information in relation to the Acquisitions, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — 1. Research and Investment — Land Acquisition — (x) Acquisition of equity interests in companies that hold land use rights" in this document.

Under such circumstance, we (i) have applied for, and the Stock Exchange [has granted], a waiver from strict compliance with Rules 4.04(2) and 4.04(4) of the Listing Rules; and (ii) have applied for, and the SFC [has granted] a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance on the following grounds:

(i) Our Group had entered into the Acquisitions in its ordinary and usual course of business and on normal commercial terms

Our Group had entered into the Acquisitions in its ordinary and usual course of business and on normal commercial terms. The purpose of the Acquisitions is to obtain the interest in the land held or to be held by the Target Companies. It is a normal practice in the PRC for real estate companies to acquire land interest through acquiring the company holding the interest of the land. The considerations for the Acquisition were mainly determined by the value of the land instead of the financial results of the Target Companies.

(ii) Exemption would not prejudice the interest of the investing public

(a) The Acquisitions are de minimus as each of the asset ratio, profits ratio and revenue ratio relating to each of the Acquisitions by reference to the latest audited financial statements of our Company (i.e. the year ended December 31, 2018) is less than 5%; and

(b) Accordingly, the Acquisitions, in particular considering that almost all the Target Companies have not carried out any significant business operations since their establishment, have not resulted in any significant change to the financial position of our Group since December 31, 2018 and all information that is reasonably necessary for the potential investors to make an informed assessment of the activities or financial position of our Group has been included in this document. As such, an exemption from compliance with the Relevant Requirements would not prejudice the interests of the investing public.

(iii) It would be impracticable to our Company to include the accounts required by the Relevant Requirements in this document

As our Company does not have sufficient information to prepare the historical financial information of the Target Companies, it would be impracticable to our Company and Shareholders as a whole to require our Company to prepare the accounts required by the Relevant Requirements for inclusion in this document.

(iv) Alternative information has been provided in this document

Having regard to the Guidance Letter HKEX-GL32–12 issued by the Stock Exchange, save and except for the financial information of the Target Companies, our Company has provided in this document alternative information in connection with the Acquisitions that would be required for a discloseable transaction under Chapter 14 of the Listing Rules in order to compensate for the non-inclusion of historical financial information of the Target Companies. Please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research and Investment — Land Acquisition — (x) Acquisition of equity interest in companies that hold land use rights" in this document for further details.

(v) Percentage ratios of each acquisition are all less than 5% with reference to the most recent financial year of the applicant's trading recording period

Pursuant to paragraph 4.12(i) of the Guidance Letter HKEX-GL32–12 which states that in relation to acquisitions of equity securities in the ordinary and usual course of business of a listing application, a waiver of Rules 4.04(2) and (4) of the Listing Rules will usually be granted if (a) the percentage ratios of each acquisition are all less than 5% by reference to the most recent financial year of the applicant's trading recording period; (b) the applicant is neither able to exercise any control, nor has any significant influence, over the underlying company or business; and (c) the listing document should include the reasons for the acquisitions and a confirmation that the counterparties and the ultimate beneficial owners of the counterparties are independent third parties of the applicant and its connected person.

In relation to point (a) above, as (i) the Acquisitions are entered into with separate entities which, to the best knowledge of our Directors, are not connected with one another; (ii) the Acquisitions involve the acquisition of companies holding land parcels at different locations each with separate title documents and not part of an asset or interests in a company; and (iii) those

Acquisitions do not involve our Company in a new business activity, our Directors are therefore of the view that it is not necessary for our Company to aggregate the Acquisitions in calculating the percentage.

OTHER ACQUISITIONS

On June 29, 2019, Chenzhou Huijing had entered into a cooperation agreement with a third party ("**Chenzhou Counterparty B**") pursuant to which Chenzhou Huijing and Chenzhou Counterparty A will incorporate a joint venture entity (in which Chenzhou Huijing and Chenzhou Counterparty A will respectively hold 70% and 30% of the equity interest) which will make a bid for a parcel of land with a total site area of 100,000 sq.m. in Chenzhou City ("**Proposed Chenzhou Development 2**"). If the bid is successful, the joint venture entity will acquire and develop Proposed Chenzhou Development 1. Proposed Chenzhou Development 2, together with Proposed Chenzhou Development 1, as set out in "Summary — Recent Development", do not fall within the ambit of Rule 4.28 of the Listing Rules because the agreements with Chenzhou Counterparty B and Chenzhou Counterparty A (the "**Two Chenzhou Agreements**") involve the establishment of joint ventures through incorporating new companies with third parties to facilitate the potential acquisitions in the future, they are to be distinguished from acquisition of existing businesses or companies pursuant to the Guidance Letter HKEX-GL32-12. Further, the Two Chenzhou Agreements do not relate to acquisition of any business or companies, as they are merely cooperation agreements in respect of preliminary works in contemplation of future acquisition of land when opportunities arise, which is different from an agreement to acquire or propose to acquire any businesses or companies as referred to in HKEX-GL32-12. As at the Latest Practicable Date, the joint venture company contemplated under the Proposed Chenzhou Development 2 has not been incorporated yet, and none of Chenzhou Huijing Heshun Real Estate and Chenzhou Huijing Heshun Tourism, both of which have been set up for the purpose of Proposed Chenzhou Development 1, entered into any agreement in relation to any acquisition in the future. Even when the opportunities arise, these potential acquisitions would be acquisitions of assets only. Based on the aforesaid, the transactions contemplated under the Two Chenzhou Agreements fall outside the ambit of Rule 4.28 of the Listing Rules and our Company is not required to apply for a waiver.

For further details of the Proposed Chenzhou Development 1, please refer to the subsection "Summary — Recent Development" of this document.

PUBLIC FLOAT REQUIREMENTS

According to Rule 8.08(1)(a) of the Listing Rules, there must be an open market in the securities for which **[REDACTED]** is sought and for a sufficient public float of an issuer's listed securities to be maintained. This normally means that at least 25% of the issuer's total issued share capital must at all times be held by the public. Pursuant to Rule 8.08(1)(d) of the Listing Rules, the Stock Exchange may, subject to certain conditions and at its discretion, accept a lower percentage of between 15% to 25% in the case of issuers with an expected market capitalization at the time of listing of over HK$10 billion.

We have applied to the Stock Exchange, and the Stock Exchange [has granted] us, a waiver from strict compliance with the requirement under Rule 8.08(1)(a) of the Listing Rules to accept a lower public float percentage of **[REDACTED]**% of our total issued share capital. In support of such application, our Company has confirmed to the Stock Exchange that (i) it will make appropriate disclosure of the lower percentage of public float required by the Stock Exchange in the document; (ii) it will confirm sufficiency of public float in its successive annual reports after the **[REDACTED]**; (iii) in the event that the public float percentage falls below the minimum percentage prescribed by the Stock Exchange, it will implement appropriate measures and mechanisms to ensure that the minimum public float percentage prescribed by the Stock Exchange is complied with; (iv) we will have an expected market capitalization at the time of **[REDACTED]** of over HK$**[REDACTED]**; and (v) the quantity and scale of the issued securities would enable the market to operate properly with a lower percentage of public float.

Therefore, our minimum public float shall be the higher of (i) **[REDACTED]**% of the Company's total issued share capital; and (ii) such percentage of Shares to be held **[REDACTED]** immediately after the completion of the **[REDACTED]** (as increased by the Shares to be **[REDACTED]** upon any exercise of the **[REDACTED]**), provided that the higher of (i) and (ii) above is below the minimum public float requirement of 25% under Rule 8.08(1)(a) of the Listing Rules.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

DIRECTORS

Name	Address	Nationality
Chairman and Non-executive Director		
Lun Ruixiang (倫瑞祥)	Flat C, 18th Floor, Block 5 The Regalia 33 King's Park Rise Kowloon, Hong Kong	Chinese
Executive Directors		
Lun Zhao Ming (倫照明)	Flat 701, Block A Lakeview Residence Dongjun Palace 28 Dongjun Road Dongguan, Guangdong PRC	Australian
Lau Kam Kwok Dickson (劉金國)	Flat C, 7th Floor Lotus Mansion No. 6 Taikoo Wan Road Quarry Bay Hong Kong	Chinese
Lu Peijun (盧沛軍)	Room D401 Development Building Houjie Dongguan, Guangdong PRC	Chinese
Independent Non-executive Directors		
Chiu Lai Kuen Susanna (趙麗娟)	Flat B, 22nd Floor Fu Bon Court Fortress Garden 32 Fortress Hill Road North Point Hong Kong	Chinese
Hung Wan Shun Stephen (熊運信)	Flat F, 21st Floor Evelyn Towers 38 Cloud View Road Hong Kong	Chinese
Lin Yanna (林燕娜)	Room 2303, 23rd Floor No. 18, 800 Hua Shan Road Shanghai PRC	Chinese

For further details of the Directors, please refer to the section headed "Directors and Senior Management" in this document.

PARTIES INVOLVED IN THE [REDACTED]

Sole Sponsor, [REDACTED], [REDACTED] and [REDACTED]	**China Galaxy International Securities (Hong Kong) Co., Limited** 20/F Wing On Centre 111 Connaught Road Central Sheung Wan Hong Kong
Legal Advisers to our Company	*As to Hong Kong law:* **Deacons** 5th Floor, Alexandra House 18 Chater Road Central Hong Kong *As to PRC law:* **Dentons** 3F & 4F, Block A Shenzhen International Innovation Center No.1006, Shennan Boulevard Futian District, Shenzhen, Guangdong PRC *As to Cayman Islands law:* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisers to the Sole Sponsor and the [REDACTED]	*As to Hong Kong law:* **Dechert** 31st Floor, Jardine House One Connaught Place Hong Kong *As to PRC law:* **King & Wood Mallesons** 25th Floor, Guangzhou CTF Finance Centre No.6 Zhujiang East Road, Zhujiang New Town Guangzhou, Guangdong PRC

Reporting Accountants and Auditor	**Ernst & Young** *Certified Public Accountants* 22/F CITIC Tower 1 Tim Mei Avenue Central Hong Kong
Property Valuer	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F One Taikoo Place 979 King's Road Hong Kong
Industry Consultant	**Jones Lang LaSalle Corporate Appraisal and Advisory Limited** 7/F One Taikoo Place 979 King's Road Hong Kong
Internal Control Consultant	**Corporate Governance Professionals Limited** 2nd Floor 625 King's Road North Point Hong Kong
Compliance Adviser	**TUS Corporate Finance Limited** 15/F, Shanghai Commercial Bank Tower 12 Queen's Road Central Central Hong Kong
[REDACTED]	[●]

CORPORATE INFORMATION

Registered office	Cricket Square, Hutchins Drive P.O. Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal Place of Business and Head Office in the PRC	1, Beihuan Lu, Houjiezhen Dongguan, Guangdong PRC
Principal place of business in Hong Kong	Unit 2403–2408, 24/F Shui On Centre 6–8 Harbour Road Wanchai Hong Kong
Company website	www.huijingholdings.com *(The information contained on the website of our Company does not form part of this document)*
Company secretary	Mr. Lau Kam Kwok Dickson (劉金國) *Certified Public Accountant* Flat C, 7th Floor Lotus Mansion No. 6 Taikoo Wan Road Quarry Bay Hong Kong
Authorized representatives (for the purpose of the Listing Rules)	Mr. Lun Zhao Ming (倫照明) Flat 701, Block A Lakeview Residence Dougjun Palace 28 Dongjun Road Dongguan, Guangdong PRC Mr. Lau Kam Kwok Dickson (劉金國) Flat C, 7th Floor Lotus Mansion No. 6 Taikoo Wan Road Quarry Bay Hong Kong
Audit committee	Ms. Chiu Lai Kuen Susanna (趙麗娟) *(Chairlady)* Mr. Hung Wan Shun Stephen (熊運信) Ms. Lin Yanna (林燕娜)

Remuneration committee	Ms. Lin Yanna (林燕娜) *(Chairlady)* Mr. Hung Wan Shun Stephen (熊運信) Mr. Lun Ruixiang (倫瑞祥)
Nomination committee	Mr. Lun Ruixiang (倫瑞祥) *(Chairman)* Mr. Hung Wan Shun Stephen (熊運信) Ms. Lin Yanna (林燕娜)
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
Principal banks	Hang Seng Bank 83 Des Voeux Road Central Central Hong Kong Dongguan Rural Commercial Bank Houjie Branch 10 Kangle Beilu, Houjie Zhen Dongguan, Guangdong PRC ICBC Dongguan Houjie Branch 51 Houjie Dadao, Houjie Zhen Dongguan, Guangdong PRC China Construction Bank Dongguan Houjie Branch Entrance, Shenghe Huayuan Tiyulu, Houjie Zhen Dongguan, Guangdong PRC

*The information and statistics set out in this section have been extracted and derived from various official government publications, publicly available sources and private publications, unless otherwise indicated. We believe that the sources of this information and statistics are appropriate sources for such information and statistics and reasonable care has been exercised by our Directors in extracting and reproducing such information and statistics. We have no reason to believe that such information and statistics are false or misleading or that any fact has been omitted that would render such information false or misleading. None of our Company, the Sole Sponsors, the **[REDACTED]** or our or their respective directors, advisors and affiliates have independently verified such information and statistics. Accordingly, none of our Company, the Sole Sponsor, the **[REDACTED]**, the **[REDACTED]**, the **[REDACTED]**, or our or their respective directors, advisors and affiliates or any other parties involved in the **[REDACTED]** makes any representation as to the accuracy and completeness of such information and statistics. As such, the official and non-official sources contained herein should not be unduly relied upon. Furthermore, due to the inherent time-lag involved in collecting any industry and economic data, some of the data contained in this section may only represent the state of affairs at the time such data were collected. As such, you should also take into account subsequent movements in the industry and the economy in the PRC and elsewhere when you evaluate the information contained in this section.*

SOURCES OF INFORMATION

In connection with the **[REDACTED]**, we have commissioned JLL, an independent third party, for use in this document to prepare the Industry Research Report with necessary information on the real estate markets in China and the cities in which we operate. JLL has charged us a total fee of approximately HK$530,000 for the preparation of the Industry Research Report, which we believe is in line with the market rate for similar reports.

JLL is an international professional services and investment management firm offering specialized real estate services to clients seeking increased value by owning, occupying and investing in real estate. JLL has more than 280 corporate offices, operates in more than 80 countries and has a global workforce of more than 60,000.

This section was prepared primarily by the designated market research team based on the following information and statistics that are considered reliable: data from various government publications; site visits and interviews; recognized research institutions; and the proprietary database of JLL.

The following sets out the main reasons JLL adopted the above sources of information and considers them as reliable: it is general market practice to adopt official data and announcements from various PRC government agencies; and JLL understands the data collection methodology and data source of its proprietary database and the subscribed database from Statista, CEIC and CREIS.

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

Our Directors confirm that, as at the Latest Practicable Date, to the best of their knowledge, after making reasonable enquiries, there was no adverse change in the market information since the date of the Industry Research Report or the date of the relevant data contained in the Industry Research Report which may qualify, contradict or have an impact on the information in this section.

THE REAL ESTATE MARKET IN THE PRC

Major Indicators of the Real Estate Market in the PRC

In line with rapid economic development and the growth of fixed asset investment, total real estate investment in PRC also demonstrated fast and steady growth from RMB8,601 billion in 2013 to RMB12,026 billion in 2018, representing a CAGR of 6.9%, despite of the series of tightening measures imposed by the central government in 2015 to cool down the overheated housing market. Moreover, a three-year consecutive drop in GFA of residential properties completed was observed between 2016 and 2018, as developers expected that the investment demand may be shrunk with the tightening measures in place. Nonetheless, the average price of residential properties sold in China rose from RMB5,850 per sq.m. in 2013 to RMB8,544 per sq.m. in 2018, achieving a CAGR of 7.9%.

In the 13th Five-year Plan ("十三五"規劃), the central government has introduced a Metropolitan Cluster initiative in which by 2020, China will have a total of 19 regional metropolitan clusters with each metropolitan cluster comprising nucleus cities being connected with several neighboring cities through convenient transportation infrastructure. This initiative aims to promote more balanced intra-regional economic development, it is expected that tier-three and tier-four cities in these metropolitan clusters could benefit from more industrial support and population inflow, which will in turn fueling housing demand in these cities.

The table below sets out selected real estate indicators of China for the years indicated:

Selected real estate market indicators of the PRC (2013–2018)

	2013	2014	2015	2016	2017	2018	CAGR (2013–2018)
Total real estate investment *(RMB billion)*	8,601	9,504	9,598	10,258	10,980	12,026	6.9%
Real estate investment — residential *(RMB billion)*	5,895	6,435	6,460	6,870	7,515	8,519	7.6%
GFA of residential under construction[1] *(million sq.m.)*	4,863	5,151	5,116	5,213	5,364	5,700	3.2%
GFA of residential newly started *(million sq.m.)*	1,458	1,249	1,067	1,159	1,281	1,534	1.0%
GFA of residential completed[2] *(million sq.m.)*	787	809	738	772	718	660	-3.5%
GFA of residential sold *(million sq.m.)*	1,157	1,052	1,124	1,375	1,448	1,479	5.0%
ASP of residential *(RMB per sq.m.)*	5,850	5,933	6,473	7,203	7,614	8,544	7.9%

Source: National Bureau of Statistics of China

Market Drivers for Property Development in Areas where the Group Operates

The main drivers of the property market include development of metropolitan clusters, growth of urban population, accelerating urbanization, increase in disposable income and expenditure of urban residents and government's encouragement in rebuilding the urban shanty towns.

(1) Further development of metropolitan clusters

China has already formed three well-developed metropolitan clusters, namely, Beijing-Tianjin-Hebei region, the Yangtze River Delta and Pearl River Delta, the GDP of these three major metropolises accounted for approximately 38.1% of the total GDP in China in 2018. Meanwhile, further progress was made by the PRC Government in developing the emerging metropolitan clusters in Guanzhong Plain (關中平原), along with the midstream of the Yangtze River, around Chengdu and Chongqing, etc. By the end of 2018, 19 metropolitan clusters accounted for approximately 75.3% of the population and 88.1% of the total GDP in China. These metropolitan clusters will further improve the coordinated development between regions and the growth of the urban population.

(2) Growth of urban population

Rapid economic development, One-child Policy ("獨生子女政策") restriction removal and Hukou Policy ("戶口政策") reform in the PRC contributed to the growth of urban population. According to the National Bureau of Statistics of China, the urban population has increased from 731 million in 2013 to 831 million in 2018, representing a CAGR of approximately 2.6%. The increase of urban population will help to form new type of urbanization and upgraded consumption structure.

(3) Accelerating urbanization

The urbanization in the PRC reached 59.6% in 2018. According to the National Plan on New Urbanization (2014–2020) (《國家新型城鎮化規劃(2014–2020)》), the level and quality of urbanization will keep steady growth in the near future and the urbanization rate of the PRC will reach 60% by 2020. It is expected that the growth of urban population will level up the demand for consumption, urban infrastructure as well as real estate market.

1 According to National Bureau of Statistics of China, this number includes newly construction area in this period, under construction area from last period, previous stopped or postponed construction area but restart in this period, completed construction area in this period, and under construction area but stop or postpone within this period.

2 According to National Bureau of Statistics of China, this number includes construction area which was completed according to the design specifications, meet the criteria of living and using, pass the acceptance test or achieve the acceptance certificate, and able to transfer to use.

(4) Increase in disposable income and expenditure of urban residents

People's living standard improved as the result of rapid economic development in the PRC, both income and expenditure experienced steady growth in recent years. Per capita disposable income of urban residents increased from RMB26,467 in 2013 to RMB39,251 in 2018 at a CAGR of approximately 8.2% while per capita consumption expenditure of urban residents reached RMB26,112 in 2018, representing a CAGR of approximately 7.2% during the same period. In response to the growing disposable income, domestic consumption and investment in real estate market increased, which includes spending on residential and other properties.

(5) Government's encouragement in rebuilding the urban shanty towns

In recent years, all regions and relevant government agencies in the PRC continuously reinforce efforts in rebuilding shanty towns in urban areas. According to Ministry of Housing and Urban-Rural Development (MOHURD) of the PRC, approximately 6.3 million housing units were rebuilt in urban shanty towns in 2018, increased from 3.2 million housing units in 2013 at a CAGR of 14.5%. A large number of people displaced by the rebuilding of such areas receive monetary and/or housing compensation. Taking the upgrading demand and relatively high purchasing power of these people into consideration, the residential property market in the PRC will be greatly promoted.

Recent Developments of Real Estate Policies in the PRC

The real estate market in the PRC is highly subject to government regulation. In order to avoid over-heating of the real estate market, the central and local government has promulgated various tightening measures to stabilize housing prices in recent years. For example, in October 2016, certain cities including Beijing, Shanghai and Shenzhen had released their own versions of housing restriction policies. Contents of these policies were broadly the same and include purchase restriction and loan restriction, depending on whether the buyer had loan record, permanent residence and social insurance in the city. It is believed that such measures are likely to affect demand from speculative investors, while it would have less impact on demand from first-time homebuyers and upgraders.

Further, "housing is for living in, not for speculation" ("房子是用來住的，不是用來炒的") was first proposed in the Central Economic Work Conference (中央經濟工作會議) at the end of 2016, and became the underlying principle later on. In 2018, the MOHURD[3] reaffirmed that the housing restriction policies will be strictly implemented. Moreover, the MOHURD has summoned responsible persons in 17 cities for a face-to-face meeting throughout 2018 and ordered them to crack down speculative demand and prevent house price increase.

For most top-tier cities that possess price hike pressure, it is expected that severe restrictions will continue to be in place and more residential land will be launched reasonably. In contrast, real estate markets in low-tier cities are more sophisticated because of different policy responses. From a policy objectives perspective, cities with comparatively strong restrictions commonly possess the potential of rising housing prices due to healthy inventory levels or strong buying demand. As for the cities with relatively soft policies, their real estate markets are quite stable.

The Group's Market Position

As a real estate company focusing on the development and sale of residential and integrated property projects, the Group demonstrated strong growth in the past few years. In 2018, the total contracted sales of the Group increased with a 58.6% year-on-year growth to approximately RMB2,055 million. Moreover, in terms of contracted sales among the top 100 local property developers, the Group ranked 31st in Dongguan (with market share of 0.3%), 63rd in Changsha (with market share of 0.4%) and 57th in Hefei (with market share of 0.3%), and accounted for 1.3% and 0.8% of the market share in Heyuan[4] and Hengyang[5], respectively.

Competitive Landscape

The commercial and residential property market in the PRC is highly fragmented and competitive. Moreover, the property development industry is a capital-intensive industry, and property sales, financing as well as land acquisition are all subject to cyclical fluctuations, which could largely affect

[3] Abbreviation of "Ministry of Housing and Urban-Rural Development of the People's Republic of China"

[4] According to the Statistics Bureau of Heyuan, the total sales of commodity buildings of Heyuan in 2018 was approximately RMB29.9 billion. The total sales of the Group was approximately RMB375.3 million in Heyuan in 2018.

[5] According to the Statistics Bureau of Hengyang, the total sales of commodity buildings of Hengyang in 2018 was approximately RMB26.9 billion. The total sales of the Group was approximately RMB205.0 million in Hengyang in 2018.

the capital conditions of property developers. Recent restrictive housing measures consolidated with tightened credit policies have imposed liquidity pressures on small property developers, creating more merger and acquisitions opportunities for larger property developers with strong balance sheets, and this industry consolidation trend is expected to continue. According to CRIC, Top 50 developers in China accounted for 55.1% of total sales in 2018, up from 45.9% in 2017.

The competitors of the Group include major national and regional developers, such as China Vanke Co., Ltd ("**Vanke**") (established in 1984, a leading property developer whose shares are listed on both the Shenzhen stock exchange and the Stock Exchange with focus on property development and property management services), Country Garden Holdings Company Limited ("**Country Garden**") (established in 1992, a leading property developer whose shares are listed on the Stock Exchange and whose businesses cover property development, property management, etc. in China and overseas, with focuses on urbanization of cities in China), China Evergrande Group ("**Evergrande**") (established in 1996, a Fortune 500 company whose shares are listed on the Stock Exchange with businesses in real estate, finance, well-being, tourism and sports sectors) and Gemdale Properties and Investment Corporation Limited ("**Gemdale**") (established in 1988, a property developer headquartered in Shenzhen whose shares are listed on both the Shanghai stock exchange and the Stock Exchange. It has residential and commercial development businesses in China and the U.S.). According to CREIS, in 2018, the amount of contracted sales of Vanke, Country Garden and Gemdale, the top three major competitors of the Group in Dongguan, was approximately RMB19.8 billion, RMB17.9 billion and RMB8.3 billion, respectively; and the amount of the contracted sales of the Group in Dongguan was approximately RMB0.58 billion. The Group competes with them in terms of land acquisition strategies, urban renewal experience, brand recognition, financial resources, product design and quality, and experience in new industrial real estate development. The Group endeavors to strengthen its market position in Dongguan, Shenzhen, Guangzhou and other cities in the Greater Bay Area, while actively looking for opportunities to expand business in Southeast and Central China's cities such as Hefei, Hengyang and Changsha.

REAL ESTATE MARKET OF SELECTED REGIONS IN THE PRC

Guangdong

Dongguan

Dongguan has a strong manufacturing industry and complete industrial system. Its nominal GDP increased from RMB559.1 billion in 2013 to RMB827.9 billion in 2018, representing a CAGR of 8.2%.

The table below sets out selected economic indicators relating to Dongguan for the years indicated.

Selected economic indicators of Dongguan (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Permanent Population *(million)*	8.32	8.34	8.25	8.26	8.34	8.39	0.2%
Nominal GDP *(RMB billion)*	559.1	596.8	637.4	693.7	758.2	827.9	8.2%
Real GDP growth rate *(%)*	9.8	7.8	8.0	8.1	8.1	7.4	N/A
GDP per capita *(RMB)*	67,320	71,651	76,812	84,007	91,329	98,939	8.0%
Per capita disposable income of urban households *(RMB)*	46,594	36,764	39,793	43,096	46,739	50,721	8.4%*
Retail sales of consumer goods *(RMB billion)*	178.7	194.2	218.5	247.1	268.8	290.6	10.2%
Fixed asset investment *(RMB billion)*	138.4	142.7	144.7	155.7	171.3	181.1	5.5%
Consumer Price Index *(Preceding year = 100)*	101.9	102.3	101.4	102.7	101.4	102.5	102.0**
urbanization rate (%)	88.8	88.8	88.8	89.1	89.9	91.0	N/A

Notes:

* *Changed in government's statistical standard in 2014, therefore CAGR is calculated based on data from 2014 to 2018*

** *The arithmetic mean of the figures*

Source: National Bureau of Statistics, Dongguan Statistic bulletin

Due to house purchase incentives implemented by the government as well as a relatively low price compared to Shenzhen, investment sentiment of residential market in Dongguan showed an upward trend in 2015 and 2016. In order to regulate the over-heated property market, a series of strict measures were implemented during the period between 2016 and 2017. Therefore, the GFA of residential properties sold has decreased since 2016. The average price of residential properties increased dramatically between 2015 and 2017, and finally stabilized at RMB17,876 per sq.m. in 2018. Nonetheless, the average price increased with a CAGR of 15.4% from 2013 to 2018.

The table below sets out selected indicators of the residential property market in Dongguan for the years indicated.

Property market indicators of Dongguan (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Real estate investment *(RMB billion)*	49.8	58.8	57.5	64.3	70.2	73.7	8.2%
Real estate investment-residential *(RMB billion)*	36.8	41.8	40.2	43.9	51.2	52.6	7.4%
GFA of residential properties completed *(million sq.m.)*	1.9	3.2	2.7	1.7	3.6	N/A	17.3%*
GFA of residential properties sold *(million sq.m.)*	7.2	5.6	9.5	8.9	5.9	5.1	-6.9%
Average price of residential properties *(RMB per sq.m.)*	8,737	9,156	9,642	13,780	17,271	17,876	15.4%

Notes:
* 2018 data is not available, CAGR is calculated based on figures of 2013–2017
Source: National Bureau of Statistics, Dongguan Statistic bulletin

Heyuan

In the past ten years, industrial upgrading has become an important engine to promote the development of Heyuan's economy. Heyuan had enjoyed rapid economic development during the past years and its nominal GDP increased from RMB69.0 billion in 2013 to RMB100.6 billion in 2018, representing a CAGR of 7.8%.

The table below sets out selected economic indicators relating to Heyuan for the years indicated.

Selected economic indicators of Heyuan (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Permanent Population *(million)*	3.04	3.06	3.07	3.08	3.09	3.09	0.4%
Nominal GDP *(RMB billion)*	69.0	75.4	78.3	85.4	94.6	100.6	7.8%
Real GDP growth rate *(%)*	12.1	8.5	6.1	6.6	5.1	6.3	N/A
GDP per capita *(RMB)*	22,810	24,721	25,513	27,739	30,659	32,530	7.4%
Per capita disposable income of urban households *(RMB)*	18,436	18,246	20,016	21,817	23,780	25,492	6.7%
Retail sales of consumer goods *(RMB billion)**	38.1	43.5	48.3	53.7	58.6	62.9	10.5%
Fixed asset investment *(RMB billion)*	34.3	45.3	56.4	65.2	77.8	67.7	14.6%
Consumer Price Index (Preceding year = 100)	102.1	102.0	102.1	102.0	101.1	102.0	101.9**
Urbanization rate *(%)*	40.6	41.3	42.2	43.0	43.9	45.3	N/A

Notes:
* The statistical indicator has been adjusted according to the Third National Economic Census since 2013
** The arithmetic mean of the figures
Source: National Bureau of Statistics, Heyuan Statistic bulletin

Due to the gap in economic development, the house price of Heyuan is lower than other cities in the Pearl River Delta Region. However, with the industrial transfer in recent years, a growing number of people are coming to work in Heyuan. Rigid demand has contributed to the development of the real estate market, resulting in an explosive growth of the GFA of residential properties sold from 2016.

Also, rigid demand led to a sustained rise in the average price of residential properties to RMB7,331 per sq.m. in 2018.

The table below sets out selected indicators of the residential property market in Heyuan for the years indicated.

Property market indicators of Heyuan (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Real estate investment *(RMB billion)*	8.9	10.1	12.9	17.6	22.4	22.1	20.0%
Real estate investment-residential *(RMB billion)*	6.3	6.9	9.4	13.0	17.9	18.0	23.4%
GFA of residential properties completed *(million sq.m.)*	1.4	0.9	1.3	1.6	3.7	N/A	27.2%*
GFA of residential properties sold *(million sq.m.)*	1.8	1.8	2.3	3.3	5.1	5.0	22.7%
Average price of residential properties *(RMB per sq.m.)*	4,865	5,064	4,931	5,332	6,369	7,331	8.5%

Note:

* 2018 data is not available, CAGR is calculated based on figures of 2013–2017

Source: National Bureau of Statistics, Heyuan Statistic bulletin

Anhui

Hefei

In the past ten years, industry and technology has become an important engine to promote the development of Hefei's economy. Hefei had enjoyed rapid economic development during the past years and its nominal GDP increased from RMB467.3 billion in 2013 to RMB782.3 billion in 2018, representing a CAGR of 10.9%.

The table below sets out selected economic indicators relating to Hefei for the years indicated.

Selected economic indicators of Hefei (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Permanent Population *(million)*	7.61	7.70	7.79	7.87	7.97	8.09	1.2%
Nominal GDP *(RMB billion)*	467.3	518.1	566.0	627.4	700.3	782.3	10.9%
Real GDP growth rate *(%)*	11.5	10.0	10.5	9.8	8.5	8.5	N/A
GDP per capita *(RMB)*	61,555	67,689	73,102	80,136	88,456	97,470	9.6%
Per capita disposable income of urban households *(RMB)*	26,826	29,348	31,989	34,852	37,972	41,484	9.1%
Retail sales of consumer goods *(RMB billion)*	148.1	166.7	218.4	244.6	272.9	297.7	15.0%
Fixed asset investment *(RMB billion)*	453.5	530.3	615.3	650.1	635.1	680.2*	8.8%
Consumer Price Index (Preceding year = 100)	102.7	102.0	101.6	102.6	101.4	102.0	102.11**
Urbanization rate *(%)*	67.8	69.1	70.4	72.1	73.8	75.0	N/A

Notes:

* estimated figure based on the growth rate released from Hefei Statistic bulletin

** The arithmetic mean of the figures

Source: National Bureau of Statistics, Hefei Statistic bulletin

Due to excess liquidity and strict regulation of real estate market in surrounding cities, the relatively low price of Hefei's property market has attracted a lot of speculative demand, resulting in an explosive growth of the prices of residential properties since 2016. Despite housing restriction policies, the residential housing price increased to RMB13,069 per sq.m. by the end of 2018.

The table below sets out selected indicators of the property market in Hefei for the years indicated.

Property market indicators of Hefei (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Real estate investment *(RMB billion)*	110.6	112.7	125.9	135.3	155.7	152.7	6.7%
Residential							
Real estate investment-residential *(RMB billion)*	67.4	71.5	77.9	86.1	109.5	116.6	11.6%
GFA of residential properties completed *(million sq.m.)*	10.7	7.0	7.1	8.6	7.8	9.1	-3.2%
GFA of residential properties sold *(million sq.m.)*	14.5	13.3	12.9	17.1	9.6	11.0	-5.3%
Average price of residential properties *(RMB per sq.m.)*	6,084	6,917	7,512	9,312	11,442	13,069	16.5%
Office							
Real estate investment-office *(RMB billion)*	9.3	7.3	10.1	12.1	11.4	10.7	2.9%
GFA of office properties completed *(million sq.m.)*	0.60	0.57	0.50	0.33	0.93	1.25	15.6%
GFA of office properties sold *(million sq.m.)*	0.58	0.53	0.69	1.29	1.16	0.87	8.3%
Average price of office properties *(RMB per sq.m.)*	8,117	8,175	8,840	9,054	9,244	10,626	5.5%

Source: National Bureau of Statistics, Hefei Statistic bulletin

Hunan

Changsha

With the support of modernized manufacturing capabilities, technology innovation and government policy, Changsha experienced rapid growth in the past few years. Its nominal GDP increased from RMB715.3 billion in 2013 to RMB1,100.3 billion in 2018, representing a CAGR of 9.0%.

The table below sets out selected economic indicators relating to Changsha for the years indicated.

Selected economic indicators of Changsha (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Permanent Population *(million)*	7.22	7.31	7.43	7.65	7.92	8.15	2.5%
Nominal GDP *(RMB billion)*	715.3	782.5	851.0	935.7	1,021.0	1,100.3	9.0%
Real GDP growth rate *(%)*	12.0	10.5	9.9	9.4	9.0	8.5	N/A
GDP per capita *(RMB)*	99,570	107,683	115,443	124,122	131,207	134,933	6.3%
Per capita disposable income of urban households *(RMB)*	33,662	36,826	39,961	43,294	46,948	50,792	8.6%
Retail sales of consumer goods *(RMB billion)*	286.0	316.2	369.1	411.7	454.8	476.5	10.7%
Fixed asset investment *(RMB billion)*	459.3	543.6	636.3	669.3	756.8	843.8*	12.9%
Consumer Price Index (Preceding year = 100)	102.8	102.7	101.1	101.9	101.3	102.0	102.0**
Urbanization rate *(%)*	70.6	72.3	74.4	76.0	77.6	79.1	N/A

Notes:

* estimated figure based on the growth rate released from Changsha Statistic bulletin

** The arithmetic mean of the figures

Source: Changsha Statistical Yearbook, Changsha Statistic bulletin

Affected by the macroeconomic fluctuation and the adjustment of economic structure, the property market of Changsha reached its bottom between 2014 and 2015, and then recovered afterward. At the beginning of 2017, as Changsha's property market sentiment surged, the government changed its previous moderate policy then promulgated several regulation policies to stabilize the property price and to maintain a stable development of the property market.

The table below sets out selected indicators of the property market in Changsha for the years indicated.

Property market indicators of Changsha (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Real estate investment *(RMB billion)*	115.8	131.4	100.7	126.7	149.3	150.9	5.4%
Residential							
Real estate investment-residential *(RMB billion)*	76.9	85.8	64.2	69.4	80.9	90.9	3.4%
GFA of residential properties completed *(million sq.m.)*	10.7	10.4	9.5	11.1	8.1	9.8	-1.8%
GFA of residential properties sold *(million sq.m.)*	16.6	13.3	16.9	23.1	18.2	19.7	3.5%
Average price of residential properties *(RMB per sq.m.)*	5,759	5,458	5,544	6,160	7,287	7,796	3.5%
Office							
Real estate investment-office *(RMB billion)*	6.4	8.7	9.2	13.9	13.0	10.04	9.4%
GFA of office properties completed *(million sq.m.)*	0.36	0.53	0.62	0.84	0.46	0.56	9.4%
GFA of office properties sold *(million sq.m.)*	0.64	0.38	0.36	0.82	1.14	1.07	10.7%
Average price of office properties *(RMB per sq.m.)*	12,148	11,300	9,489	9,689	10,272	12,833	1.1%

Source: National Bureau of Statistics, Changsha Municipal Bureau of Statistics

Hengyang

Hengyang enjoyed rapid economic development during the past years and its nominal GDP increased from RMB216.9 billion in 2013 to RMB304.6 billion in 2018, representing a CAGR of 7.0%. Meanwhile, the GDP per capita reached RMB42,163 in 2018 with a CAGR of 7.0% in the period between 2013 and 2018.

The table below sets out selected economic indicators relating to Hengyang for the years indicated.

Selected economic indicators of Hengyang (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Permanent Population *(million)*	7.25	7.30	7.34	7.29	7.21	7.24	0.0%
Nominal GDP *(RMB billion)*	216.9	239.7	260.2	286.9	292.2	304.6	7.0%
Real GDP growth rate *(%)*	10.2	9.9	8.7	7.9	8.5	8.3	N/A
GDP per capita *(RMB)*	30,030	32,934	35,538	39,233	40,321	42,163	7.0%
Per capita disposable income of urban households *(RMB)*	22,297	24,370	26,515	28,848	31,300	33,741	8.6%
Retail sales of consumer goods *(RMB billion)*	73.2	82.6	98.9	112.8	124.8	132.7	12.6%
Fixed asset investment *(RMB billion)*	143.7	176.7	212.6	228.2	261.6	288.5*	15.0%
Consumer Price Index (Preceding year = 100)	102.4	101.6	101.5	102.5	101.4	102.0	101.9**
Urbanization rate *(%)*	48.1	48.5	49.2	51.1	52.5	53.6	N/A

Notes:

* estimated figure based on the growth rate released from Hengyang Statistic bulletin

** The arithmetic mean of the figures

Source: Hengyang Statistic bulletin, Hunan Statistical Yearbook

An upsurge in the property market in Hengyang had been witnessed in 2016. Reasons behind were that firstly, the government introduced incentive policy on house purchase; secondly, the relatively low price of Hengyang's property market attracted a lot of speculative demands.

The table below sets out selected indicators of the residential property market in Hengyang for the years indicated.

Property market indicators of Hengyang (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Real estate investment *(RMB billion)*	11.1	13.8	14.1	15.1	17.4	25.3	17.9%
Real estate investment-residential *(RMB billion)*	8.2	10.5	11.9	11.3	N/A	20.4	20.0%
GFA of residential properties completed *(million sq.m.)*	3.6	1.7	2.0	3.0	2.5	N/A	-9.0%*
GFA of residential properties sold *(million sq.m.)*	3.5	3.6	3.5	4.8	5.6	N/A	12.7%*
Average price of residential properties *(RMB per sq.m.)*	3,049	3,449	3,340	3,500	3,974	N/A	6.8%*

Note:

* 2018 data not available, CAGR is calculated based on figures of 2013–2017

Source: Hengyang Statistic bulletin, Hunan Statistical Yearbook

PRICE TREND OF LAND

In most cases, land cost accounts for a significant proportion of developers' costs, and has kept rising in recent years. According to the Ministry of Land and Resources of the PRC, the average residential land cost has risen from RMB5,033 per sq.m. in 2013 to RMB7,080 per sq.m. in 2018, representing a CAGR of 7.1% during the period between 2013 and 2018. As the government intends to increase the residential land supply in those cities under pressure of rising house prices, it is anticipated that the average land cost will continue to grow but at a moderate pace in the foreseeable future.

Residential land cost of China (2013–2018)

	2013	2014	2015	2016	2017	2018	CAGR (2013–2018)
Average residential land cost of 106 monitored cities *(RMB per sq.m.)**	5,033	5,277	5,484	5,918	6,522	7,080	7.1%

Note:

* Monitored cities increased from 105 to 106 in 2018
Source: Ministry of Natural Resources of the PRC

PRICE TREND OF KEY CONSTRUCTION MATERIALS

Apart from land acquisition, the cost of construction materials, such as steel and cement, is also an important factor for property developers. According to the statistics from related associations, both steel and cement prices showed a decreasing trend due to oversupply issue during the period between 2012 and 2015. Nonetheless, the government has taken actions to shutdown many medium-to-small sized manufacturing firms that have had pollution issues in the past few years. As a result, the prices of the construction materials have increased significantly from their lowest level in 2015. It is expected that the prices of these key construction materials are likely to maintain stable growth as long as there is no sudden downturn of the real estate market.

The table below sets out selected statistics for construction materials in China for the years indicated.

Selected statistics of construction materials of China (2013–2018)

	2013	2014	2015	2016	2017	2018	CAGR (2013–2018)
Steel Price Index (Base year 1994 = 100)	99.1	83.1	56.4	99.5	121.8	107.1	1.6%
Cement *(RMB per ton)*	356.2	308.4	247.4	318.7	414.9	449.0	4.7%

Source: China Iron and Steel Association, China Cement Association

PRICE TREND OF LABOR COSTS

Labor cost is another crucial factor for developers. According to National Bureau of Statistics, the average wage of workers in the construction and real estate industries in 2017 was RMB55,568 and RMB69,277 respectively. It is forecasted that the average wage will remain uptrend with the sustained economic growth prospect. This also indicates higher labor costs for developers in the future.

The table below sets out labor costs of China for the years indicated.

Labor costs of China (2013–2018)

	2013	2014	2015	2016	2017	2018	CAGR (2013–2018)
Average wage of workers in construction industry *(RMB)*	42,072	45,804	48,886	52,082	55,568	60,501	7.5%
Average wage of workers in real estate industry *(RMB)*	51,048	55,568	60,244	65,497	69,277	75,281	8.1%

Source: National Bureau of Statistics

OVERVIEW OF INDUSTRIAL REAL ESTATE MARKET

Overview of New Industrial Real Estate

The idea of the new industrial real estate was proposed less than a decade ago, however, driven by the aforementioned governments' incentives as well as the growing number of real estate participants, we have observed a fast-pace growth in this market in the last few years, especially after the government imposed a series of housing restrictions policies around 2016 in order to curb the skyrocketed housing price in China between 2015 and 2016.

Currently, we are at the industry-oriented phase (產業導向階段). With the support of central and local governments' policies, traditional property developers are now trying to seize the opportunity by participating in the industrial real estate market.

Policies and Incentives of the New Industrial Real Estate

In the past few years, in order to guide developers toward the new direction, policies and incentives were issued by the governments from both the state and local level.

Innovation and Emerging Industries (創新及新興產業)

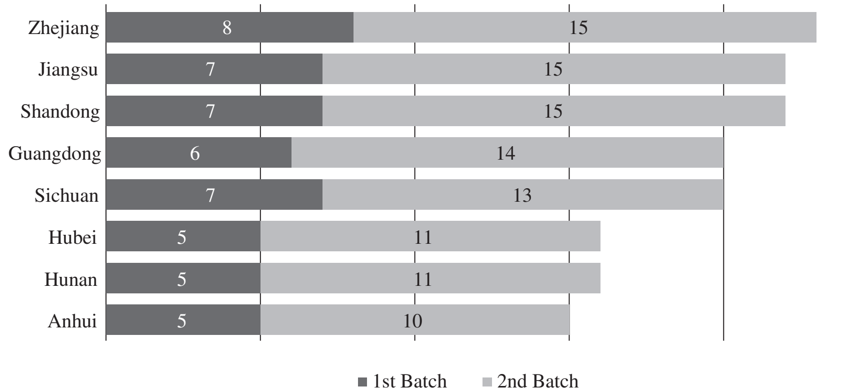
Not only the Report on the Work of the Government issued by the State Council in 2017 mentioned the importance of emerging industries, but the governments at the local level also had put forward the development plans for emerging industries. For example, in January 2017, the National Development and Reform Commission (NDRC) issued the Catalogue of the Key Products and Services of the Strategic Emerging Industries(《戰略性新興產業重點產品和服務指導目錄》), which highlighted the development plan of five main fields and eight new industries. In addition, emerging industries such as artificial intelligence and digital innovation were first proposed in this document, indicating that they will be sought-after industries in China in the long-run.

Characteristic Town[6] (特色小鎮)

In October 2014, the characteristic town was first proposed in Zhejiang province. In 2015, the Working Report of Zhejiang Government as well as the Opinions on Speeding up the Planning and Development of the Characteristic Town (《關於加快特色小鎮規劃建設的指導意見》) were issued to facilitate the development of the industry. Thereafter, the success of the characteristic town in Zhejiang has caught the attention of the central and other provincial governments. In 2016, a series of industry documentations were issued to support this industry from both state and provincial level. Nowadays, there are 403 characteristic towns in China and over 1,500 provincial level towns are planned, according to the 1st and 2nd batch of the list of characteristic town announced by MOHURD.

6 Cultural tourism town (文旅小鎮) means a characteristic town promoting cultural tourism industry. It generally relies on the advantages of location, natural resources, human resources, characteristic industries and communities in the surrounding area. It is also a distinctive area that interacts with other related industries, residential communities, and other tourist areas (or scenic areas) to create synergy. Characteristic town (特色小鎮) means a town built with distinguishing features, such as tourism, cultural creation, ceramics, Chinese medicine, logistics and drones.

Number of Characteristic Town in Major Provinces



Source: MOHURD, JLL

In addition, according to the NDRC, within the 13th Five-year Plan ("十三五"規劃) period, China will launch 100 new smart-city pilots, and the new generation AI industry will be the key direction for characteristic town.

Aforementioned benefits of AI industry have led many leading real estate companies stepping into the development of AI characteristic town. Notably, the Group introduced a leading research and development university in Zhejiang to its AI Town in Dongguan.

OVERVIEW OF THE CULTURAL TOURISM INDUSTRY MARKET

Overview of the Cultural Tourism Market

Leisure and tourism facilities are known to influence property value. The cultural tourism town is now an essential sector of characteristic town (特色小鎮), which is acknowledged as a rising and popular industry.

Along with the strong increase of the tourism market in the past decade, the development of cultural tourism real estate market experienced phases of robust growth and then adjustment. From 2012 to 2014, the average increase of the number of cultural tourism projects was about 2,850 annually and the average year-on-year growth rate was 92%. Afterward, the market became too saturated and cannot remain at a relatively high expansion speed. Statistics showed that the number of cultural tourism property developers decreased from 5,324 in 2014 to 5,297 in 2015. However, a new market driver emerged in 2016 as stimulus policies came out, resulting a positive growth in the number of cultural tourism property developer but at a slower pace. Nonetheless, the accumulated floor area of tourism real estate reached 3,378 million sq.m. in 2018 with a CAGR of 39.7% during the period between 2013 and 2018.

The table below sets out selected indicators of cultural tourism real estate market of the PRC for the years indicated.

Selected indicators of cultural tourism real estate market of the PRC (2013–2018)

	2013	2014	2015	2016	2017	2018	2013–2018 CAGR
Number of cultural tourism property developer *(unit)*	3,558	5,324	5,297	5,403	5,657	5,790	23.5%
Number of cultural tourism real estate project *(unit)*	5,299	7,965	8,701	8,918	9,246	9,395	26.8%
Accumulated floor area of cultural tourism real estate project *(million sq.m.)*	1,319	2,400	2,631	3,107	3,265	3,378	39.7%

Source: China National Tourism Administration, CRIC

The Group is currently developing the Huijing Yanhu International Resort (衡陽 • 滙景雁湖生態文旅小鎮) in Hengyang of Hunan province, which is a well-recognized project locally. At the end of 2018, there were three on-going cultural tourism projects in Hengyang, namely the Huijing Yanhu International Resort (with total planned area of 5.4 million sq.m. and total investment of RMB8.0 billion), and the Rain Mother Town (金鐘雨母小鎮) (with total planned area of 0.67 million sq.m.) and

Hengyang Dreameast Resort (衡陽夢東方旅遊度假區) (with total planned area of 10.7 million sq.m. and total investment of RMB10.0 billion). The latter two projects are being developed by the Group's competitors.

OVERVIEW OF URBAN RENEWAL MARKET

The urban renewal has become a unique development trend in Guangdong province which refers to the renewal of Old Town, Old Factory and Old Village (舊城鎮、舊廠房及舊村莊). For the government, urban renewal can improve city image and quality, solve the imbalance of land supply and demand, increase local government's financial revenues, stimulate economic development, etc. In April 2018, the Guangdong Provincial Office of Land and Resource published the Notice on Progressing the "Three-old Transformation" Projects (《關於推進"三舊"改造促進節約集約用地的若干意見》) which required local governments to ensure the quantities of land supplies and to speed up the authorization of transformation projects. Additionally, qualified construction lands with inefficient use can be recorded as the usage of "three-old transformation". Property developers will enjoy beneficial policies, such as procedure fees reduction, if they develop projects for preference-based planning industries, like advanced manufacturing and high-tech service. At the city level, the Opinion is applicable for urban renewals in Dongguan and is commonly utilized by the industry for redevelopment projects in Dongguan. In September 2019, the Guiding Opinions of Guangdong Provincial People's Government on Deepening Reform, Expediting Three-Old Transformations and Promoting High-quality Development (《廣東省人民政府關於深化改革加快推動"三舊"改造促進高質量發展的指導意見》) was issued, stating that it will optimize the "Three-old transformation" market operational system, facilitate "Three-old transformation" to achieve breakthrough progress, and promote high-quality development. Such Opinions clarified that the promotion of "Three-old transformation" is the key measure for promoting supply-side structural reform and high-quality development. The Opinions also stated that for Three-old Transformation projects that are implemented by market players and have been approved in the Three-old Transformation Schemes (the "**Precondition**"), the original right holders may apply for government's adjudication to execute the project as long as two-third of the original right holders agree to transformation. In other words, Three-old Transformation projects will no longer require 100% agreement from the original right holders to proceed the transformation.

According to the Three-year Action Plan of Facilitating "Three-old transformation" (2019–2021) (《廣東省深入推進"三舊"改造三年行動方案(2019–2021年)》)issued by the Department of Natural Resources of Guangdong Province, the market size of newly implemented "Three-old transformation" projects will exceed 230,000 mu (approximately 153.3 million sq.m.) in Guangdong Province. While the "Three-old transformation" target of Dongguan will exceed 30,000 mu (approximately 20 million sq.m.) according to the statement from the Work Conference of Dongguan City's Quality Improvement in Three-year (東莞市城市品質三年提升工作會議).

As a highly urbanized area, the PRD has a high utilisation rate of urban developable land, leading the urban renewal to become a significant way for land supply in these cities. Developers are allowed to acquire these lands in multiple ways including public auction and agreement-based assignment. Many local governments of these cities in the PRD have found their own strategies for urban renewal developments, and such developments have become another significant driver for the expansion of the property market.

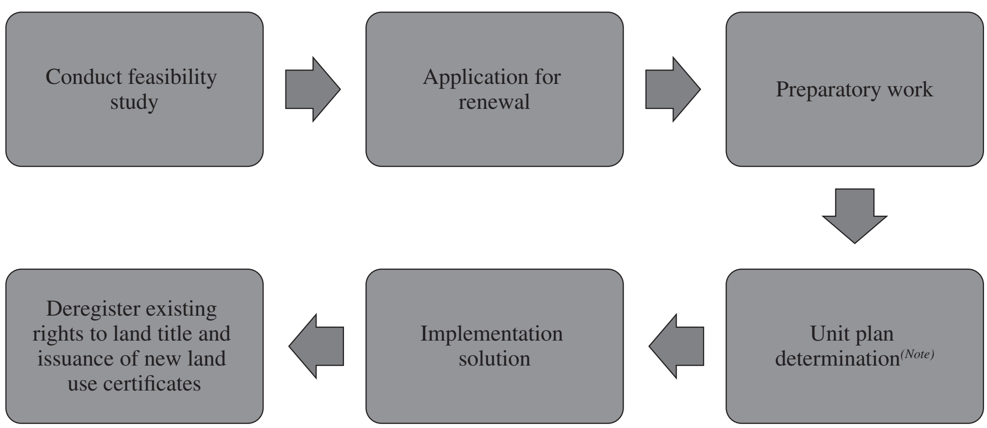
For developers, it is an attractive way to increase land reserves for future developments through acquiring urban renewal developments. Generally, they identify urban renewal opportunities by incorporating below strategies: (i) establish business development team who expertized in looking for opportunities of urban renewal projects; (ii) conduct market study to identify the location, future development potential, population, economy, consumers' behaviours, government's attitudes, and land use rights of the land parcels; and (iii) identify the positioning and potential of such land parcel in overall city's planning. However, challenges need to be dealt with before achieving these targets. Difficulties may include: (a) conflicts between the short-term benefits of developer and long-term goals of the urban renewal at city level; (b) negotiation with the owners regarding the demolition and relocation compensation; (c) difficulty to settle 'nail house' (釘子戶) under the market-based operation mode; (d) complexity of urban renewal application and approval processes of the government, and last but not least, (e) unclear documentations regarding the boundary of land parcel (宗地界線), the ownership of land, and land use rights, etc. The most challenging one is dealing with "Old Village" as the villagers generally possess stronger bargaining power. This is because rural collective organizations holding proprietary rights of the rural land will take into account its villagers' interest, and the number of such villagers is much larger than the number of owners in respect of "Old Factory" and "Old Town" land, resulting in longer and much complicated negotiation progress. Moreover, in order to increase the attractiveness of urban renewal project, high demolition-compensation-ratio (拆賠比) is generally offered to villagers by developers. Although there is large potential constructive land in "Old Village" area, developers should first cooperate with local government to solve land use rights problem until the land can be transferred. However, as seen in many cases so far, it is commonly a time-consuming and difficult process for developers, and they normally have to face the challenges such as negotiation with villagers and organizations, financing issues, long development cycle, etc. From this perspective, the transformations of "Old Factory" are more preferable for some developers compared to "Old Town" or "Old Village" redevelopment, as it normally involves a smaller number of stakeholders to negotiate with and shorter development cycle, thus could result in higher investment return.

Urban renewal developments require participants have a big picture about the whole area, including city's development direction, city planning, industries upgrade and transformation, residences settlement, etc. Moreover, most urban renewal developments are redeveloping into commodity residential, but only some area of the urban renewal projects will be built as residential propose, or even without commodity residential. Thus, this requires developers to have strong capital turnover capability, experienced management team, the willingness of upgrading the city's image, etc.

For urban renewal developments, there are mainly three types of scenarios, namely the Cooperation Scenario, the Right Owner Scenario and Single Party Scenario. And the processes, roles and responsibilities, and the challenges and opportunities for property developers in these scenarios are as follow:

Right Owner Scenario

Generally speaking, the process for an urban renewal under a Rights Owner Scenario is as follows:



(i) ***Conduct feasibility study*** — Prior to committing to a redevelopment, developers would generally conduct feasibility studies to consider, among other things, whether the target land parcel(s) would meet the urban renewal requirements, as well as any internal criteria adopted by the developer.

(ii) ***Application for renewal*** — The developer would acquire or contracted to acquire the title of the relevant land after feasibility study. The owner of the parcel(s) of land ("**Right Owner**"), who is normally the developer would make an application with the relevant government authority in relation to such land over which urban renewal is sought.

(iii) ***Preparatory work*** — The Right Owner would collate necessary information regarding the respective land and submit to relevant government authority to compile the development plan under the previous regime or unit plan in step (iv) under the current regime and respond to queries from relevant government authorities, if necessary.

Note: This step was introduced with the promulgation of the Opinion.

(iv) ***Unit plan determination***[Note] — the relevant government authority would issue a "unit plan" (單元規劃) in respect of the urban renewal, setting out the planning conditions for the proposed redevelopment of the land (such as plot ratio, land use and zoning requirement, building density, height restrictions, greenery ratio, necessary ancillary facilities to be erected, etc.).

(v) ***Implementation solution*** — pursuant to the unit plan, the relevant government authority will prepare a detailed implementation solution for the redevelopment over the urban renewal area that would meet the conditions stipulated under the development plan or unit plan in consultation with the Right Owner. The implementation solution will be submitted to the government authority at the next higher level for approval.

(vi) ***Deregister existing rights to land title and issuance of new land use certificates*** — once the implementation solution is approved, the Right Owner may apply to deregister the existing rights to land title and initiate demolition works as appropriate. After the existing rights have been deregistered, the Right Owner would (a) pay the land premium; (b) enter into a new land grant contract; and (c) be issued a new land use rights certificate. The developer may then proceed to develop the property project as usual with the newly issued land rights.

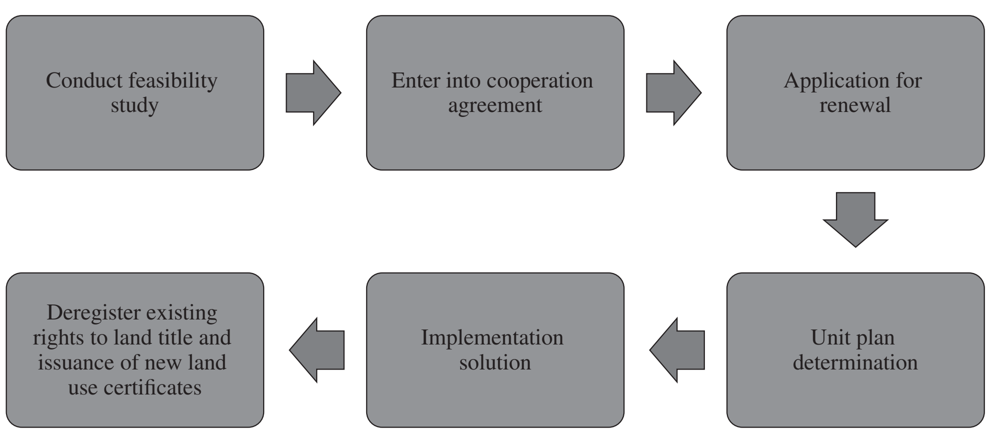
The Opinion was promulgated on August 15, 2018, which, among other things, imposed a new minimum site area requirement of 100,000 sq.m., and a more stringent approval process (i.e. the introduction of step (iv) "Unit plan determination" above).

The Right Owners Scenario represented a simpler method for urban renewal due to (i) the relatively light regulatory and approval requirements without a minimum pre-requisite site area, and (ii) the absence of resettlement operations given the land under this scenario would be wholly-owned by the developer. The challenge faced by developers relate to the capital commitment required to purchase land parcels at the outset of the urban renewal process.

Cooperation Scenario

The Cooperation Scenario has been phased out by the Opinion, and is now replaced by Single Party Scenario. However, under the relevant rules, a developer may continue to proceed with an urban renewal under the Cooperation Scenario provided that a relevant application was made (see (ii) in the steps plan below) before promulgation of the Opinion.

An urban renewal under Cooperation Scenario will generally follow the following steps:



(i) ***Conduct feasibility study*** — Prior to committing to a redevelopment, developers would generally conduct feasibility studies to consider, among other things, whether the target land parcel(s) would meet the urban renewal requirements, as well as any internal criteria adopted by the developer.

(ii) ***Enter into cooperation agreement*** — the developer would discuss with and enter into cooperation agreement(s) with the local village incorporated economic organization (經濟聯合社) and obtain the necessary collective approval (集體表決) on such cooperation agreements among local villagers. The cooperation agreement will set out the intention to redevelop the relevant land and the principal compensation terms for resettlement.

(iii) ***Application for renewal*** — the relevant incorporated economic organization would make an application with the relevant government authority, setting out certain information in relation to the land over which urban renewal is sought (including the proposed land use and zoning requirement) together with the cooperation agreement. The developer would generally offer technical or other assistance to the incorporated economic organization as needed.

(iv) ***Unit plan determination*** — if the application for renewal is approved, the relevant government authority would issue a "unit plan" (單元規劃) in respect of the urban renewal, setting out the planning conditions for the proposed redevelopment of the land (such as plot ratio, land use and zoning requirement, building density, height restrictions, greenery ratio, and necessary ancillary facilities to be erected).

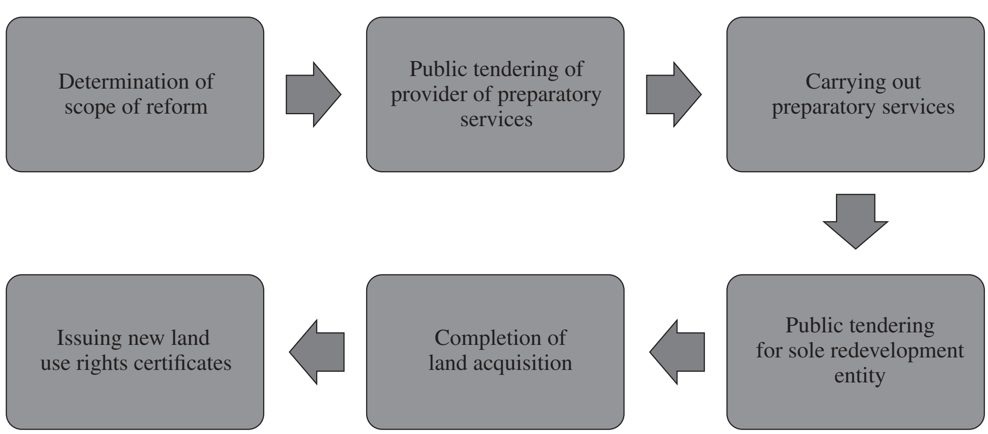
(v) ***Implementation solution*** — after a unit plan is issued, the developer would finalize the resettlement agreements in respect of villagers' or collectively owned properties and assess the overall economic gain resulting from the urban renewal project. The implementation solution together with final resettlement agreements will be provided to the government authority at the next higher level for approval.

(vi) ***Deregister existing rights to land title and issuance of new land use certificates*** — once the implementation solution is approved, the developer may apply to deregister the existing rights to land title. At this stage, the affected residents can opt to relocate and the developer can commence demolition works as appropriate. After the existing rights have been deregistered, the Right Owner would (a) pay the land premium; (b) enter into a new land grant contract; and (c) be issued a new land use rights certificate. The developer may then proceed to develop the property project as usual with the newly issued land rights.

While the application of Cooperation Scenario would often require resettlement of the villagers, the Cooperation Scenario urban renewal could potentially allow developers to commit less capital upfront as (a) the developer could negotiate better terms with the village organizations, for example agreeing to pay a limited deposit or earnest money at the start of the process, with the remaining balance due upon completion of the urban renewal; and (b) instead of the monetary compensation, villagers could agree to be compensated in the form of, redeveloped property which can be delivered after completion of the development.

Single Party Scenario

An urban renewal under the Single Party Scenario will generally follow these steps:



(i) ***Determination of scope of reform:*** the local government determines the scope of urban renewal, the parcel of land to be renewed and the directions for the redevelopment.

(ii) ***Public tendering of provider of preparatory services:*** a public tendering process is used to select a preparatory services provider (前期服務商). The preparatory services provider provides services mainly involves the commission of a detailed urban renewal plan, and arranging local elections to ascertain public opinion in the area concerned. The urban renewal plan will provide for the future zoning of the land, prescribing the types of developments that may developed on the land. The urban renewal plan may also recommend the conditions that should be included in the future land grant contract(s) and land use rights certificate(s) for the redevelopment area. The report prepared by the preparatory services provider will be submitted to the relevant authority for approval.

(iii) ***Carrying out preparatory services:*** to prepare the detailed urban renewal plan, the selected preparatory services provider will: (i) conduct a survey on the title owners in the area proposed to be redeveloped, ascertaining their respective rights and title to the land; (ii) consider different compensation schemes for the affected local residents; and (iii) recommend the proposed engagement terms for the sole redevelopment entity (單一改造主體), an entity which is exclusively allowed to repurchase all of the land rights within a redevelopment area.

(iv) ***Public tendering for sole redevelopment entity:*** after the urban renewal plan is approved by the relevant authority, the sole redevelopment entity will be selected through public tendering.

(v) ***Completion of land acquisition:*** the sole redevelopment entity selected will be given a land acquisition approval (土地收購批文) upon the payment of a deposit. The sole redevelopment entity usually has six months upon its appointment to complete the acquisition of the required portion of land title from the existing owners.

(vi) ***Issuing new land use rights certificates:*** once the acquisition is complete, all of the original land use rights to the redevelopment area will be voided by the relevant authority and the sole redevelopment entity will: (a) pay the land premium; (b) enter into a new land grant contract; and (c) be issued a new land use rights certificate.

Similar to Cooperation Scenario, developers adopting the Single Party Scenario could potentially commit a relatively small amount of capital for the land proposed to be redeveloped. Furthermore, unlike Cooperation Scenario, subject to some uncertainties on its application, the new Opinion had clarified the laws and regulations in a number of area while the creation of a sole redevelopment entity allows developers more authority and control over the redevelopment process (as opposed to village appointed renewal entity). However, Single Party Scenario has greater complexity (as compared to Rights Owner Scenario, particularly before the Opinion has been promulgated) as it involves more regulated processes.

During the whole process, several risks need to be tackled. These may include investment risk, operational risk, financial risk as well as policy risk. Investment risk is the primary risk of urban renewal development process. Developers usually own experienced teams who are familiar with urban renewal policies, understand the risks (such as decision making and market risk), evaluate the project by the means of market study, cost control, etc. For operational risk, during the whole relocation and resettlement process, developers will usually minimize the cooperation risks with its partners, minimize the negotiation risks with the owners, try to shorten the whole process by committing resources to feasibility studies to better understand the land and avoid unexpected delays, maintain the stability of each party, try to deliver products on time, etc. For financial risk, develops will usually minimize the capital risk and taxation risk arose from the urban renewal development. Developers may control capital risk by (i) choosing developments that it consider compliant with the relevant urban renewal requirements, to avoid committing funds towards unsuccessful applications; and (ii) where possible, adopting a compensation structure where a significant portion of the payment would be settled at the end (e.g. agreeing to compensation by way of redeveloped property; or compensation tranche that is payable after successful redevelopment). Developers primarily control taxation risk through the use of third party experts which would allow developers to structure or process their urban renewal process in a tax efficient matter.

Last but not least, policies are varied from time to time, therefore, developers usually keep track of policy risks, such as entry barrier, approval process, procedure, etc. and they generally have precautionary principles in case need to act on the changes of policies.

The average completion period for urban renewal projects is about five to eight years. Nonetheless, the actual period could be varied depending on the smoothness of negotiation, relocation, demolition and construction process. As a result, it can be observed that the completion period of some projects could be as low as three years, but some could reach above ten years in the market. For the successful rates, there is no official data about the figures for urban renewal projects in Dongguan, Guangdong or even on national level. However, as long as the Three-old Transformation project satisfies the aforementioned "Precondition", it could be almost confirmed that the project will be successfully renewed eventually.

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

LAWS AND REGULATIONS ON ESTABLISHMENT AND OPERATION OF FOREIGN INVESTED ENTERPRISES

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

The establishment procedures, verification and approval procedures, registered capital requirements, foreign exchange control, accounting practices, taxation, labor matters and all other relevant matters of a wholly foreign-owned enterprise shall be subject to the Wholly Foreign owned Enterprise Law of the PRC (《中華人民共和國外資企業法》) (the "**Wholly Foreign-owned Enterprise Law**"), which was promulgated by the SCNPC on April 12, 1986 and amended on October 31, 2000 and September 3, 2016, and the Implementation Rules of the Wholly Foreign-owned Enterprise Law of the PRC (《中華人民共和國外資企業法實施細則》) (the "**Implementation Rules**"), which were promulgated by the Ministry of the Foreign Economic Relation and Trade of the PRC on December 12, 1990 and amended by the PRC State Council (the "**State Council**") on April 12, 2001 and February 19, 2014. The Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprise (《外商投資企業設立及變更備案管理暫行辦法》) (the "**Provisional Measures**"), which was promulgated by the Ministry of Commerce of the People's Republic of China (the "**MOFCOM**") came into force on October 8, 2016, and was amended on July 30, 2017 and June 29, 2018, respectively. Under the Wholly Foreign-owned Enterprise Law, the Implementation Rules and the Provisional Measures, applications for the establishment of the foreign-invested enterprise which is subject to the implementation of the Special Administrative Measures for Access of Foreign Investment (the "**Negative List**"), shall be submitted for examination and approval by the State Council department in charge of foreign economic relations and trade, or a body authorized by the State Council. In the event of a division, merger or other major changes to such a foreign-invested enterprise, it shall report to, and seek approval from, the examining and approving body and carry out procedures for registration of such changes with the relevant industrial and commercial administrative authorities. Establishment or other major changes of foreign-invested enterprises which are not subject to the implementation of the Negative List shall be only subject to filling administration.

The latest version of the Catalog for the Guidance of Foreign Investment Industries (the "**Catalog 2017**") (外商投資產業指導目錄 (2017年修訂)) promulgated by the National Development and Reform Commission (中華人民共和國國家發展和改革委員會) (the "**NDRC**") and the MOFCOM on June 28, 2017, and implemented on July 28, 2017, and the Negative List (2019 Edition) (外商投資准入特別管理措施(負面清單)(2019版)) promulgated by the NDRC and the MOFCOM on June 30, 2019, and implemented on July 30, 2019, provide guidance for market access of foreign capital by categorizing industries into encouraged industries for foreign investment, restricted industries for foreign investment, and prohibited industries for foreign investment. Those industries which are not stipulated in the Catalog and the Negative List are deemed as permitted industries for foreign investment.

On March 15, 2019, the SCNPC promulgated the Foreign Investment Law of the PRC (《中華人民共和國外商投資法》) (the "**Foreign Investment Law**"), which will come into force on January 1, 2020. Foreign Investment Law, upon taking effect, will repeal simultaneously the Law of the People's Republic of China on Sino-foreign Equity Joint Ventures, the Law of the People's Republic of China on Wholly Foreign-owned Enterprises and the Law of the People's Republic of China on Sino-foreign Cooperative Joint Ventures. Subject to the Foreign Investment Law, foreign invested enterprises may keep their original organizational forms for five years after the effectiveness of Foreign Investment Law.

REGULATIONS ON THE ESTABLISHMENT OF REAL ESTATE ENTERPRISES

Establishment of a Real Estate Development Enterprise

According to the Law of the People's Republic of China on Urban Real Estate Administration (中華人民共和國城市房地產管理法) (the "**Urban Real Estate Law**") promulgated by the Standing Committee of the National People's Congress (中華人民共和國全國人大常委會) (the "**SCNPC**"), effective on January 1, 1995, amended on August 30, 2007, and August 27, 2009, a property developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the Regulations on Administration of Development and Operation of Urban Real Estate (城市房地產開發經營管理條例) (the "**Development Regulations**") promulgated and implemented by the State Council on July 20, 1998, and amended on January 8, 2011 and March 19, 2018, the establishment of a real estate development enterprise shall, in addition to the conditions for the enterprise establishment prescribed by relevant laws and administrative regulations, fulfill the following requirements: (1) its registered capital shall be RMB1 million or above; and (2) it shall have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom shall hold the relevant qualification certificate.

However, the Notice on Adjusting the Capital Ratio of Fixed Assets Investment Projects (關於調整固定資產投資項目資本金比例的通知) issued by the State Council on May 25, 2009 has reduced the requirement on the minimum capital for Social Welfare Housing and general commercial residence from 35% to 20%, while the requirement on the minimum capital for other real estate projects has been reduced to 30%. Under the Notice on Adjusting and Perfecting the Capital System for Fixed Assets Investment (國務院關於調整和完善固定資產投資項目資本金制度的通知) issued by the State Council on September 9, 2015, the minimum portion of capital for Social Welfare Housing and general commercial residence maintained at 20%, while the minimum portion of capital for other real estate projects has been reduced from 30% to 25%.

Foreign-Invested Real Estate Enterprises

On July 11, 2006, the Ministry of Construction (中華人民共和國建設部), the MOFCOM, the NDRC, the PBOC, the State Administration for Industry and Commerce (國家工商行政管理總局) (the "**SAIC**") and the State Administration of Foreign Exchange (國家外匯管理局) (the "**SAFE**") jointly promulgated Opinions on Regulating the Market Access and Administration of Foreign Investment in the Real Estate (關於規範房地產市場外資准入和管理的意見) (the "**Opinions**"), which provides, that: (i) foreign organizations and individuals who have established foreign-invested enterprises are allowed to invest in and purchase non-owner-occupied real estate in China; while branches of foreign organizations established in China are eligible to purchase commercial houses which match their actual needs for self-use under their names; (ii) the registered capital of foreign-invested real estate enterprises with the total investment amount exceeding or equal to US$10 million shall be no less than 50% of their total investment; (iii) foreign-invested real estate enterprises can apply for renewing the official foreign-invested enterprise approval certificate and business license with an operation term of one year only after they have paid back all the land premium and obtained the state-owned land use rights certificate; (iv) with respect to equity transfer and project transfer of a foreign-invested real estate enterprise and the merger and acquisition of a domestic real estate enterprise by an overseas investor, the department in charge of commerce and other departments shall conduct examination and approval in strict compliance with the provisions of the relevant laws, regulations, and policies.

On August 19, 2015, the MOHURD, the MOFCOM, the NDRC, the PBOC, the SAIC and the SAFE jointly promulgated Circular on Amending the Policies Concerning Access and Administration of Foreign Investment in the Real Estate Market (關於調整房地產市場外資准入和管理有關政策的通知) (the "**Circular**"). Pursuant to the Circular, the ratio of registered capital to total investment of foreign invested real estate companies shall be subject to the Tentative Regulations of the State Administration for Industry and Commerce on the Proportion of the Registered Capital to the Total Amount of Investment of Sino-foreign Equity Joint Ventures (國家工商行政管理局關於中外合資經營企業註冊資本與投資總額比例的暫行規定), which took effect on March 1, 1987, that a foreign invested real estate company must fully pay its registered capital before applying for domestic or foreign loans, or settlement of foreign exchange loans has been cancelled.

On June 18, 2008, MOFCOM issued the Circular on Properly Handling the Filing of Foreign Investment in the Real Estate Industry (關於做好外商投資房地產業備案工作的通知) ("**No. 23 Circular**"), which has become effective on July 1, 2008. According to the No. 23 Circular the registration shall be preliminarily examined by the provincial branch of the MOFCOM before submitting to the MOFCOM for registration.

On November 6, 2015, the MOFCOM and the SAFE jointly promulgated the Circular of the Ministry of Commerce and the State Administration of Foreign Exchange on Further Improvements to Filing for Real Estate Investments of Foreign Investors (商務部、外匯局關於進一步改進外商投資房地產備案工作的通知) which has simplified the administrative procedures for foreign-invested real estate companies. According to the circular, the local departments shall approve the establishment and changes of foreign-invested real estate enterprises in accordance with the laws and statutes concerning foreign investment, and furnish information on real estate projects in the foreign investment information system of the MOFCOM.

Qualification of a Property Developer

Under the Development Regulations, a property developer must file its establishment to competent department of real estate development of the place where the registration authority is located within 30 days from the date of obtaining Business License. The real estate development authorities shall examine applications for classification of a property developer's qualification by considering its assets, professional personnel and industrial achievements. A real estate enterprise shall only engage in real estate development projects in compliance with its approved qualification.

Under the Provisions on Administration of Qualifications of Real Estate Development Enterprises (房地產開發企業資質管理規定) (the "**Provisions on Administration of Qualifications**") promulgated by the Ministry of Construction of PRC and implemented on March 29, 2000 and amended on May 4, 2015, a property developer shall apply for registration of its qualifications. An enterprise may not engage in the development and sale of real estate without a qualification classification certificate for real estate development.

In accordance with the Provisions on Administration of Qualifications, qualifications of a real estate enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualification shall be subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council and there is no limitation on the construction scale for an enterprise who holds a class 1 qualification. Procedures for approval of developers of class 2 or lower classes shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government and the GFA of each project developed by an enterprise who holds a class 2 or lower qualification shall not exceed 250,000 sq.m. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established property developer, after it reports its establishment to the real estate development authority, the latter shall issue the Provisional Qualification Certificate (《暫定資質證書》) to the eligible developer within 30 days. The Provisional Qualification Certificate is effective for 1 year from its issuance while the real estate development authority may extend the validity to a period of no longer than 2 years considering the actual business situation of the enterprise. The property developer shall apply for qualification classification by the real estate development authority within 1 month before the expiry of the Provisional Qualification Certificate.

According to Regulations of Guangdong Province for the Real Estate Development and Management (廣東省房地產開發經營條例) promulgated on December 12, 1993, and last amended on October 16, 1997, the real estate development enterprise shall be divided into four classes and undertake corresponding development projects by its class. For the real estate development enterprises of Classes 1, 2 and 3, the self-owning and autonomous circulating fund shall be no less than RMB20 million, RMB10 million and RMB5 million, respectively. The personnel with middle and above technical and economic title should consist of no less than 12, 8 and 4 persons, respectively. The experience of undertaking comprehensive development shall be no less than 5 years, 3 years and 2 years, respectively, and enterprises shall have the corresponding achievements of undertaking the comprehensive development. For the real estate development enterprises of Classes 4, the self-owning and autonomous circulating fund may not be less than RMB 3 million, the person in charge of the engineering and technology should has a middle or above title of construction or structure, the person in charge of the finance should has a title of the assistant accountant or above.

REGULATION ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

On April 12, 1988, the National People's Congress of China (the "**NPC**") passed an amendment to the Constitution of the PRC (中華人民共和國憲法). The amendment allowed the transfer of land use rights for value to prepare for reforms of the legal regime governing the use of land and transfer of land use rights. The Land Administration Law of the PRC (中華人民共和國土地管理法) promulgated by the SCNPC on June 25, 1986, and last amended on August 28, 2004, also permits the transfer of land use rights.

Under the Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land-Use Rights of State-Owned Urban Land (中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例) (the "**Provisional Regulations on Grant and Transfer**") promulgated by the State Council on May 19, 1990, a system of assignment and transfer of the right to use State-owned land is adopted. A land user shall pay land premium to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county shall enter into an assignment contract with the land user to provide for the grant of land-use rights. The land user shall pay the land premium as provided by the assignment contract. After full payment of the land premium, the land user shall register with the land administration authority and obtain a land-use rights certificate which evidences the acquisition of land-use rights. The Development Regulations provide that the land-use right for a land parcel intended for real estate development shall be obtained through grant except for land-use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

Under the Regulations on the Grant of State-Owned Land-Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the Ministry of Land and Resources (中華人民共和國國土資源部) (the "**MLR**") on May 9, 2002 and implemented on July 1, 2002 and revised on September 28, 2007 with the name Regulations on the Grant of State-Owned Construction Land-Use Rights by Way of Tender, Auction and Listing-for-sale (招標拍賣掛牌出讓國有建設用地使用權規定) effective on November 1, 2007 (the "**Land Grant Regulations**"), land to be used for industrial, commercial, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for the certain piece of land, shall be granted by way of competitive processes. A number of measures are provided by the Land Grant Regulations to ensure such grant of land-use rights for commercial purposes is conducted openly and fairly.

On May 13, 2011, the MLR promulgated the Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing-for-Sale (國土資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見), which provides stipulations to improve policies on the supply of land through public tender, auction and listing-for-sale, and strengthen the active role of land transfer policy in the control of the real estate market.

On June 11, 2003, the MLR promulgated the Regulations on the Grant of State-owned Land Use Rights by Agreement (協議出讓國有土地使用權規定). According to this regulation, if there is only one party interested in using the land, the land use rights (excluding profit-oriented land for commercial use, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more parties are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction and listing-for-sale.

According to the Notice of the MLR on Relevant Issues Concerning the Strengthening the Examination and Approval of Land Use in Urban Construction (關於加強城市建設用地審查報批工作有關問題的通知) promulgated by the MLR on September 4, 2003, from the day of issuance of this notice, the grant of land use rights for luxurious commodity houses shall be stringently controlled, and applications for land use rights to build villas shall be stopped.

Pursuant to the Measures for the Administration of Examination and Approval of the Use of Land for Construction (建設用地審查報批管理辦法) amended on November 25, 2016 by the MLR and effective as of January 1, 2017, if the right to use state-owned land is provided by grant, the land and resource administrative authority of the people's government at the city or county level shall issue the approval certificate for construction land (建設用地批准書) to the construction unit. During the construction period of the project, the construction unit shall publicize the approval certificate for construction land at the construction site.

According to the Standard for Terminology of Civil Architectural Design (民用建築設計術語標准) (GB/T 50504-2009) promulgated by the MOHURD on May 13, 2009 and implemented on December 1, 2009, the definition of villa is an independent low-rise house with private garden.

According to the Circular on the Distribution of the Catalog for Restricted Land Use Projects (2012 Edition) and the Catalog for Prohibited Land Use Project (2012 Edition) (關於發佈實施〈限制用地項目目錄(2012年本)〉和〈(禁止用地項目目錄(2012年本)〉的通知) promulgated by the MLR and the NDRC on May 23, 2012, the granted area of the residential housing projects should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, or (iii) and 20 hectares for large cities and plot ratio which is not lower than 1.0.

The Measures on the Administration of Reserved Land (土地儲備管理辦法), promulgated by MLR, Ministry of Finance (the "**MOF**"), the PBOC and the China Banking Regulatory Commission (the "**CBRC**") on January 3, 2018, define "reserved land" and stipulate the administrative, regulatory and implementing procedures involved with the planning, standard, development, management and protect, supply and capital expenditure of reserved land.

Land Transfer from Current Land Users

An investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land user. For property development projects, the Urban Real Estate Law requires that at least 25% of total amount of investment or development must have been made or completed before assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee of the land use rights. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

Development of a Real Estate Project

Commencement of real estate project and regulations with respect to idle land

Under the Urban Real Estate Law, those who have been granted the land use rights must develop the land in accordance with the use and construction period as prescribed by the land use right grant contract. Pursuant to the Measures on Disposal of Idle Land (閒置土地處置辦法) promulgated by the MLR on April 28, 1999, amended on June 1, 2012 and implemented on July 1, 2012, the land can be defined as idle land under any of the following circumstances:

(i) development and construction of the state-owned idle land is not commenced after one year of the prescribed time limit in the land use rights grant contract or allocation decision; or

(ii) the development and construction of the state-owned idle land has been commenced but the area of the development and construction that has been commenced is less than one-third of the total area to be developed and constructed or the invested amount is less than 25% of the total amount of investment, and the development and construction have been continuously suspended for one year or more without an approval.

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

The Notice on Strengthening the Disposing of Idle Land (關於加大閒置土地處置力度的通知) issued by the MLR on September 8, 2007 emphasized that the disposal of idle land shall be sped up. The land regulatory authority may impose an idle land penalty of up to 20% of the land premium; the land regulatory authority shall reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land shall be reclaimed before the end of 2007.

Planning of a real estate project

Under the Regulation on Planning Administration regarding Granting and Transfer of State-Owned Land Use Right in Urban Area (城市國有土地使用權出讓轉讓規劃管理辦法) promulgated by the Ministry of Construction in December 1992 and amended in January 2011, a property developer shall apply for a construction land planning permit (建設用地規劃許可證) from the municipal planning authority. The SCNPC promulgated the Urban and Rural Planning Law of PRC (中華人民共和國城鄉規劃法) on October 28, 2007 and amended on April 24, 2015, pursuant to which, a construction work planning permit (建設工程規劃許可證) must be obtained from relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

Construction work commencement permit

After obtaining the construction work planning permit, a property developer shall apply for a construction work commencement permit (建築工程施工許可證) from the construction authority under the local people's government at the county level or above in accordance with the Measures for the Administration of Construction Permit for Construction Projects (建築工程施工許可管理辦法) promulgated by MOHURD on June 25, 2014 and implemented on October 25, 2014, and amended on September 19, 2018.

Inspection upon completion of real estate project

In accordance with the Development Regulations, the Administrative Measures for Filing Regarding Completion and Acceptance of Buildings and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD on April 4, 2000 and amended on October 19, 2009 and the Rules for Completion and Acceptance of Buildings and Municipal Infrastructure Projects (房屋建築和市政基礎設施工程竣工驗收規定) promulgated by MOHURD implemented on December 2, 2013, after the completion of construction of a project, the real estate development enterprise must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities. A property development projects shall not be delivered before passing the acceptance examination.

Pursuant to the Regulation on the Quality Management of Construction Projects (建設工程質量管理條例) promulgated by the State Council on January 30, 2000 and amended on October 7, 2017, after receiving the construction project completion report, the construction unit shall organize the units of design, construction, project supervision and other relevant units to complete the acceptance. The following conditions shall be satisfied for completing the acceptance of the construction project:

(i) having completed the design of the construction project and fulfilled all contents of the construction contract;

(ii) having obtained complete technical archives and construction management information;

(iii) having obtained the report on the approach test of the main building materials, building components and equipment used in the project;

(iv) having obtained the quality certification documents respectively signed by the units of investigation, design, construction and project supervision, etc.; and

(v) having obtained the project warranty signed by the construction unit.

The construction unit shall, within 15 days from the date on which a completed construction project accepted as qualified, submit to the construction administrative department or other relevant departments for filing the completion acceptance report, and approval documents or permission to use issued by the department in charge of the construction project's planning, public security, fire protection or environmental protection respectively.

Insurance of Property Development Projects

According to the Construction Law of the People's Republic of China (中華人民共和國建築法) promulgated by the Standing Committee of the NPC on November 1, 1997 and effective on March 1, 1998 and amended on April 22, 2011, construction enterprises shall maintain accident and casualty insurance for workers engaged in dangerous operations and pay the insurance premium.

Under the Opinions of the Ministry of Construction on Strengthening the Insurance of Accidental Injury in the Construction Work (建設部關於加強建築意外傷害保險工作的指導意見) promulgated by the Ministry of Construction on May 23, 2003, the Ministry of Construction further emphasized the importance of the insurance of accidental injury in the construction work and put forward the detailed opinions of guidance. According to the Measures for Implementation of Liability Insurance of Safety Production (安全生產責任保險實施辦法) promulgated by the Administration of Work Safety, the Insurance Regulatory Commission and the MOF on December 12, 2017 and implemented on January 1, 2018, the construction contractor shall purchase the liability insurance of safety production with its construction projects. As advised by our PRC Legal Advisers, as we engage third-party contractors to conduct the construction of our properties but do not construct properties ourselves, the above mandatory provisions do not apply to us.

REGULATIONS ON URBAN RENEWAL PROJECTS

Urban renewal involving transformation of the old town, old factories and old villages ("Three-Old Transformation")

According to the Implementation Opinions on Further Promoting the Transformation of the Old town, Old Factories and Old Villages (深入推進"三舊"改造工作實施意見) promulgated by the Guangdong Provincial Department of Land and Resources and implemented on April 4, 2018, local governments shall accurately annotate land maps and establish databases for transformation, as well as carefully review whether the selected land meets the transformation standard. The municipal government shall upload the adjusted database of Three-Old Transformation to the Provincial Land and Resources Technology Center for recording purpose. The collection and approval authority regarding Three-Old Transformation is delegated by the provincial government to the municipal government. The applicants of Three-Old Transformation shall reasonably confirm the constructing party for the transformation project. The transformation land that is bought and reclaimed by governments and used for grant purpose, shall be transferred by auction or by agreement.

According to the "Opinion in relation to the Deepened Reform to Fully Promote Urban Renewal and Increasing Quality of Cites" (the "**Dongguan Three-Old Opinion**") (《關於深化改革全力推進城市更新提升城市品質的意見》東府[2018] 102號) promulgated by Dongguan Municipal People's Government on August 15, 2018, the urban renewal shall be government-led (政府主導) or be one of the three scenarios for conducting Three-Old Transformation projects, including the scenario of the single party selected through listing-for-sale in public investment invitation (the "**Single Party Scenario**") (單壹主體掛牌招商模式), the scenario of the right owner self-development (the "**Right Owner Scenario**") (權利人自改模式) and the previous scenario of the cooperation by enterprises and the rural collective economic organization (the "**Cooperation Scenario**") (村企合作模式). According to the single party scenario, the single contractor undertaking the renewal of the renewal unit shall be assigned through listing-for-sale in public investment invitation. The invitation consists of two phases, the online bidding phase and the offline offer phase. The highest bidder of the first phase comes to the second phase and become the proposed transferee of the land use right. As long as it acquires 100% of the real estate interests within 6 months commencing the start day of the second phase, it will be the final owner of the land use rights and it is able to conduct Three-Old Transformation projects. The right owner scenario applies when one right owner solely owns the land use rights, or the main right owner within the renewal unit occupies over 80% of the renewal unit. Under the right owner scenario, the right owner is permitted to conduct Three-Old Transformation projects itself under the condition that all procedures of all examination and approval of land use rights are fulfilled. Under the cooperation scenario, enterprises shall conduct Three-Old Transformation projects cooperating with the rural collective economic organization. Cooperation Scenario was cancelled by the Dongguan Three-Old Opinion, and as for cooperation projects under Cooperation Scenario which was registered before the promulgation of the Dongguan Three-Old Opinion, the parties involved shall specify the cooperating enterprise within one year commencing from the promulgation of the Dongguan Three-Old Opinion.

Pursuant to the Guiding Opinions of Guangdong Provincial People's Government on Deepening Reform, Expediting Three-Old Transformations and Promoting High-quality Development (Yue Fu [2019] No. 71) (《廣東省人民政府關於深化改革加快推動"三舊"改造促進高質量發展的指導意見》粵府[2019]71號》), for Three-Old Transformations, where the majority of the original rights holders agree to transformation but the minority of the original rights holders do not agree to transformation, the matter shall be dealt with pursuant to the relevant provisions of the Land Administration Law of the PRC and its Implementation Regulations, the Expropriation of Buildings on State-owned Land and Compensation; where the laws and regulations do not stipulate, government ruling may be actively explored.

For the demolition and reconstruction projects that are implemented by market players and have been approved in the Three-Old reconstruction schemes, in particular, the original right holders may, under any of the following circumstances, apply to the people's governments at the county level or above at the places where the projects are located for adjudicating the reasonableness of the relocation compensation and resettlement agreements and request to relocate the original right holders within a prescribed time limit if the original buildings do not meet the requirements for work safety, urban and rural planning, ecology and environmental protection, building structural safety, or fire safety, or public health, social security, public safety, or public transportation:

(i) where the land or buildings on the land are co-owned by several right holders by shares, the co-owners who hold not less than two-thirds of the shares have entered into an agreement on relocation compensation and resettlement;

(ii) where the ownership of building is divided, the right holders with exclusive parts accounting for not less than two-thirds of the total area of the building and of the total number of right holders accounting for not less than two thirds have signed the agreement on relocation compensation and resettlement; and

(iii) where the land used for demolition involves more than one piece of land, the total land use area of the pieces that comply with the above provisions shall not be less than 80% of the land used for demolition; and

(iv) if the project is for rebuilding an old village, the rural collective economic organization and no less than two-thirds of the villagers or representatives of the households concerned shall have signed an agreement on relocation compensation and resettlement.

According to the Measures for the Treatment of Old Urban Renewal Projects of Dongguan City (The "**Dongguan Old Projects Measures**") (《東莞市城市更新"舊項目"處理措施》東自然資[2019] 431號) promulgated by Dongguan LRB on September 26, 2019, Dongguan Old Projects Measures shall apply to urban renewal projects existed before the issuance of the Dongguan Three-Old Opinion, including old government-led projects, old Right Owner Scenario projects and old Cooperation Scenario projects. The treatment measures of different projects are as follows：

(i) Old Government-led projects are not affected by the Dongguan Old Projects Measures, and the parties shall proceed the pending approval process in accordance with the new measures including the Dongguan Three-Old Opinion.

(ii) In respect of old Right Owner Scenario projects, the parties shall complete the previous approval process and apply for land supply within one year. When the right owner is the rural collective economic organization, it may apply for the projects to be conducted as Single Party Scenario or government-led projects.

(iii) In respect of old Cooperation Scenario projects of which the cooperation contract is signed before November 13, 2015 (for real estate renewal projects) and September 14, 2016 (for non real estate renewal projects), the cooperating enterprise shall be specified within one year commencing from the promulgation of The Dongguan Old Projects Measures, which shall replace the one year time limit as set out in the Dongguan Three-Old Opinion. For old Cooperation Scenario projects of which the cooperation contract is not signed before November 13, 2015 (for real estate renewal projects) or September 14, 2016 (for non real estate renewal projects), other than the two projects specified in the Dongguan Old Projects Measures (which are not related with the Group), the Cooperation Scenario will no longer apply but the parties may apply for the projects to be conducted as Single Party Scenario or government-led projects when the approval process is completed.

To specify the old projects, lists of old government-led projects, old Right Owner Scenario projects and old Cooperation Scenario projects are also published together with the Dongguan Old Projects Measures.

Approval and Implementation of Compensation and Resettlement

Pursuant to the Implementation Regulations of the Land Administration Law of the PRC (中華人民共和國土地管理法實施條例) amended by the State Council on July 29, 2014, the land administrative department under the people's government at city or county level shall, in accordance with the approved land acquisition plan, formulate land acquisition compensation and resettlement plan in conjunction with relevant departments, make announcements in towns and villages where the land being acquired are located, and listen to the opinions of rural collective economic organizations and farmers of the land being acquired. Upon the approval of the land acquisition compensation and resettlement plan by the people's government at city or county level, the plan will be carried out by the land administrative department under the people's government at city or county level.

Cost of Compensation and Resettlement

According to the Land Administration Law of the PRC (中華人民共和國土地管理法), for acquisition of land, the compensation will be granted in accordance with the original use of the land being acquired. The compensation for farmland includes land compensation, resettlement subsidy and compensation for ground attachments and young crops. The land compensation and the resettlement subsidy standards for the acquisition of other land shall be stipulated by the provinces, autonomous regions and municipalities directly under the central government with reference to the land compensation and the resettlement subsidy for farmland.

Pursuant to the Regulations on the Expropriation of Buildings on State-owned Land and Compensation (國有土地上房屋徵收與補償條例) promulgated and implemented on January 21, 2011 by the State Council, compensation offered by people's governments at city or county level that make housing expropriation decision to parties with housing being expropriated includes: (i) compensation for the value of the housing being expropriated; (ii) compensation for relocation and temporary settlement caused by expropriation of housing; and (iii) compensation for the loss arising from the suspension of production and operation caused by expropriation of housing. The parties with housing being expropriated may choose monetary compensation, or may choose to exchange the property right of housing.

Relocation and Demolition of lands

Pursuant to the Regulations on the Expropriation of Buildings on State-owned Land and Compensation (國有土地上房屋徵收與補償條例), indemnification shall be made prior to the relocation. After the compensation is granted by the people's governments at city or county level to the expropriated owners, the expropriated owners shall complete the relocation within the agreed period stated in the compensation agreement or the prescribed relocation period determined in the compensation decision. No enterprise or individual may compel the expropriated owners to relocate by means of violence, threat or other illegal methods such as suspension of water supply, heat supply, gas supply, power supply and prohibition to road access. Property developers are prohibited from participating in relocation activities.

Pursuant to the Notice of the General Office of the Commission for Discipline Inspection of the Central Committee of the Communist Party of China and the General Office of the Ministry of Supervision on Further Regulating the Land Acquisition and Relocation Practices (Zhong Ji Ban Fa [2011] No. 8) (中共中央紀委辦公廳、監察部辦公廳關於加強監督檢查進一步規範徵地拆遷行為的通知) (中紀辦發[2011]8號) promulgated and implemented by the General Office of the Commission for Discipline Inspection of the Central Committee of the Communist Party of China and the General Office of the Ministry of Supervision on March 17, 2011, before the relevant laws and regulation such as the Land Administration Law are revised, the implementation of demolition of housing on collectively-owned land shall refer to the spirits stated in the Regulations on the Expropriation of Buildings on State-owned Land and Compensation.

According to the Operational Guidance of Three-Old Transformation Conducted in Collaboration with The Enterprises and the Incorporated Economic Organizations on Dongguan (東莞市集體經濟組織與企業合作實施"三舊"改造操作指引) promulgated by Dongguan Municipal People's Government on November 13, 2015, if the enterprise and the Incorporated Economic Organization in the Three-Old Transformation project choose to cooperate through agreements, the contracting parties shall together implement the primary development (壹級開發), including but not limited to the consultation on transformation intention, investigation on land and property, adjustment on urban planning, demolition, compensation and land consolidation within the transformation area. The secondary development (二級開發), including but not limited to the project construction, resettlement, sales and other issues from which both parties can share the development benefits, shall be implemented by one contracting party under the surveillance of the other contracting party.

REGULATIONS ON REAL ESTATE TRANSFER AND SALE

Sale of Commodity Buildings

Under the Regulatory Measures on the Sale of Commodity Buildings (商品房銷售管理辦法) (the "**Regulatory Measures**") promulgated by the Ministry of Construction on April 4, 2001 and implemented on June 1, 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

Permit of Pre-sale of Commodity Buildings

According to the Measures for Administration of Pre-sale of Commodity Buildings (城市商品房預售管理辦法) (the "**Pre-sale Measures**") promulgated by the Ministry of Construction on November 15, 1994 and amended on August 15, 2001 and July 20, 2004 respectively, any pre-sale of commodity buildings is subject to specified procedures. If a real estate development enterprise intends to sell commodity buildings in advance, it shall apply to the real estate administrative authority to obtain a pre-sales permit.

According to the Pre-sale Measures, any real estate development enterprise shall submit the following certificates (photocopies) and materials for applying pre-sales permit:

(i) an application for pre-sale of commodity buildings;

(ii) the business license and qualification certificate of the real estate development enterprise;

(iii) the construction land planning permit, construction planning permit and construction commencement permit;

(iv) a certification that the ratio between the fund put into the construction and the total investment of the construction project meets the prescribed conditions;

(v) the project construction agreement and the explanations of the construction progress; and

(vi) the plan on pre-sale of commodity buildings.

Under the Pre-sale Measures and the Urban Real Estate Law, the pre-sale proceeds of commodity buildings may only be used to fund the property development costs of the relevant projects with the approval of the relevant supervising authorities or banks.

In addition, the Notice on Relevant Issues Concerning the Strengthening of Supervision and Improvement of the Pre-sales System of Commodity Properties (關於進壹步加強房地產市場監管完善商品住房預售制度有關問題的通知) promulgated by the MOHURD on April 13, 2010, provides that the proceeds from pre-sales of commodity buildings shall be fully deposited in a bank account supervised by the competent regulatory authorities to ensure the proceeds would be used for funding the projects of the property development.

Several regulations regarding the supervised bank account in relation to the pre-sales of commodity properties are issued by local authorities. According to the Regulations for the Administration of Pre-sales of Commodity Properties on Guangdong Province (廣東省商品房預售管理條例) promulgated by the Standing Committee of Guangdong Provincial People's Congress on September 25, 2014, buyers shall directly deposit the proceeds of pre-sales of commodity properties into the supervised bank account according to the contract and shall provide the bank deposit to the property developer to get the payment voucher. Under the regulations, the property developer shall provide the bank deposit certificates together with the pre-sale contract while filing the registration of pre-sale contract to the local real estate registration office. And the receipt and use of pre-sale proceeds shall be supervised by the city or county level real estate registration office. The pre-sale proceeds shall only be used with the amount approved by the local real estate registration office for the purpose of purchasing construction materials, devices, and paying for construction progress fees and taxes.

According to the Supervision System for Proceeds from Pre-sales of Commodity Properties on Dongguan (東莞市商品房預售款監管工作制度) jointly promulgated by the Construction Bureau of Dongguan and Housing Management Bureau of Dongguan on October 15, 2007, the proceeds from pre-sales of commodity properties shall be directly deposited into the supervised bank account. Dongguan Property and City Development Bureau (東莞市住房和城鄉建設局), Dongguan Real Estate Administration Bureau (東莞市房產管理局) are jointly responsible for the supervision of the deposit and use of pre-sale proceeds by the property developer. Before the completion of the construction, the pre-sale proceeds can only be used to purchase construction materials, devices, and paying for construction progress fees and tax for the relevant property. Without the approval of Dongguan Property and City Development Bureau, the project developer may not use pre-sale proceeds for any other purposes.

The Regulations for the Administration on Proceeds from Pre-sales of Urban Commodity Properties on Heyuan (河源市城區商品房預售資金監督管理辦法) promulgated by the Office of Heyuan People's Government on August 1, 2015, also stipulate that the proceeds from pre-sales of commodity properties shall be deposited into the supervised bank account specified by the pre-sales contract and buyers shall provide the bank deposit to the seller to get the payment voucher. Before the completion of the construction, the pre-sale proceeds may only be used to purchase construction materials, devices, and pay the construction progress, taxes and interest on relevant bank loan in respect of the relevant property. The property developer must file an application from Heyuan Housing Authority (河源市房管局) for an approval to withdraw proceeds from the controlled account before it may use the proceeds for the above purposes.

The Circular on Interim Measures Regarding the Supervision of the Proceeds from Pre-sales of Commodity Properties on Hefei (關於印發合肥市商品房預售款監督管理暫行辦法的通知) (the "**Hefei Circular**") was promulgated by the Office of Hefei People's Government on July 31, 2008 and became effective on August 1, 2008. According to the Hefei Circular, proceeds from pre-sales of commodity properties shall be directly deposited into the supervised bank account. The property developer shall apply to the Hefei Property Protection and Management Bureau (合肥市住房保障和房產管理局) for the use of pre-sale proceeds. Upon the approval of the Hefei Property Protection and Management Bureau, the property developer may withdraw the pre-sale proceeds from the controlled account to pay the construction fees and taxes for relevant property. The Hefei Property Protection and Management Bureau is the supervising authority regarding the use and deposit of pre-sale proceeds by the property developer.

According to the Notice of Changsha Government and Changsha Central Branch of People's Bank of China on Strengthening the Supervision of the Pre-sale Proceeds (長沙市人民政府中國人民銀行長沙中心支行關於加強商品房預售資金監管的通知) promulgated by Changsha Government and Changsha Central Branch of People's Bank of China on December 21, 2016, the pre-sale proceeds shall be fully deposited into the controlled account and the Changsha Property Transaction Management Centre (長沙市房屋交易管理中心) is responsible to ensure that the proceeds are applied on the real estates construction. The pre-sale proceeds can only be withdrawn from the bank according to the construction schedule upon approval of the Changsha Property Transaction Management Centre, however, sufficient proceeds have to remain in the account in order to ensure the completion and delivery of the relevant projects.

According to the Regulations for the Administration on Proceeds from Pre-sales of Urban Commodity Properties on Hengyang (衡陽市城區商品房預售資金監管辦法) promulgated by the Office of Hengyang People's Government on June 4, 2015, the proceeds from pre-sales of commodity properties shall be deposited into the supervised bank account specified by the pre-sales contract. Buyers shall provide the bank deposit to the property developer to get the payment voucher. The Hengyang Property and City Development Bureau(衡陽市住房和建設局) is responsible to ensure that the proceeds are applied to the relevant real estates construction. If the property developer wishes to withdraw the pre-sales proceeds, it must file an application with the supervising bank. The supervising bank will only approve such application upon its review of the construction schedule, which must correspond with the property developer's plan on using the pre-sales proceeds.

According to above laws and regulations, the pre-sale proceeds shall be directly deposited into the supervised account in Guangdong Province and Hefei City and the pre-sale proceeds is not specifically required to be directly deposited into the supervised account in Changsha City and Hengyang City.

Conditions of the Sale of Post-Completion Commodity Buildings

Under the Regulatory Measures, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (i) the real estate development enterprise shall have a business license and a qualification certificate of a property developer; (ii) the enterprise shall obtain a land use rights certificate or other approval documents for land use; (iii) the enterprise shall have the construction work planning permit and construction work commencement permit; (iv) the building shall have been completed, inspected and accepted as qualified; (v) the relocation of the original residents shall have been well completed; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. shall have been made ready for use, and other supplementary essential facilities and public facilities shall have been made ready for use, or the schedule of construction and delivery date shall have been specified; and (vii) the real property management plan shall have been completed. Before the post-completion sale of a commodity building, a property developer shall submit the Real Estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority.

According to the Regulations on Requisition of and Compensation for Buildings on State-owned Land (國有土地上房屋徵收與補償條例) promulgated and implemented on January 21, 2011 by the State Council, the building requisition authorities determined by municipal and county levels governments shall organize implementation of requisition of buildings and compensation within their administrative regions.

Notices on Accelerating a Stable and Healthy Development in the Real Estate Market

On January 7, 2010, the General Office of the State Council issued the Notice on Accelerating a Stable and Healthy Development in the Real Estate Market (關於促進房地產市場平穩健康發展的通知), which stipulates:

(i) Increase the effective supply of security housing and common commercial housing;

(ii) Reasonably steer housing consumption and suppress speculative house purchasing demand;

(iii) Strengthen risk prevention and market supervision; and

(iv) Quicken the security comfort housing project construction.

On April 17, 2010, the State Council issued the Notice on Restraining Resolutely the Soaring of Housing Prices in Some Cities (關於堅決遏制部分城市房價過快上漲的通知), which requires that:

(a) each district and each department practically implement their duty to stabilize property prices and residential housing guarantees; and

(b) unreasonable housing demands should be strictly restricted and stricter differentiating credit policies should be implemented.

The Provisions on Sales of Commodity Properties at Clearly Marked Price (商品房銷售明碼標價規定) was promulgated by the NDRC on March 16, 2011 and became effective on May 1, 2011. According to the provisions, any property developer or real estate agency (collectively, "**real estate operators**") is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties. The provisions require real estate operators to clearly indicate the prices and relevant fees of commodity properties, as well as other factors affecting the prices of commodity properties to the public. With respect to the real estate development projects that have received property pre-sale permit or have completed the filing procedures for the sales of constructed properties, real estate operators shall announce all the commodity properties available for sales on at once within the specified time limit. Furthermore, with regard to a property that has been sold out, real estate operators are obliged to disclose this information and to disclose the actual transaction price. Real estate operators cannot sell commodity properties beyond the explicit marked price or charge any other fees not explicitly marked. Moreover, real estate operators may neither mislead properties buyers with false or irregular price marking, nor engage in price fraud by using false or misleading price marking methods.

On February 26, 2013, the General Office of the State Council issued the Notice on Further Improving Regulation of the Real Estate Market (關於繼續做好房地產市場調控工作的通知) which requires, among other restrictive measures:

(x) firmly restraining purchases of residential housing for investment and speculation purposes. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% individual income tax on home sale profits; and

(y) expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 shall not be lower than the average actual land supply in the past five years.

On September 24, 2015, PBOC and CBRC jointly issued the Notice of the People's Bank of China and the China Banking Regulatory Commission on Further Improving the Relevant Issues concerning the Differential Housing Credit Policy (中國人民銀行、中國銀行業監督管理委員會關於進一步完善差別化住房信貸政策有關問題的通知), which provides that in cities where "property purchase control measures" are not implemented the minimum down payment ratio of a personal housing commercial loan obtained by a household to finance the purchase of the first ordinary residential property is adjusted to 25%.

According to the Notice on Certain Matters Concerning Individual Housing Loan Policies (關於個人住房貸款政策有關問題的通知), promulgated by PBOC, MOHURD and CBRC on March 30, 2015 and effective on the same date, and the Notice on Adjusting the Business Tax Policies Concerning Transfer of Individual Housing (關於調整個人住房轉讓營業稅政策的通知) promulgated by MOF and SAT on March 30, 2015 and effective on March 31, 2015, where a household, which has already owned a home and has not paid off the relevant housing loan, applies for another commercial personal housing loan to purchase another ordinary housing property for the purpose of improving living conditions, the minimum down payment is adjusted to 40%. The actual down payment ratio and loan interest rate should be determined by the banking financial institution concerned based on the borrower's credit record and financial condition.

For working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase an ordinary residential house as their first house, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have paid off the corresponding home loans, when they apply for the housing provident fund loans for the purchase of an ordinary residential house as their second property to improve their housing conditions, the minimum down payment shall be 30% of the property price. In addition, where an individual sells a property purchased within two years, business tax shall be levied on the full amount of the sales income; where an individual sells a non-ordinary property that was purchased more than two years ago, business tax shall be levied on the difference between the sales income and the original purchase price of the house; the sale of an ordinary residential property purchased by an individual more than two years ago is not subject to such business tax.

On February 1, 2016, PBOC and CBRC jointly issued The Notice on Adjustments in Respect of Certain Matters Concerning Individual Housing Loans Policies (關於調整個人住房貸款政策有關問題的通知) which provides that in cities where property purchase control measures are not being implemented, the minimum down payment ratio for a personal housing commercial loan obtained by a household for purchasing its first ordinary residential property is, in principle, 25% of the property price, which can be adjusted downward by 5% by local authorities. For existing residential property household owners which have not fully repaid the previous loan and are obtaining further personal housing commercial loan to purchase an additional ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio shall be not less than 30% which is lower than the previous requirement of not less than 40%.

Notice on Adjusting the Preferential Policies on Deed Tax and Business Tax During Real Estate Transactions (關於調整房地產交易環節契稅、營業稅優惠政策的通知) was jointly promulgated by MOF, SAT and MOHURD on February 17, 2016 and implemented on February 22, 2016. The business tax policy subject to the notice are as follows: (1) the purchase of a property by an individual as the only house for his/her family (covering the purchaser and the spouse and minor children thereof) is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 1.5% if the area is over 90 square meters, and (2) the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 2% if the area is over 90 square meters. Meanwhile, the Notice specifies that the sale of a house that has been purchased by an individual for less than two years is subject to business tax at a full rate; and the sale of a house that has been purchased by an individual for two years or more is exempted from business tax. In addition, the Notice stresses that certain preferential business tax policies shall not apply to Beijing Municipality, Shanghai Municipality, Guangzhou City and Shenzhen City for the time being.

In accordance with the Circular of the MOHURD and the MLR on Strengthening the Administration and Regulation of Recent Housing and Land Supply (住房城鄉建設部、國土資源部關於加強近期住房及用地供應管理和調控有關工作的通知), promulgated and implemented on April 1, 2017 by the MOHURD and the MLR, in cities that have prominent contradictions between housing supply and demand or that face overheating markets, the supply of residential land, in particular those lands for ordinary commercial houses, shall be increased reasonably. In cities with heavy workloads of destock housing inventory, the supply of residential land shall be reduced or even suspended. All the local authorities shall build an inspection system to ensure that the property developers are using their own legal funds to purchase land.

Thirty one departments led by the National Development and Reform Commission, the People's Bank of China and the Ministry of Housing and Urban-Rural Development signed on the Memorandum of Understanding on Joint Punishment against Dishonest Entities in the Real Estate Industry (關於對房地產領域相關失信責任主體實施聯合懲戒的合作備忘錄) on June 23, 2017, pledging to jointly discipline entities conducting dishonest behaviors in real estate development and business activities as well their directly responsible staff. Punitive measures include but not limited to restricting entities subject to disciplinary actions to or prohibiting them from accessing to the market, obtaining the administrative license or soliciting funds according to the law, including restricting their obtaining of land supplied by the government, planning and location license for real estate development projects, the construction permits, the pre-sale permits or sale permits, and record-filing of the contracts for commodity house sales.

Pursuant to Notice of on the Regulation of Housing Financing and Strengthening Anti-Money Laundering (關於規範購房融資和加強反洗錢工作的通知) promulgated and implemented on September 29, 2017 by the Ministry of Housing and Urban-Rural Development, the People's Bank of China and the China Banking Regulatory Commission, real estate administration authorities shall list real estate developers that provide illegal financing including "down payment loan", conduct false valuation and provide false certificates on the list of real estate developers in serious violation of law which will be subject to intensive scrutiny in qualification certificate examination.

Mortgage on real estate

Under the Property Rights Law of the People's Republic of China (中華人民共和國物權法) promulgated by the SCNPC on March 16, 2007, the Urban Real Estate Law, the Guarantee Law of the People's Republic of China (中華人民共和國擔保法) promulgated by the SCNPC on June 30, 1995 and implemented on October 1, 1995, and the Measures on the Administration of Mortgages of Real Estate in Urban Areas (城市房地產抵押管理辦法) issued by the Ministry of Construction on May 9, 1997, effective on June 1, 1997 and amended on August 15, 2001, when a mortgage is created on a building legally obtained, a mortgage shall be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights of State-owned land acquired through means of grant are being mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings shall also be mortgaged at the same time. The mortgager and the mortgagee shall sign a mortgage contract in writing.

Lease of buildings

Pursuant to the Administrative Measures for Commodity Housing Leasing (商品房屋租賃管理辦法) promulgated on December 1, 2010 and effective as at February 1, 2011, the parties to a real estate lease shall apply for lease registration with the competent construction (real estate) departments of the municipalities directly under the Central Government, cities and counties where the housing is located within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

Under the PRC Contract Law, the term of a leasing contract shall not exceed 20 years.

New property law

On March 16, 2007, the 5th Session of the 10th NPC adopted the Property Rights Law of the People's Republic of China (中華人民共和國物權法) (the "**New Property Law**"), which took effect on October 1, 2007.

There are various clauses in the New Property Law to strengthen the protection on the rights of the house owners: (i) Article 89 of the New Property Law requests that "the construction of a building shall not violate the relevant provisions of the State on project construction, nor obstruct the air circulation, sunlight or daylight of any neighboring building", which protects house owners' right to enjoy sunlight and prevents house developers from illegal constructions; and (ii) Article 81 of the New Property Law grants house owners the right to manage by themselves the building and its ancillary facilities and replace the property management company or any other manager engaged by the house developer. This clause reinforces the independent rights of house owners to manage their own community.

The New Property Law further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

Real Estate Registration

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

REGULATIONS ON REAL ESTATE FINANCING

Financing real estate development and acquisition

Pursuant to the Guidance on Risk Management of Real Estate Loans of Commercial Banks (商業銀行房地產貸款風險管理指引) issued by the CBRC on August 30, 2004, any property developer applying for real estate development loans shall have at least 35 percent of capital required for the development.

On July 29, 2008, PBOC and CBRC jointly issued the Notice on Promoting Economical and Intensive Use of Land through Finance (關於金融促進節約集約用地的通知). Banks must provide financial support preferentially to the projects with economical and intensive use of land, such as the development of low-rent housing, economically affordable housing, price-capped housing and small to medium-sized ordinary commercial housing with a total GFA of less than 90 sq.m.. The banks are prohibited from granting loans to the property developers for payment of land premium. This notice emphasizes tightening the policy requirements and management of loans to certain projects, including:

(i) the management of loans for construction projects. The banks are prohibited from providing loans to (a) the projects which do not meet the relevant planning and control requirements, (b) the projects which have illegal land use and (c) the projects for which the relevant land falls into the catalog of banned land use projects. Where a loan has already been granted to such a project, it must be gradually recovered provided that necessary protection measures have been taken. A financial institution must exercise caution in granting a loan to the projects which falls into the catalog of restricted land use projects;

(ii) the examination of loans for municipal infrastructures and industrial land use projects;

(iii) the management of loans for rural collective construction land use projects. The banks are prohibited from providing loans to the commercial projects which use rural collective land; and

(iv) the management of credit for commercial property development projects.

With respect to loans provided for land reservation in the form of mortgage, a land use rights certificate must be obtained. In addition, the maximum mortgage ratio must not exceed 70% of the appraised value of the underlying collateral and, in principle, the term of loan must not exceed two years. When the relevant land and resource authority confirms that an enterprise has developed less than 1/3 of the site area of land or has invested less than 1/4 of the total investment for the project or hasn't commenced the project after one year from the date of construction commencement as stipulated in the land grant contract, the banks must exercise caution in granting loans to the enterprise and strictly control extended loans or rolling credits to it.

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

Trust Financing

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

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

REGULATIONS ON CONSTRUCTION SAFETY

Under relevant construction safety laws and regulations, including the Law of the People's Republic of China on Safe Production (中華人民共和國安全生產法) implemented by the SCNPC on November 1, 2002, and revised on August 27, 2009 and August 31, 2014, the developer shall apply with the relevant supervisory entity on safety for the registration of supervision for work safety in construction before its commencement of construction. Construction without such registration will not be granted construction work commencement permit. Contractors for the construction shall establish objectives and measures for work safety and improve working environment and conditions for workers in a planned and systematic way. A work safety protection scheme shall also be set up to carry out the work safety job responsibility system. At the same time, contractors shall adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures shall comply with the labor safety and hygiene standards of the State.

Housing loans to individual buyers

On April 17, 2010, the State Council issued the Notice on Strictly Restraining the Excessive Growth of the Property Prices in Some Cities (關於堅決遏制部分城市房價過快上漲的通知), pursuant to which, a stricter differential housing credit policy shall be enforced. It provides that, among other things, (i) for a family member who is a first-time home buyer (including the debtors, their spouses and their juvenile children, similarly hereinafter) of the apartment with gross floor area more than 90 sq.m., a minimum 30% down payment shall be paid; (ii) for a family who applies loans for its second house, the down payment requirement is raised to at least 50% from 40% and also provides that the applicable mortgage rate must be at least 1.1 times of that of the corresponding benchmark interest rate over the same corresponding period published by the PBOC; and (iii) for those who purchase three or more houses, even higher requirements on both down payments and interest rates shall be levied. In addition, the banks may suspend housing loans to third or more home buyers in places where house prices are excessively high, rise excessively rapidly and housing supply is insufficient.

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

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

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

The Notice of Taxation on Overall Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (關於全面推開營業税改徵增值税試點的通知), promulgated by the MOF and State Administration of Taxation on March 23, 2016 and implemented on May 1, 2016, provides that upon approval by the State Council, the pilot program of replacing business tax with value-added tax shall be implemented nationwide effective from May 1, 2016 and all business tax payers in construction industry, real estate industry, finance industry and consumer service industry, etc. shall be included in the scope of the pilot program and pay value-added tax instead of business tax. According to the appendix of this notice, entities and individuals engaging in the sale of services, intangible assets or real property within the territory of the People's Republic of China shall be the taxpayers of VAT and shall, instead of business tax, pay VAT in accordance with Measures for Implementation of the Pilot Program of Replacing Business Tax with Value-added Tax (營業税改徵增值税試點實施辦法). The sale of real property and the second-hand housing transaction shall adopt this notice.

REGULATIONS ON FIRE PREVENTION MANAGEMENT

According to the Fire Prevention Law of the People's Republic of China (中華人民共和國消防法) promulgated by the SCNPC on April 29, 1998 and implemented on September 1, 1998, later amended on October 28, 2008 and implemented on May 1, 2009, fire prevention facilities design and works for construction projects shall conform to state's fire prevention technical standards for engineering construction.

Supervision and Administration of Fire Prevention of Construction Projects (建設工程消防監督管理規定) promulgated by the Ministry of Public Security of the People's Republic of China (中華人民共和國公安部) on April 30, 2009, implemented on May 1, 2009 and later amended on July 17, 2012 and implemented on November 1, 2012 shall apply to the fire prevention supervision and administration of new construction, expansion, reconstruction (including indoor and outdoor improvement, thermal insulation in buildings and modification of uses) and other construction projects. This provision also specify the procedure and standard for review of fire facilities design and acceptance of fire prevention facilities.

REGULATIONS ON CIVIL AIR DEFENSE PROPERTY

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

REGULATIONS ON ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the Environmental Protection Law of the People's Republic of China (中華人民共和國環境保護法), the Prevention and Control of Noise Pollution Law of the People's Republic of China (中華人民共和國環境噪聲污染防治法), the Environmental Impact Assessment Law of Peoples Republic of China (中華人民共和國環境影響評價法), the Administrative Regulations on Environmental Protection of Construction Projects (2017 revision) (建設項目環境保護管理條例) (2017年修訂) and the Administrative Regulations on Environmental Protection for Acceptance Examination Upon Completion of Buildings (建設項目竣工環境保護驗收管理辦法). Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the buyers.

REGULATIONS ON LABOR AND SOCIAL SECURITY

On June 29, 2007, the PRC government promulgated the PRC Labor Contract Law (中華人民共和國勞動合同法), which became effective on January 1, 2008, amended on December 28, 2012 and became effective on July 1, 2013. Pursuant to the PRC Labor Contract Law and the PRC Labor Law (中華人民共和國勞動法), which became effective on January 1, 1995 and latest amended on December 29, 2018, (i) employers must execute written labor contracts with full-time employees, (ii) employers are prohibited from forcing employees to work overtime unless they pay overtime payment to the employees and the hours worked beyond the standard working hours are within the statutory limits, (iii) employers are required to pay salaries to employees on time and the salaries paid to employees shall not be lower than the local minimum salary standard, and (iv) employers shall establish its work safety and sanitation system, and provide employees with workplace safety training. In addition, in accordance with the relevant laws and regulations on social security, employers in the PRC are required to make contributions to various social insurances (including medical, pension, unemployment, work-related injury and maternity insurance) and the housing fund on behalf its employees.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) (the "**New Social Insurance Law**") promulgated on October 28, 2010 by the SCNPC and amended on December 29, 2018, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated and implemented on January 22, 1999 by the State Council, the

Interim Measures Concerning the Maternity Insurance of Employees of Enterprises (企業職工生育保險試行辦法) promulgated on December 14, 1994 and implemented on January 1, 1995 by former Ministry of Labor, the Regulation on the Administration of Housing Provident Fund (住房公積金管理條例) promulgated and implemented on April 3, 1999 and amended on March 24, 2002 by the State Council, the Regulation on Occupational Injury Insurances (工傷保險條例) promulgated on April 27, 2003 by the State Council and implemented on January 1, 2004 and amended on December 20, 2010 by the State Council, and regulations on pension insurance, medical insurance and unemployment insurance in the provincial and municipal level, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund and housing fund for the employees. After the New Social Insurance Law became effective, where an employer fails to pay social insurance premiums on time or in full amount, it will be ordered by the collection agency of social insurance premiums to pay or make up the deficit of premiums within a prescribed time limit, and a daily late fee at the rate of 0.05% of the outstanding amount from the due date will be imposed; and if it still fails to pay the premiums within the prescribed time limit, a fine of 1 to 3 times the outstanding amount might be imposed by the relevant administrative department.

PRC MERGER & ACQUISITION

According to the Provisions on the Takeover of Domestic Enterprises by Foreign Investors (關於外國投資者併購境內企業的規定) (the "**Circular 10**") jointly issued by the MOFCOM, the State-Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the SAT, the CSRC, the SAIC and the SAFE on August 8, 2006 and effective as of September 8, 2006 and subsequently amended on June 22, 2009 by the MOFCOM, the merger and acquisition of a domestic enterprise by a foreign investor is interpreted as (i) a foreign investor either acquiring equity of a domestic non-foreign-invested enterprise (a "**Domestic Enterprise**") or subscribing for new equity via an increase in capital that results in a conversion of such Domestic Enterprise into a foreign-invested enterprise; or (ii) a foreign investor establishing a foreign-invested enterprise which acquires and operates the assets of a Domestic Enterprise by an agreement, or a foreign investor purchasing the assets of a Domestic Enterprise followed by an injection of those assets to establish a foreign-invested enterprise. If a domestic company or natural person acquires its/his/her connected Domestic Enterprise in the name of its/his/her legally established or controlled overseas company, the approval of MOFCOM shall be sought. Circular 10 also provides that the overseas listing and trading of an overseas special purpose vehicle shall obtain the approval of the CSRC, and the overseas special purpose vehicle refers to an overseas company controlled directly or indirectly by PRC companies or natural persons intending to facilitate the listing and trading of their interests in such Domestic Enterprises overseas.

According to the Provisional Measures, where a non-foreign-invested enterprise changes into a foreign-invested enterprise due to acquisition, consolidation by merger or otherwise, which is subject to record-filing as stipulated in the measures, it shall complete the record-filing formalities for incorporation and submit the Incorporation Application in accordance with the measures.

OVERVIEW

We are an established integrated residential and commercial property developer in the PRC. Our founder, Mr. Lun RX, established Dongguan Huijing Real Estate in 2002 using his own financial resources and wealth accumulated through other businesses, in particular, the automobile business in Dongguan, because he was of the view that there were great potentials in the property market in Dongguan. In 2004, Mr. Lun RX established Dongguan Huijing Real Estate, the predecessor of our major subsidiary, Huijing Group, and Dongguan Huijing Real Estate obtained the pre-sale permits for Huijing Villa (First Phase) (滙景豪庭第一期). We set foot in Dongguan in order to capture the then anticipated opportunities in the Guangdong Province, which was supported by and benefited from various policies proposed by the PRC Government.

Our Group commenced development of our first property projects, namely, Huijing Ginza (滙景銀座) and Huijing Palace (滙景華府), in Dongguan in 2005 and had since engaged in the development of properties under our brand "Huijing (滙景)". Leveraging on our ability to provide quality residential properties to our customers, we commenced the construction of our first commercial property project namely, Huijing City (滙景城) in 2011 in Dongguan.

Since 2004, we have been focusing on developing projects in Dongguan. In 2016, we expanded our business operations to Heyuan, where we commenced our residential developments including Bund No. 8 (外灘8號). We also commenced our property projects in Hengyang and Changsha in 2016, and Hefei in 2017.

Since 2011, we commenced integrated property projects, which combine our residential properties with commercial properties to offer a "one-stop service" to our customers. We also started our first "tourism-healthy living" property projects to create a comfortable and quality living environment for our customers in 2016.

In 2016, the 13th Five-Year Plan for Economic and Social Development of the PRC Government proposed the concept of the Greater Bay Area which proposed to promote greater cooperation and economic development in, among others, Dongguan, Guangzhou and Huizhou. The proposed plan by the PRC Government coupled with our local experience in particular in urban renewal projects give our Group an edge in the Greater Bay Area to capture the future economic growth. As at May 31, 2019, we had or had contracted to acquire 17 property projects across five cites covering three provinces with an aggregate site area of approximately 2.0 million sq.m. with a planned GFA of approximately 4.5 million sq.m. in aggregate when completed, of which a GFA of 1.7 million sq.m. has been completed, 1.2 million sq.m. is under development, and a further 1.6 million sq.m. is planned for later development.

OUR KEY BUSINESS MILESTONES

The following is a summary of our Group's key business development milestones:

Year	Milestone event
2004	Dongguan Huijing Real Estate pre-sold its first property project, Huijing Villa (First Project) (滙景豪庭第一期)

Year	Milestone event
2005	We commenced the development of Huijing Ginza (滙景銀座) and Huijing Palace (滙景華府) in Dongguan
2010	Our residential property project "Huijing Palace" (滙景華府) was awarded the "Exquisite Taste Luxury Home Award" (頂級品味豪宅獎) by Wen Wei Po (文匯報), the Hong Kong Institute of Architects and the Hong Kong Institute of Designers
2011	We obtained approval for our first urban renewal project, Humen Marina City (虎門濱海城)
	We commenced our first integrated property projects, which combine our residential properties with hotels and/or office properties to offer a "one-stop service" to our customers. We commenced the construction of our first commercial Project Huijing City (滙景城) in Dongguan
2014	We were awarded "Dongguan Most-Influential Brand Real Estate Enterprises" (東莞最具影響力品牌房企) by Sohu (搜狐網)
2016	We commenced residential property projects outside Guangdong including (i) Bund No. 8 (外灘8號) in Heyuan; (ii) Huijing Yanhu International Resort (衡陽滙景 • 雁湖生態文旅小鎮) in Hengyang and (iii) Huijing Global Centre (滙景發展環球中心) in Changsha. We started tourism-healthy living property projects with a focus on creating a comfortable and quality living environment for our customers
	We were awarded "Anhui Top-10 City Complex Annual Award" (2016年安徽年度十佳城市綜合體) by Graduate School of Real Estate of Hefei University (合肥學院房地產研究所).
2017	We commenced residential property projects including Hefei Huijing City Centre (合肥滙景城市中心) in Hefei
2018	We entered into a memorandum of understanding in relation to the innovative technologies industry developments integrating AI and digital innovation into daily life
	We were awarded the 2017 China Hengyang Top Ten Featured Cultural Tourism Towns of Central China (2017年中國衡陽華中十佳特色文旅小鎮) by China Index Academy (中國指數研究院)/fang.com (房天下)

OUR MAJOR SUBSIDIARIES

PRC companies

In general, we establish or acquire a company or joint venture company for the purpose of holding the relevant interests in each new development and related financing arrangement. The majority of our subsidiaries were established in the PRC. Set forth below are certain details of our major subsidiaries which were all established in the PRC as at the Latest Practicable Date:

Company name	Date of establishment	Registered capital as at the Latest Practicable Date	Principal business activities	Property projects	Equity interest holder as at the Latest Practicable Date (Percentage of equity interest)	Controlling Shareholders' beneficial interests as at January 1, 2016	Material changes in the interests during the Track Record Period
Our major subsidiaries *Guangdong Province*							
1. Huijing Group (Note 1)	April 14, 2004	RMB50.0 million	Property development	Century Gemini (世紀雙子), Huijing City (滙景城), Emperor View Peak (帝景峰), Huijing Ginza (滙景銀座), Central Palace (中央華府)	Dongguan Baorui: (100%)	Indirectly held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan	No change
2. Dongguan Daxi (Note 2)	December 31, 2006	RMB50.0 million	Property development	Huijing City Centre (滙景城市中心)	Huijing Group: (100%)	Indirectly held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan	No change
3. Dongguan Wanfang (Note 3)	June 7, 2000	RMB100.0 million	Property development	Humen Marina City (虎門濱海城)	Dongguan Huijing Jiayu: (98%) Dongguan Wanqi#: (2%)	Nil (As at January 1, 2016 and up to May 31, 2018, the entire equity interests in Dongguan Wanfang was owned as to 80% by Mr. Chen Anwen (陳安穩) and as to 20% by Mr. Chen Shuwen (陳樹穩), both of them being Independent Third Parties.)	On June 1, 2018, according to the shareholder resolution dated April 30, 2018, Mr. Chen Anwen (陳安穩) and Mr. Chen Shuwen (陳樹穩) transferred 78.9% and 19.1% of their equity interests in Dongguan Wanfang to Dongguan Huijing Jiayu, respectively. Since then, Dongguan Wanfang was owned as to 98% by Dongguan Huijing Jiayu and as to 1.1% by Mr. Chen Anwen (陳安穩) and as to 0.9% by Mr. Chen Shuwen (陳樹穩). On August 10, 2018, Mr. Chen Anwen (陳安穩) and Mr. Chen Shuwen (陳樹穩) transferred their entire equity interests in Dongguan Wanfang to Dongguan Wanqi, at consideration of RMB1,100,000 and RMB900,000 respectively. Since then, Dongguan Wanfang was owned as to 98.0% by Dongguan Huijing Jiayu and as to 2.0% by Dongguan Wanqi. Since August 10, 2018 and up to the Latest Practicable Date, the equity interest in Dongguan Wanfang had not changed.

Company name	Date of establishment	Registered capital as at the Latest Practicable Date	Principal business activities	Property projects	Equity interest holder as at the Latest Practicable Date (Percentage of equity interest)	Controlling Shareholders' beneficial interests as at January 1, 2016	Material changes in the interests during the Track Record Period
4. Dongguan Zhengyun *(Notes 3 and 4)*	January 23, 2013	RMB4.0 million	Property development	Huijing Riverside Villa — Perfection (御海藍岸•臻品)	Dongguan Huijing Jiayu: (100%)	Nil (As at January 1, 2016 and up to September 7, 2016, the entire equity interests in Dongguan Zhengyun were held by Mr. Chen Guangzhong (陳廣忠), who is an Independent Third Party).	— On September 8, 2016, 50% of the shares in Dongguan Zhengyun were transferred to Mr. Chen GL and 50% of the shares were transferred to Ms. Lin JL. Both Mr. Chen GL and Ms. Lin JL held the shares on trust for Mr. Lun RX. Since September 8, 2016, 50% of the shares in Dongguan Zhengyun were entrusted to Mr. Chen GL by Mr. Lun RX and 50% of the shares were entrusted to Ms. Lin JL by Mr. Lun RX. Such trust arrangement was established as Mr. Lun RX is a frequent traveller, in order to save his time and effort to attend to all the administrative documents, he was of the view that Mr. Chen GL and Ms. Lin JL were the appropriate persons to be his trustees in relation to the equity interest in Dongguan Zhengyun, given their familial relationship. — On March 25, 2019, Mr. Chen GL and Ms. Lin JL, as the entrusted shareholders for Mr. Lun RX, unwound their respective trust arrangement and transferred each of their respective equity interests to Dongguan Huijing Jiayu at the direction of Mr. Lun RX.
5. Dongguan Jade *(Note 5)*	September 16, 2009	RMB1.0 million	Property development	City Valley (城市山谷) Royal Spring Hill (御泉香山)	Dongguan Baorui: (100%)	Indirectly held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan	No change
6. Dongguan Huijing Kailun Bay *(Note 6)*	May 30, 2006	RMB50.0 million	Property development	Huijing Riverside Villa (御海藍岸)	Huijing Group: (51%) Dongguan Baorui: (49%)	Indirectly held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan	On October 25, 2017, Dongguan Baorui transferred the 51% of the equity interests in Dongguan Huijing Kailun Bay to Huijing Group. Dongguan Baorui is wholly-owned by Hai Feng Holdings. As both Dongguan Baorui and Huijing Group were held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan, there had been no change in ultimate beneficial interests in Dongguan Huijing Kailun Bay during the Track Record Period.
7. Heyuan Huijing Property	November 27, 2015	RMB50.0 million	Property development	Bund No. 8 (外灘8號)	Huijing Group: (100%)	Indirectly held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan	No change

Company name	Date of establishment	Registered capital as at the Latest Practicable Date	Principal business activities	Property projects	Equity interest holder as at the Latest Practicable Date (Percentage of equity interest)	Controlling Shareholders' beneficial interests as at January 1, 2016	Material changes in the interests during the Track Record Period
8. Dongjiang Village Long He *(Note 3)*	February 3, 2015	RMB50.0 million	Property development	Nine Miles Bay (九里灣花園)	Heyuan Huijing Jiaying: (100%)	As at January 1, 2016 and up to January 13, 2016, the entire equity interests in Dongjiang Village Long He were owned as to 10% by Mr. Chen Huiming (陳輝明), as to 40% by Mr. Du Zhiming (杜志敏), as to 5% by Mr. Chen Wufeng (陳武鋒), as to 10% by Mr. Deng Yingkang (鄧映康) and as to 35% by Mr. Chen Zhilong (陳智龍), all of them being Independent Third Parties.	— On January 14, 2016, the then shareholders (other than Mr. Du Zhiming) transferred 60% of the equity interests of Dongjiang Village Long to Ms. Liu Qinglan (劉青蘭). From January 14, 2016 to May 21, 2017, Dongjiang Village Long He was held as to 40% by Mr. Du Zhiming (杜志敏) and as to 60% by Ms. Liu Qinglan (劉青蘭), both of them being Independent Third Parties. — On May 22, 2017, Mr. Du Zhiming (杜志敏) transferred his equity interests in Dongjiang Village Long He to Mr. Chen Jianxian (陳建先). From May 22, 2017 and up to October 22, 2017, Dongjiang Village Long He was held as to 40% by Mr. Chen Jianxian (陳建先) and as to 60% by Ms. Liu Qinglan (劉青蘭). Mr. Chen Jianxian is an Independent Third Party. — On October 23, 2017, Ms. Liu Qinglan (劉青蘭) transferred 60% of her equity interests in Dongjiang Village Long He to Heyuan Huijing Jiaying. From October 23, 2017 and up to December 6, 2017, Dongjiang Village Long He was held as at 40%, by Mr. Chen Jianxian (陳建先) and as to 60% by Heyuan Huijing Jiaying. — On December 7, 2017, Mr. Chen Jianxian (陳建先) transferred 40% of his equity interests in Dongjiang Village Long He to (i) Ms. Liu Qinglan (劉青蘭) as to 30% and Heyuan Huijing Jiaying as to 10% respectively. From December 7, 2017 and up to July 10, 2018, Dongjiang Village Long He was held as to 30% by Ms. Lin Qinglan (劉青蘭) and as to 70% by Heyan Huijing Jiaying. — On July 11, 2018, Ms. Liu Qinglan (劉青蘭) transferred the remaining 30% of the equity interests in Dongjiang Village Long He to Heyuan Huijing Jiaying. From July 11, 2018 and up to the Latest Practicable Date, the entire equity interests has been held by Heyuan Huijing Jiaying.

Company name	Date of establishment	Registered capital as at the Latest Practicable Date	Principal business activities	Property projects	Equity interest holder as at the Latest Practicable Date (Percentage of equity interest)	Controlling Shareholders' beneficial interests as at January 1, 2016	Material changes in the interests during the Track Record Period
9. Dongjiang Village Properties *(Note 3)*	May 18, 2006	RMB5.0 million	Property development	No project and the land remains as vacant as at the Latest Practicable Date	[Heyuan Huijing Jiawei: (80%) Mr. Liu Wuping#: (12%) Ms. Du Peiyi#: (8%)]	Nil (As at January 1, 2016, the equity interest in Dongjiang Village Properties had been owned as to 60% by Mr. Chen Jianxian (陳建先) and as to 40% by Mr. Du Guipin (杜桂平), both of them being Independent Third Parties)	— On December 8, 2017, Mr. Chen Jianxian (陳建先) disposed of his entire equity interests in Dongjiang Village Properties to Heyuan Huijing Jiawei as to 48% and to Ms. Liu Qinglan (劉青蘭) as to 12%. On the same date, Mr. Du Guipin (杜桂平) transferred 32% of his equity interests in Dongjiang Village Properties to Heyuan Huijing Jiawei. As a result, from December 8, 2017 and up to January 30, 2018, the equity interest in Dongjiang Village Properties had been held as to 8% by Mr. Du Guiping (杜桂平), as to 12% by Ms. Liu Qinglan (劉青蘭), being Independent Third Parties and as to 80% by Heyuan Huijing Jiawei. — From December 8, 2017 to the Latest Practicable Date, Dongjiang Village Properties was held by Heyuan Huijing Jiawei as to 80%, and there was no material changes in the equity interests of Dongjiang Village Properties during the relevant period. As regards the remaining 20% equity interests held by Mr. Du Guiping (杜桂平) and Ms. Liu Qinglan (劉青蘭), there had been various changes between January 31, 2018 to April 1, 2018, the 20% equity interests had been held as to 8% by Ms. Du Zhimin (杜志敏) and as to 12% by Ms. Liu Qinglan (劉青蘭). From April 2, 2018 to November 28, 2018, the 20% equity interests had been held as to 8% by Mr. Du Guiping (杜桂平) and as to 12% by Ms. Liu Qinglan (劉青蘭). From November 29, 2018 to December 13, 2018, the 20% equity interests had been held as to 8% by Mr. Du Guiping (杜桂平) and as to 12% by Mr. Liu Wuping (劉武平), from December 14, 2018 onwards, the 20% equity interests have been held as to 8% by Ms. Du Peiyi (杜佩怡) and as to 12% by Mr. Liu Wuping (劉武平). Each of Mr. Du Guiping, Ms. Liu Qinglan, Mr. Du Zhimin, Mr. Liu Wuping and Ms. Du Peiyi are an Independent Third Party.

Company name	Date of establishment	Registered capital as at the Latest Practicable Date	Principal business activities	Property projects	Equity interest holder as at the Latest Practicable Date (Percentage of equity interest)	Controlling Shareholders' beneficial interests as at January 1, 2016	Material changes in the interests during the Track Record Period
10. Yayuan Property	November 10, 2011	RMB1.0 million	Property development	No project and the land remains as vacant as at the Latest Practicable Date	Heyuan Huijing Jiasheng: (80%) Mr. Du Guiping#: (10%) Mr. Chen Zhijian#: (10%)	Nil (As at January 1, 2016, the equity interests in Yayuan Property had been owned as to 50% by Mr. Du Guiping (杜貴平) and as to 50% by Mr. Chen Zhijian (陳志健), being Independent Third Parties.)	— On October 18, 2017, each of Mr. Du Guiping (杜貴平) and Mr. Chen Zhijian (陳志健) transferred 40% of the equity interests in Yayuan Property to Heyuan Huijing Jiasheng. From October 18, 2017 and up to the Latest Practicable Date, equity interests in Yayuan Property had been owned as to 10% by Mr. Du Guiping (杜貴平), as to 10 % by Mr. Chen Zhijian (陳志健) and as to 80% by Heyuan Huijing Jiasheng.
Anhui Province							
11. Hefei Fuhua (Note 7)	January 4, 2013	RMB150.0 million	Property development	Hefei Huijing City Centre (合肥滙景城市中心)	He Tai Land: (80%) Fushen Investment: (20%)	Indirectly wholly owned by Mr. Lun RX	No change
Hunan Province							
12. Hengyang Huijing	October 25, 2010	RMB10.0 million	Property development	Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	Huijing Group: (100%)	Indirectly held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan	No change

Notes:

(1) From April 2004 and up to December 2012, Huijing Group was beneficially owned as to 100% by Mr. Lun RX, who entrusted 40% of his equity interest to his father, Mr. Lun JZ. Such trust arrangement was established as under the PRC Corporate Law, a natural person is allowed to establish only one limited liability company with a single equity holder, and such limited liability company cannot establish any wholly-owned companies. Therefore, Mr. Lun RX entrusted his father with part of his equity interest in Huijing Group such that Huijing Group would have two registered equity holders. In December 2012, at the direction of Mr. Lun RX for the purpose of unwinding the trust arrangement, Mr. Lun JZ, as the entrusted equity holder for Mr. Lun RX, transferred his 40% equity interest in Huijing Group to Dongguan Baorui at a consideration of RMB20.0 million. On the same day, Mr. Lun RX also transferred his 60% equity interest in Huijing Group to Dongguan Baorui at a consideration of RMB30.0 million. Since then, the equity interest in Huijing Group has been wholly-owned by Dongguan Baorui.

(2) From July 2013 to January 2015, Dongguan Daxi was beneficially owned as to 100% by Mr. Lun RX, who entrusted his 85% equity interest of Dongguan Daxi to his father, Mr. Lun JZ and the remaining 15% equity interest to Ms. Chan, his spouse. Such trust arrangement was established as Mr. Lun RX was a frequent traveller, in order to save his time and effort to attend to all the administrative documents, he was of the view that Mr. Lun JZ and Ms. Chan were the appropriate persons to be his trustees in relation to the equity interest in Dongguan Daxi given their familial relationship. In January 2015, at the direction of Mr. Lun RX for the purpose of unwinding the trust arrangement, Mr. Lun JZ, as the entrusted equity holder for Mr. Lun RX, transferred his 85% equity interest to Huijing Group at a consideration of approximately RMB8.9 million. On the same day, Ms. Chan also transferred her 15% equity interest to Huijing Group at a consideration of approximately RMB1.6 million. Since then, the equity interest in Dongguan Daxi has been wholly-owned by Huijing Group.

(3) Each of Dongguan Wanfang, Dongguan Zhengyun, Dongjiang Village Long He and Dongjiang Village Properties was accounted for as asset acquisition.

(4) Since August 2016 to March 2019, Dongguan Zhengyun was beneficially owned as to 100% by Mr. Lun RX, who entrusted 50% of his equity interest to Mr. Chen GL, his brother-in-law, and the remaining 50% equity interest to Ms. Lin JL, spouse of Mr. Chen GL. Such trust arrangement was established as Mr. Lun RX was a frequent traveller, in order to his save time and effort to attend to all the administrative documents, he was of the view that Mr. Chen GL and Ms. Lin JL were the appropriate persons to be his trustees in relation to the equity interest in Dongguan Zhengyun given their familial relationship. On March 25, 2019, Mr. Chen GL and Ms. Lin JL, as the entrusted equity holders for Mr. Lun RX, unwound the trust arrangement and transferred their equity interest to Dongguan Huijing Jiayu at the direction of Mr. Lun RX at a nominal consideration of RMB2 million each.

(5) From September 2009 to October 2009, Dongguan Jade was beneficially owned as to 100% by Mr. Lun RX, who entrusted 40% of his equity interest to his father, Mr. Lun JZ. Such trust arrangement was established as under the PRC Corporate Law, a natural person is allowed to establish only one limited liability company with a single equity holder, and such limited liability company cannot establish any wholly-owned companies. Therefore, Mr. Lun RX entrusted his father with part of his equity interest in Dongguan Jade such that Dongguan Jade would have two registered equity holders. In October 2009, Mr. Lun RX decided that he would hold Dongguan Jade entirely on his own. Therefore, at the direction of Mr. Lun RX for the purpose of unwinding the trust arrangement, Mr. Lun JZ, as the entrusted equity holder for Mr. Lun RX, transferred his 40% equity interest in Dongguan Jade back to Mr. Lun RX. In May 2012, Mr. Lun RX transferred his entire equity interest in Dongguan Jade to Dongguan Baorui at a consideration of RMB1.0 million. Since then, the entire equity interest in Dongguan Jade has been wholly-owned by Dongguan Baorui. The unwinding of such trust arrangement is not a breach of the PRC Corporate Law as when the trust arrangement was unwound in October 2009 and before the transfer of his entire equity interest in Dongguan Jade to Dongguan Baorui in May 2012, Mr. Lun RX only held one wholly-owned limited liability company during such period.

(6) From May 2006 to April 2012, Dongguan Huijing Kailun Bay was beneficially owned as to 100% by Mr. Lun RX, who entrusted 40% of the equity interest to his father, Mr. Lun JZ. Such trust arrangement was established as under the PRC Corporate Law, a natural person is allowed to establish only one limited liability company with a single equity holder, and such limited liability company cannot establish any wholly-owned companies. Therefore, Mr. Lun RX entrusted his father with part of his equity interest in Dongguan Huijing Kailun Bay such that Dongguan Huijing Kailun Bay would have two registered equity holders. In April 2012, at the direction of Mr. Lun RX for the purpose of unwinding the trust arrangement, Mr. Lun JZ, as the entrusted equity holder for Mr. Lun RX, transferred his 40% equity interest to Dongguan Baorui at a consideration of RMB4.0 million. On the same day, Mr. Lun RX transferred his 60% equity interest in Dongguan Huijing Kailun Bay to Dongguan Baorui at a consideration of RMB6.0 million. As a result, the entire equity interest in Dongguan Huijing Kailun Bay became wholly-owned by Dongguan Baorui. In February 2015, Dongguan Baorui transferred 51% of its equity interest to Huijing Group at a consideration of RMB15.3 million. Since then, the equity interest in Dongguan Huijing Kailun Bay has been owned as to 49% by Dongguan Baorui and as to 51% by Huijing Group.

(7) Since January 2013, the equity interest in Hefei Fuhua has been owned as to 80% by He Tai Land and as to 20% by Fushen Investment, and He Tai Land and Fushen Investment were acquired by Heng Fu Holdings and Dongguan Huijing Property Development respectively in 2016. Mr. Lun RX is beneficially interested in 100% of the equity interest in Fushen Investment, through Dongguan Huijing Property Development, in which 60% of the equity interest of Dongguan Huijing Property Development was entrusted by Mr. Lun RX to Mr. Chen GL and as to 40% of the equity interest of Dongguan Huijing Property Development were entrusted by Mr. Lun RX to Ms. Lin JL. On February 2, 2019, at the direction of Mr. Lun RX for the purpose of unwinding the trust arrangement, Mr. Chen GL and Ms. Lin JL, as the entrusted shareholders for Mr. Lun RX, transferred the entire equity interest in Hefei Fuhua to Huijing Group at the direction of Mr. Lun RX.

(8) Our PRC Legal Advisers have advised that all trust arrangements above were valid, legal and enforceable against the relevant parties under relevant PRC laws and regulations.

(9) Equity interest holders denoted with "#" are Independent Third Parties.

Offshore or Hong Kong companies

Our Group also had seven offshore or Hong Kong investment holding companies as at the Latest Practicable Date:

Company name	Place of incorporation	Date of incorporation	Principal business activities	Controlling Shareholders' beneficial interests as at 1 January 2016	Material changes in the interests during the Track Record Period
Hai Feng International	BVI	May 19, 2015	Investment holding	Directly held by Mr. Lun RX as to 100%	No change
Hai Feng Holdings *(Note 1)*	Hong Kong	June 7, 2011	Investment holding	Indirectly held as to 99% by Mr. Lun RX and as to 1% by Ms. Chan	— On April 1, 2016, Hai Feng Holdings issued and allotted 990,000 shares to Hai Feng International — On January 9, 2017, Mr. Chan Jik transferred his 10,000 shares, representing 1% of the total issued capital of Hai Feng Holdings to Ms. Chan at zero consideration — On March 27, 2019, Hai Feng International, at the direction of our Company, acquired 10,000 shares, representing 1% of the total issued share capital of Hai Feng Holdings from Ms. Chan at a consideration of RMB307.0 million
Great Mission *(Note 2)*	BVI	May 8, 1997	Investment holding	Nil (As at 1 January 2016, the entire issued shares of Great Mission was held by Mr. Lai Jin-Sheng, an Independent Third Party)	— On September 6, 2017, Mr. LAI Jin-Sheng transferred 50,000 shares to Ms. Chan, as a trustee of Mr. Lun RX, at consideration of US$29,000 — On August 13, 2018, at the direction of Mr. Lun RX, Ms. Chan transferred the entire issued share capital to Ms. Lun YK
Heng Fu Holdings	BVI	March 18, 2016	Investment holding	Indirectly wholly owned by Mr. Lun RX	No change
Heng Fu Development	BVI	June 5, 2012	Investment holding	Nil (Heng Fu Development was held as to 50.0%, as to 33.3% and as to 16.7% by Gold Planet Overseas Limited, BD Capital Management Limited and Diversified Resources International Limited, respectively, each of them was an Independent Third Party)	On May 18, 2016, Heng Fu Development acquired the entire equity interests of Heng Fu Development from Gold Planet Overseas Limited, BD Capital Management Limited and Diversified Resources International Limited at an aggregate consideration of RMB36,000,000
He Tai Land	Hong Kong	June 18, 2012	Investment holding	Indirectly held as to 100% by Mr. Lun RX	On 11 February, Hai Feng International, at the direction of our Company, acquired entire issued share capital from Mr. Lun RX, at a consideration of US$1.00.
Hui Jing Group (International)	BVI	August 28, 2018	Investment holding	Hui Jing Group (International) was incorporated on 28 August 2018 and was directly wholly owned by Mr. Lun RX	No change

Notes:

(1) Hai Feng Holdings was beneficially owned as to 100% by Mr. Lun RX, who entrusted 100% of his equity interest to Mr. Chen Shaobin from June 2011 to October 2015, and then to Mr. Chan Jik (陳勣) from October 2015 to January 2017. Such trust arrangements were established as Mr. Lun RX is a frequent traveller, in order to save his time and effort to attend to all the administrative documents, he was of the view that Mr. Chen Shaobin and Mr. Chan Jik, as his then trusted employees, were the appropriate persons to be his trustees in respect of his interest in Hai Feng Holdings. There was a change of trustee from Mr. Chen Shaobin to Mr. Chan Jik because Mr. Chen Shaobin needed time to attend to his personal affairs. On April 1, 2016, at the direction of Mr. Lun RX for the purpose of unwinding the trust arrangement, Hai Feng Holdings issued and allotted 990,000 shares to Hai Feng International. On January 9, 2017, Mr. Chan Jik transferred his 10,000 shares, representing 1% of the total issued capital of Hai Feng Holdings to Ms. Chan at zero consideration. On March 27, 2019, Hai Feng International, at the direction of our Company, acquired 10,000 shares, representing 1% of the total issued share capital of Hai Feng Holdings from Ms. Chan at a consideration of RMB307.0 million. Since then, Hai Feng Holdings became wholly-owned by Hai Feng International and an indirect wholly-owned subsidiary of our Company.

(2) Great Mission was beneficially owned as to 100% by Mr. Lun RX, who entrusted 100% of his equity interest to Ms. Chan from September 2017 to August 2018, and since August 2018, Ms. Lun YK, daughter of Mr. Lun RX, has been entrusted with the entire equity interest of Great Mission by way of transfer of the legal title from Ms. Chan to Ms. Lun YK. Such trust arrangement was established as Mr. Lun RX was a frequent traveller, in order to save his time and effort to attend to all the administrative documents, he was of the view that his wife was an appropriate person to be the trustee. There was a change of trustee from Ms. Chan to Ms. Lun YK because Ms. Lun YK has joined our Group since 2018 and she was able to commence taking up certain administration works on behalf of Mr. Lun RX. On January 15, 2019, at the direction of Mr. Lun RX, Ms. Lun YK as the entrusted equity holder for Mr. Lun RX, transferred the entire equity interest of Great Mission to Hai Feng International at a consideration of USD50,000. Since then, Great Mission became a wholly-owned subsidiary of Hai Feng International and an indirectly wholly-owned subsidiary of our Company.

Rationale for the trust arrangements for companies other than the major subsidiaries and the offshore and Hong Kong companies

Before the Reorganization, trust arrangements were in place in respect of Mr. Lun RX's interest in certain subsidiaries of our company, all of which had been unwound as at the Latest Practicable Date and the details are set out below.

1. From April 2013 to February 2019, Dongguan Haiya was beneficially owned as to 100% by Mr. Lun RX, who entrusted his entire equity interest to Sing Hui Holdings. Sing Hui Holdings was in turn beneficially owned as to 100% by Mr. Lun RX, who entrusted his entire equity interest to Mr. Chen GL from November 2014. Such trust arrangement was established as Mr. Lun RX was a frequent traveller, in order to save his time and effort to attend to all the administrative documents, he was of the view that Mr. Chen GL was the appropriate person to be his trustee in respect of his interest in Dongguan Haiya and Sing Hui Holdings. In February 2019, at the direction of Mr. Lun RX for the purpose of unwinding the trust arrangement between Dongguan Haiya and Sing Hui Holdings, Sing Hui Holdings transferred the entire equity interest of Dongguan Haiya to Hai Feng Holdings at a nominal consideration of RMB1.00. As a result, after the Reorganization and as at the Latest Practicable Date, Dongguan Haiya was wholly-owned by Hai Feng Holdings.

2. From April 2016 to February 2019, Dongguan Huijing Property Development was beneficially owned as to 100% by Mr. Lun RX, who entrusted 60% of his equity interest to Mr. Chen GL and the remaining 40% of his interest to Ms. Lin JL. Such trust arrangement was established as Mr. Lun RX was a frequent traveller, in order to save his time and effort to attend to all the administrative documents, he was of the view that Mr. Chen GL and Ms. Lin JL, were the appropriate persons to be his trustees in respect of his interest in Dongguan Huijing Property Development. In February 2019, at the direction of Mr. Lun RX for the

purpose of unwinding the trust arrangement, Mr. Chen GL and Ms. Lin JL as the entrusted equity holders for Mr. Lun RX, transferred the entire equity interest of Dongguan Huijing Property Development to Huijing Group at a nominal consideration of RMB2,000 each.

3. From April 2018 to January 2019, each of Dongguan Zhanrun, Dongguan Zhanhua, Dongguan Guanfeng and Dongguan Zhanfeng was ultimately and beneficially owned as to 100% by Mr. Lun RX, through Dongguan Henglai and Dongguan Haiqi. Dongguan Haiqi was a wholly-owned subsidiary of Dongguan Henglai. The entire equity interest of Dongguan Henglai was entrusted by Mr. Lun RX as to 50% to Mr. Chen GL and as to 50 % to Ms. Lin JL. Such trust arrangement was established as Mr. Lun RX was a frequent traveller, in order to save his time and effort to attend to all the administrative documents, he was of the view that Mr. Chen GL and Ms. Lin JL were the appropriate persons to be his trustees in respect of his interest in each of Dongguan Zhanrun, Dongguan Zhanhua, Dongguan Guanfeng and Dongguan Zhanfeng.

   In January 2019, at the direction of Mr. Lun RX, Dongguan Haiqi transferred the entire equity interest of each of Dongguan Zhanrun and Dongguan Zhanhua, at zero consideration to Dongguan Huijing Jiayu. In February 2019, at the direction of Mr. Lun RX, Dongguan Haiqi transferred the entire equity interest of Dongguan Zhanfeng and Dongguan Guanfeng, at zero consideration and at a nominal consideration of RMB1.0 to Dongguan Huijing Jiayu, respectively. As a result, each of Dongguan Zhanrun, Dongguan Zhanhua, Dongguan Guanfeng and Dongguan Zhanfeng became a wholly-owned subsidiary of Dongguan Huijing Jiayu.

4. From August 2018 to January 2019, Songsen Furniture was ultimately and beneficially owned as to 100% by Mr. Lun RX, through Great Mission, the entire equity interest of which was entrusted by Mr. Lun RX to Ms. Lun YK. Such trust arrangement was unwound in January 2019. For details, please refer to note (2) of the paragraph headed "History, Reorganization and Group Structure — Our Major Subsidiaries — Offshore or Hong Kong companies" in this section.

As at the Latest Practicable Date, all of the above subsidiaries were held by our Company directly or indirectly.

OUR JOINT VENTURE COMPANY AND ASSOCIATED COMPANY

We set up joint venture or associated company with other property developers to conduct property developments. As at June 30, 2019, we had one joint venture company and one associated company. Our involvement in the joint venture company and associated company may vary depending on the terms of the relevant agreements. Set forth below are certain details of the arrangements we have with our joint venture partners:

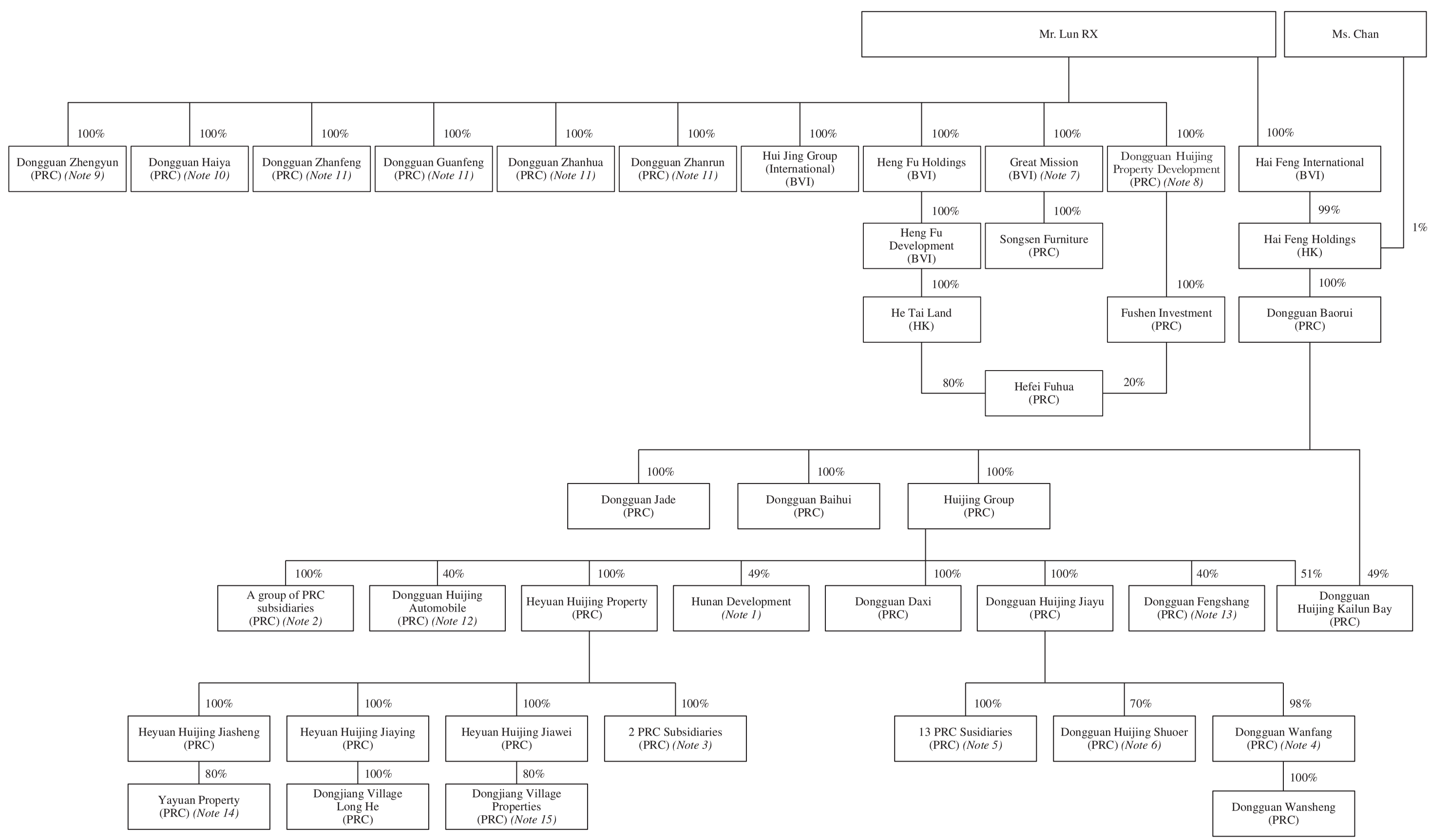
Company name	Our joint venture partner(s)	Board majority (our seats: our partner(s)' seats)	Property developments	Day-to-day management (role of our representative)	Percentage of beneficial interests of our Company
Our joint venture company					
Hunan Development	• Hunan Development Assets Management Group Limited (湖南發展資產管理集團有限公司)	3:3	Huijing Global Centre (滙景發展環球中心)	Property development, construction quality control, design and sale	49%
	• Hunan Gaoxin Venture Investment Limited (湖南高新創業投資集團有限公司)				
Our associated company					
Dongguan Fengshang *(Note)*	• Two individuals, both being Independent Third Parties	As at the Latest Practicable Date, there was only one director	Fengshang Mansion (鋒尚公寓)	Not applicable	40%
	• Dongguan Market Services Centre (東莞市市場服務中心)				

Note: The associated company has no further operation as at the Latest Practicable Date.

Save as disclosed in the subsection headed "Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents" in this document, to the best knowledge of the Directors, as at the Latest Practicable Date, our Company was not aware of any non-compliance with any applicable PRC laws and regulations of its joint venture company and the associated company which would have a material adverse effect on our Group's operations and financial position.

REORGANIZATION

As part of the restructuring in contemplation of the **[REDACTED]**, we implemented the Reorganization. The following chart sets forth the shareholding structure of our Group immediately before the Reorganization.



Notes:

(1) Hunan Development is a joint venture company, which was owned as to 49% by the Company, as to 35.7% by Hunan Development Assets Management Group Limited (湖南發展資產管理集團有限公司) and as to 15.3% by Hunan Gaoxin Venture Investment Limited (湖南高新創業投資集團有限公司), both being Independent Third Parties. Please refer to the subsection headed "— Our Joint Venture Company and Associated Company" in this section which was owned as to 49% by the Company. Hunan Development Assets Management Group Limited is a limited liability company established in the PRC on April 26, 2002 with a registered capital of RMB10 billion and primarily engaged in property-related projects assigned by the provincial government. As regards Hunan Gaoxin Venture Investment Limited, it is a limited liability company established in the PRC on June 29, 2007 with a registered capital of RMB2 billion and is primarily engaged in the provision of investment and financing platform for the high-tech enterprises. Each of Hunan Development Assets Management Group Limited and Hunan Gaoxin Venture Investment Limited is a state-owned enterprise.

(2) Immediately before the Reorganisation, this group of subsidiaries comprised three wholly-owned subsidiaries established in the PRC, namely, Hefei Changheng, Hengyang Huijing and Changsha Ruiying, which hold the entire equity interest of Hengyang Yanhu and Runfeng Xianghe. As at the Latest Practicable Date, except for Hengyang Huijing and all of which had no business operations. On May 31, 2019, Changsha Ruiying and Runfeng Xianghe were deregistered. Since May 31, 2019 and up to the Latest Practicable Date, this group of subsidiaries comprised three wholly-owned subsidiaries established in the PRC, namely, Hefei Changheng and Henyang Huijing, which hold the entire equity interests of Henyang Yanhu.

(3) The two wholly-owned subsidiaries, namely, Heyuan Huijing Jiaqi and Heyuan Huijing Jiachao, were established in the PRC and had no business operations as at the Latest Practicable Date.

(4) Dongguan Wanfang is owned as to 98% by Dongguan Huijing Jiayu and as to 2% by Dongguan Wanqi, an Independent Third Party. Dongguan Wanqi is a limited liability company established in the PRC on June 12, 2018 with a registered capital of RMB5 million and is primarily engaged in property investment. Further, Dongguan Wanqi is wholly-owned by Dongguan Wansha, an Independent Third Party, which is a limited liability company established in the PRC on July 4, 2016 with a registered capital of RMB8 million and is primarily engaged in property holding. As at the Latest Practicable Date, Dongguan Wansha was owned as to 55% by Mr. Chen Anwen (陳安穩) and 45% by Mr. Chen Shuwen (陳樹穩), both being Independent Third Parties. Mr. Chen Anwen was also a manager, executive director and legal representative of Dongguan Wansha while Mr. Chen Shuwen was a shareholder only of Dongguan Wansha.

(5) This group of subsidiaries comprised 13 wholly-owned subsidiaries, namely, Dongguan Huijing Jiadi, Dongguan Huijing Jiawei, Dongguan Huijing Jiaming, Dongguan Huijing Jiayou, Dongguan Huijing Jiaxin, Dongguan Huijing Jiasheng, Dongguan Huijing Jiafu, Dongguan Huijing Jiali, Dongguan Huijing Jiachao, Dongguan Huijing Jiaqi, Dongguan Huijing Jiawan, Dongguan Huijing Jiaying and Dongguan Houshun (which was a wholly-owned subsidiary of Dongguan Huijing Jiachao), all of which were established in the PRC and had no business operations as at the Latest Practicable Date.

(6) Dongguan Huijing Shuoer is owned as to 70% by Dongguan Huijing Jiayu and as to 30% by Dongguan Shuoer Holdings, an Independent Third Party. Dongguan Shuoer Holdings is a limited liability company established in the PRC on June 2, 2017 with a registered capital of RMB1 million and is primarily engaged in property investment. Further, Dongguan Shuoer Holdings is wholly owned by Shenzhen Shuoer Holdings Company Limited (深圳市索爾控股有限公司), an Independent Third Party, which is a limited liability company established in the PRC on February 23, 2017 with a registered capital of RMB26 million and is primarily engaged in property holding. As at the Latest Practicable Date, Dongguan Huijing Shuoer had no business operations.

(7) Immediately before the Reorganization, Great Mission was beneficially owned as to 100% by Mr. Lun RX. The shares were entrusted as to 100% to Ms. Lun YK.

(8) Immediately before the Reorganization, Dongguan Huijing Property Development was beneficially owned as to 100% by Mr. Lun RX, who entrusted 60% of the equity interest to Mr. Chen GL and 40% to Ms. Lin JL.

(9) Immediately before the Reorganization, Dongguan Zhengyun was beneficially owned as to 100% by Mr. Lun RX, who entrusted 50% of the equity interest to Mr. Chen GL and 50% to Ms. Lin JL.

(10) Immediately before the Reorganization, the entire equity interest of Dongguan Haiya was beneficially owned by Mr. Lun RX, who entrusted 100% of the equity interest to Mr. Chen GL.

(11) Immediately before the Reorganization, Dongguan Zhanrun, Dongguan Zhanhua, Dongguan Guanfeng and Dongguan Zhanfeng were ultimately and beneficially owned as to 100% by Mr. Lun RX, through Dongguan Henglai and Dongguan Haiqi. Dongguan Haiqi was a wholly-owned subsidiary of Dongguan Henglai. The entire equity interest of Dongguan Henglai was entrusted by Mr. Lun RX as to 50% to Mr. Chen GL and as to 50% to Ms. Lin JL.

(12) During the period from June 21, 2017 to August 30, 2019 (including the time immediately before the Reorganization), Dongguan Huijing Automobile was held as to 20% by Dongguan Zhangmutou Town Joint Economic Union (東莞市樟木頭鎮圩鎮股份經濟聯合社), 40% by a financial institution and as to 40% by our Group. This was the result of the debt financing arrangement of our Group pursuant to which our Group transferred 40% equity interest (out of its 80% equity interest) in the entity to a financial institution, Shenzhen Chuangxuan Investment Management Limited (深圳市創軒投資管理有限公司). Shenzhen Chuangxuan Investment Management Limited is a limited liability company established in the PRC on April 26, 2016 with a registered capital of RMB5 million and is entirely held by Shenzhen Anhuang Investment Management Co., Ltd (深圳安創投資管理有限公司), which is primarily engaged in investment management. Under the debt financing arrangement, our Group's profit sharing ratio over this entity is 80% and the consideration received by our Group from the financial institution for the transfer of the 40% equity interest in this entity was accounted for as a financial liability. In July 2019, our Group fully settled the outstanding principal and interest to the financial institution and in August 2019, the financial institution had transferred back the 40% equity interest in the entity to our Group. Since August 31, 2019, Dongguan Huijing Automobile is held as to 20% by Dongguan Zhangmutou Town Joint Economic Union (東莞市樟木頭鎮圩鎮股份經濟聯合社), being an Independent Third Party, and as to 80% by our subsidiary, Huijing Group. Dongguan Zhangmutou Town Joint Economic Union is a town association formed in 2003 in the PRC responsible for facilitating economic activities of the local communities. Dongguan Huijing Automobile has been a subsidiary of our Company since its establishment.

(13) Dongguan Fengshang is our associated company and is held as to 40% by Mr. Huang Jinhu (黃錦湖), 10% by Dongguan Market Service Centre Limited (東莞市市場服務中心有限公司), 10% by Ms. Lan Yunfei (蘭雲飛), all being Independent Third Parties, and 40% by our subsidiary, Huijing Group. Dongguan Market Service Centre Limited is a limited company established in the PRC on March 3, 1988 with a registered capital of RMB5 million and is entirely held by Dongguan Asset Management Co., Ltd. (東莞市資產經營管理有限公司). It is primarily engaged in the development of bazaar market, market management, leasing services as well as the development and the operation of the real estate of Dongguan Fengshang.

(14) Yayuan Property is held as to 80% by our subsidiary, Heyuan Huijing Jiaxin, as to 10% by Mr. Du Guiping (杜貴平) and as to 10% by Mr. Chen Zhijian (陳志健), both being Independent Third Parties.

(15) Dongjiang Village Properties is held as to 80% by our subsidiary, Dongguan Huijing Jiawei, as to 12% by Mr. Liu Wuping (劉武平) and 8% by Ms. Du Peiyi (杜佩怡), both being Independent Third Parties.

As at the Latest Practicable Date, our Group had established and/or acquired a number of operating subsidiaries in the PRC to carry out our businesses. Major acquisitions and changes in their equity holding are set forth below:

The reorganization steps

(i) Incorporation of our offshore holding companies

(a) Incorporation of Wui Ying

On January 4, 2019, Wui Ying was incorporated in BVI with limited liability. As at the date of its incorporation, Wui Ying was authorized to issue a maximum of 50,000 ordinary shares of a single class with a par value of USD1.00 each.

On the same date, Wui Ying allotted and issued one subscriber share with a par value of USD1.00 as fully paid to Mr. Lun RX and the issued share capital of Wui Ying became wholly-owned by Mr. Lun RX.

(b) Incorporation of Wui Shing

On January 4, 2019, Wui Shing was incorporated in BVI with limited liability. As at the date of its incorporation, Wui Shing was authorized to issue a maximum of 50,000 ordinary shares of a single class with a par value of USD1.00 each.

On the same date, Wui Shing allotted and issued one subscriber share with a par value of USD1.00 as fully paid to Ms. Chan and the issued share capital of Wui Shing became wholly-owned by Ms. Chan.

(ii) Incorporation of our Company

On January 9, 2019, our Company was incorporated in the Cayman Islands as an exempted company with limited liability. As at the date of its incorporation, the authorized share capital of our Company was HKD380,000 divided into 38,000,000 Shares with a par value of HKD0.01 each.

On the same date, our Company allotted and issued one subscriber Share with a par value of HKD0.01 as nil-paid to Sharon Pierson as the initial subscriber pursuant to the memorandum and articles of association of our Company. On the same date, Sharon Pierson transferred the one nil-paid Share to Mr. Lun RX at a nominal value of HKD1.00. On March 25, 2019, Mr. Lun RX transferred the one nil-paid Share of the Company to Wui Ying. Upon completion of the transfer, the entire issued share capital of the Company became wholly-owned by Wui Ying.

(iii) Acquisition of Dongguan Huijing Property Development by Huijing Group

Immediately before the Reorganization, Dongguan Huijing Property Development was beneficially owned as to 100% by Mr. Lun RX, who entrusted 60% of the equity interest to Mr. Chen GL and 40% to Ms. Lin JL. Please refer to the paragraph headed "History, Reorganization and Group Structure — Our Major Subsidiaries — Rationale for the trust arrangements" in this section for the rationale for the trust arrangement.

On February 2, 2019, Mr. Chen GL and Ms. Lin JL, as the entrusted equity holders for Mr. Lun RX, transferred the entire equity interest to Huijing Group at a nominal consideration of RMB2,000 each.

(iv) Acquisitions by Dongguan Huijing Jiayu

(a) Acquisition of Dongguan Zhengyun

Immediately before the Reorganization, Dongguan Zhengyun was beneficially owned as to 100% by Mr. Lun RX, who entrusted 50% of the equity interest to Mr. Chen GL and 50% to Ms. Lin JL. Please refer to note (3) of the paragraph headed "History, Reorganization and Group Structure — Our Major Subsidiaries — PRC companies" in this section for the rationale for the trust arrangement.

On March 25, 2019, Mr. Chen GL and Ms. Lin JL, as the entrusted equity holders for Mr. Lun RX, unwound the trust arrangement and transferred their equity interest to Dongguan Huijing Jiayu at the direction of Mr. Lun RX at a consideration of RMB2.0 million each.

(b) Acquisition of Dongguan Zhanrun, Dongguan Zhanhua, Dongguan Guanfeng, Dongguan Zhanfeng

Immediately before the Reorganization, Dongguan Zhanrun, Dongguan Zhanhua, Dongguan Guanfeng and Dongguan Zhanfeng were ultimately and beneficially owned as to 100% by Mr. Lun RX, through Dongguan Henglai and Dongguan Haiqi. Dongguan Haiqi was a wholly-owned subsidiary of Dongguan Henglai. The entire equity interest of Dongguan Henglai was entrusted by Mr. Lun RX as to 50% to Mr. Chen GL and as to 50% to Ms. Lin JL. Please refer to paragraph headed "History, Reorganization and Group Structure — Our Major Subsidiaries — Rationale for the trust arrangements" in this section for the rationale for the trust arrangements.

On January 31, 2019, at the direction of Mr. Lun RX, Dongguan Haiqi transferred the entire equity interest of each of Dongguan Zhanrun and Dongguan Zhanhua at zero consideration each to Dongguan Huijing Jiayu.

On February 21, 2019, at the direction of Mr. Lun RX, Dongguan Haiqi transferred the entire equity interest of Dongguan Zhanfeng at zero consideration to Dongguan Huijing Jiayu.

On February 22, 2019, at the direction of Mr. Lun RX, Dongguan Haiqi transferred the entire equity interest of Dongguan Guanfeng at a nominal consideration of RMB1.0 to Dongguan Huijing Jiayu. The consideration was satisfied by Mr. Lun RX in cash.

As a result, each of Dongguan Zhanrun, Dongguan Zhanhua, Dongguan Guanfeng and Dongguan Zhanfeng has become a wholly-owned subsidiary of Dongguan Huijing Jiayu. Dongguan Henglai and Dongguan Haiqi are not part of our Group, and therefore their trust arrangements have not been unwound.

(v) Establishment of Huijing Jianuo Property and Dongguan Jiayishi

On February 1, 2019, Huijing Jianuo Property was established in the PRC with limited liability with Dongguan Huijing Jiayu as the sole shareholder. The registered share capital of Huijing Jianuo Property was RMB50.0 million. As a result, Huijing Jianuo Property has become a wholly-owned subsidiary of Dongguan Huijing Jiayu.

On March 19, 2019, Dongguan Jiayishi was established in the PRC with limited liability. The registered share capital of Dongguan Jiayishi was RMB50.0 million. On the same date, Dongguan Jiayishi allotted shares to Dongguan Huijing Jiayu as the shareholder. As a result, Dongguan Jiayishi has become a wholly-owned subsidiary of Dongguan Huijing Jiayu.

(vi) Acquisition of Dongguan Haiya by Hai Feng Holdings

Immediately before the Reorganization, the entire equity interest of Dongguan Haiya, was beneficially owned by Mr. Lun RX, who entrusted 100% of the equity interest to Mr. Chen GL. Please refer to the paragraph headed "History, Reorganization and Group Structure — Our Major Subsidiaries — Rationale for the trust arrangements" in this section for the rationale for the trust arrangement.

On February 25, 2019, at the direction of Mr. Lun RX, Sing Hui Holdings transferred the entire equity interest of Dongguan Haiya to Hai Feng Holdings at a nominal consideration of RMB1.0.

(vii) Acquisition of Great Mission by Hai Feng International

Immediately before the Reorganization, Great Mission was beneficially owned as to 100% by Mr. Lun RX. The entire equity interest of Great Mission was entrusted to Ms. Chan from September 6, 2017 to August 12, 2018, and since August 13, 2018, Ms. Lun YK, daughter of Mr. Lun RX by way of transfer of the legal title from Ms. Chan to Ms. Lun YK. Please refer to note (2) of the paragraph headed "History, Reorganization and Group Structure — Our Major Subsidiaries — Offshore or Hong Kong companies" in this section for the rationale for the trust arrangement.

On January 15, 2019, at the direction of Mr. Lun RX, Ms. Lun YK as the entrusted equity holder for Mr. Lun RX, transferred the entire equity interest of Great Mission to Hai Feng International at a consideration of USD50,000, based on the par value of the shares of Great Mission. Upon completion of the above acquisition, Great Mission became a wholly-owned subsidiary of Hai Feng International, and as a result, Great Mission became an indirectly wholly-owned subsidiary of our Company.

(viii) Acquisition of Hai Feng International by our Company

On March 25, 2019, pursuant to the Share Swap Agreement, our Company acquired one share of Hai Feng International from Mr. Lun RX, representing the entire issued share capital of Hai Feng International at a consideration of RMB30.7 billion, which was determined with reference to the net asset value of Hai Feng International and its subsidiaries as at December 31, 2018, and having taken into account of the value of land. The consideration was satisfied by the issue and allotment of 98 Shares by our Company to Wui Ying, credited as fully paid of the one nil-paid Share of our Company held by Wui Ying.

Upon completion of the above acquisition, Hai Feng International became a wholly-owned subsidiary of our Company.

(ix) Acquisitions of Hai Feng Holdings, Heng Fu Holdings and Hui Jing Group (International) by Hai Feng International

(a) Acquisition of Heng Fu Holdings

Immediately before the Reorganization, Heng Fu Holdings was wholly owned by Mr. Lun RX.

On February 11, 2019, Hai Feng International, at the direction of our Company, acquired the entire issued share capital of Heng Fu Holdings at a nominal consideration of USD1.00.

Upon completion of the above acquisition, Heng Fu Holdings became wholly-owned by Hai Feng International and an indirect wholly-owned subsidiary of our Company.

(b) Acquisition of 1% shareholding in Hai Feng Holdings

Immediately prior to the Reorganization, Hai Feng Holdings was owned as to 99% by Hai Feng International and as to 1% by Ms. Chan.

On March 27, 2019, Hai Feng International, at the direction of our Company, acquired 10,000 shares Hai Feng Holdings from Ms. Chan, representing 1% of the issued share capital of Hai Feng Holdings, at a consideration of RMB307.0 million, which was determined with reference to 1% of the net asset value of Hai Feng Holdings and its subsidiaries as at December 31, 2018, and having taken into account of the value of the land. The consideration was satisfied by the issue and allotment of one Share by our Company to Wui Shing, credited as fully paid, in accordance with the terms of the Share Swap Agreement.

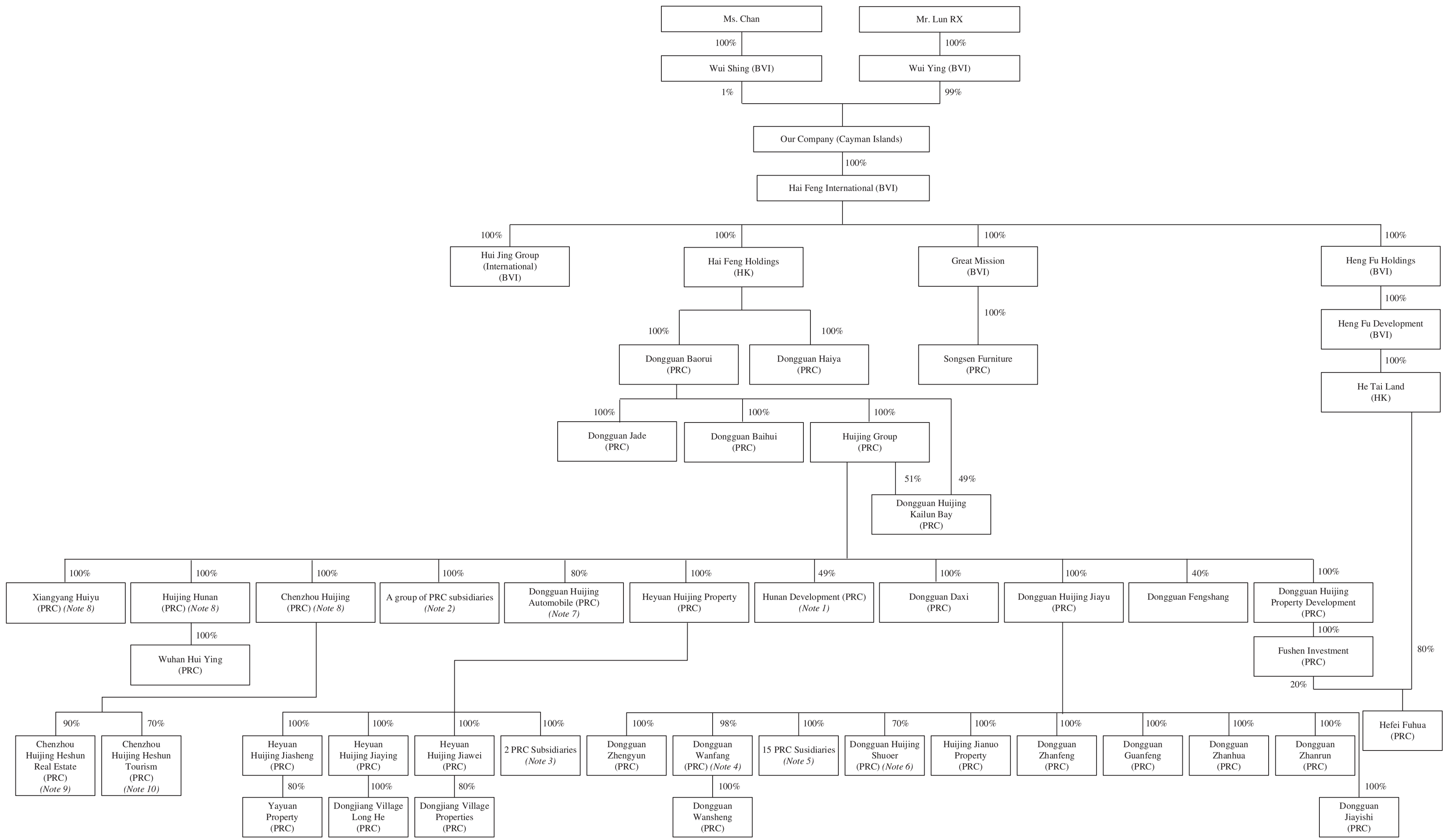
Upon completion of the above acquisition, Hai Feng Holdings became wholly-owned by Hai Feng International and an indirect wholly-owned subsidiary of our Company.

(c) Acquisition of Hui Jing Group (International)

Immediately before the Reorganization, the entire share capital of Hui Jing Group (International) was beneficially owned by Mr. Lun RX. On March 25, 2019, at the direction of the Company, Hai Feng International acquired the entire issued share capital of Hui Jing Group (International) at a nominal consideration of HK$1.00.

Upon completion of the above acquisition, Hui Jing Group (International) became an indirect wholly-owned subsidiary of our Company.

The following chart sets forth the shareholding structure of our Group immediately after the Reorganization and before completion of the **[REDACTED]** and the **[REDACTED]**:



Notes:

(1) Hunan Development is a joint venture company, please refer to the subsection headed "— Our Joint Venture Company and Associated Company" in this section.

(2) Since May 31, 2019, this group of companies comprised three wholly-owned subsidiaries established in the PRC, namely, Hefei Changheng and Hengyang Huijing, which hold the entire equity interest of Hengyang Yanhu. As at the Latest Practicable Date, Hefei Changheng and Hengyang Yanhu had no business operations.

(3) The two wholly-owned subsidiaries, namely, Heyuan Huijing Jiaqi and Heyuan Huijing Jiachao were established in the PRC and had no business operations as at the Latest Practicable Date.

(4) Dongguan Wanfang is owned as to 98% by Dongguan Huijing Jiayu and as to 2% by Dongguan Wanqi, an Independent Third Party. Dongguan Wanqi is a limited liability company established in the PRC on June 12, 2018 with a registered capital of RMB5 million and is primarily engaged in property investment. Further, Dongguan Wanqi is wholly-owned by Dongguan Wansha, an Independent Third Party, which is a limited liability company established in the PRC on July 4, 2016 with a registered capital of RMB8 million and is primarily engaged in property holding. As at the Latest Practicable Date, Dongguan Wansha was owned as to 55% by Mr. Chen Anwen (陳安穩) and 45% by Mr. Chen Shuwen (陳樹穩), both being Independent Third Parties. Mr. Chen Anwen was also a manager, executive director and legal representative of Dongguan Wansha while Mr. Chen Shuwen was a shareholder only of Dongguan Wansha.

(5) This group of companies comprised 15 wholly-owned subsidiaries namely, Dongguan Huijing Jiadi, Dongguan Huijing Jiawei, Dongguan Huijing Jiaming, Dongguan Huijing Jiayou, Dongguan Huijing Jiaxin, Dongguan Huijing Jiasheng, Dongguan Huijing Jiafu, Dongguan Huijing Jiali, Dongguan Huijing Jiachao, Dongguan Huijing Jiaqi, Dongguan Huijing Jiawan, Dongguan Huijing Jiaying, Dongguan Houshun (which was a wholly-owned subsidiary of Dongguan Huijing Jiachao) Dongguan Zhanjia (which was a wholly-owned subsidiary of Dongguan Dongguan Huijing Jiali) and Dongguan Zhancheng (which was a wholly-owned subsidiary of Dongguan Huijing Jiali), all of which were established in the PRC and had no business operations as at the Latest Practicable Date.

(6) Dongguan Huijing Shuoer is owned as to 70% by Dongguan Huijing Jiayu and as to 30% by Dongguan Shuoer Holdings, an Independent Third Party. As at the Latest Practicable Date, Dongguan Huijing Shuoer had no business operations.

(7) In July 2019, our Group fully settled the outstanding principal and interest to the financial institution and in August 2019, the financial institution had transferred back the 40% equity interest in the entity to our Group. From August 31, 2019, Dongguan Huijing Automobile is held as to 20% by Dongguan Zhangmutou Town Joint Economic Union (東莞市樟木頭鎮圩鎮股份經濟聯合社), being an Independent Third Party, and as to 80% by our subsidiary, Huijing Group. Dongguan Zhangmutou Town Joint Economic Union is a town association formed in 2003 in the PRC responsible for facilitating economic activities of the local communities. Dongguan Huijing Automobile has been a subsidiary of our Company since its establishment.

(8) Chenzhou Huijing, Xiangyang Haiyu and Huijing Hunan were established as limited liability companies in the PRC on May 17, 2019, June 5, 2019 and May 20, 2019, respectively.

(9) Chenzhou Huijing Heshun Real Estate was established as a limited liability company in the PRC on July 19, 2019 and is held as to 90% by our subsidiary, Chenzhou Huijing and as to 10% by Beijing Haotian Jinyuan International Investment Co., Ltd. (北京舜天金元國際投資有限公司) ("Beijing Haotian Jinyuan"), an Independent Third Party.

(10) Chenzhou Huijing Heshun Tourism was established as a limited liability company on July 19, 2019 and is held as to 70% by our subsidiary, Chenzhou Huijing, and as to 30% by Beijing Haotian Jinyuan, an independent Third Party.

[REDACTED]

Our Company adopted the **[REDACTED]** on April 6, 2019. Following the adoption of the **[REDACTED]** on April 6, 2019 and on the same date, an aggregate of **[REDACTED] [REDACTED]** have been conditionally granted, representing **[REDACTED]**% of the issued capital of our Company immediately after the **[REDACTED]** and the completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of **[REDACTED]**, the **[REDACTED]** and the options which may be granted under the Share Option Schemes), to 43 Grantees, including four Directors, four members of our senior management team, one connected person of our Company (other than Directors and chief executive of our Company) and 34 other Grantees.

As at the Latest Practicable Date, options to subscribe for **[REDACTED]** had lapsed and on October 23, 2019, our Company has conditionally granted such **[REDACTED]** to certain employees. As such, assuming full vesting and exercise of the outstanding **[REDACTED]** granted under the **[REDACTED]**, the shareholding percentage of our Shareholders immediately following the **[REDACTED]** would be diluted by approximately **[REDACTED]**% as calculated based on **[REDACTED]** Shares then in issue (assuming that the **[REDACTED]** is not exercised and without taking into account any Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes).

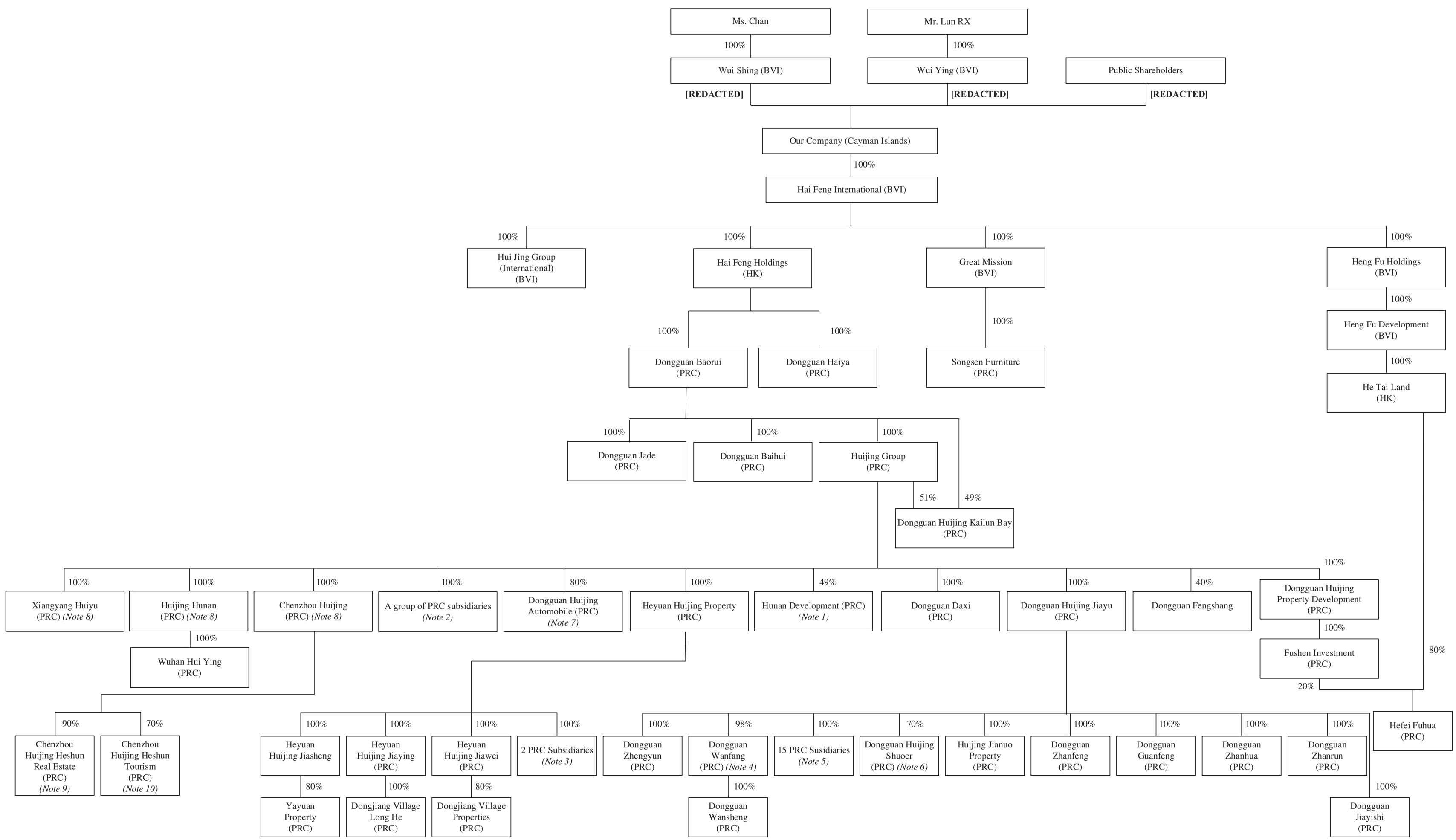
Please refer to the subsection headed "D. Share Option Schemes — I. **[REDACTED]**" in Appendix VI to this document for further details.

THE [REDACTED] AND THE [REDACTED]

Pursuant to the extraordinary general meeting of our Shareholders held on [●] 2019, the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$[100,000,000] divided into [10,000,000,000] Shares by the creation of a further of [9,962,000,000] Shares. Conditional upon the share premium account of our Company being credited as a result of the **[REDACTED]** of the **[REDACTED]** pursuant to the **[REDACTED]**, our Directors were authorized to issue a total of [10,000,000,000] Shares, credited as fully paid, at par to our Shareholders whose names appear on share register at close of business on [●] 2019 in proportion to their then respective shareholding by way of **[REDACTED]** of the sum of HK$**[REDACTED]** standing to the credit of the share premium account of our Company by applying such sum towards paying up in full at par a total of **[REDACTED]** Shares for allotment and **[REDACTED]**, and the Shares to be **[REDACTED]** pursuant to the **[REDACTED]** shall carry the same rights in all respects as the existing Shares.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE [REDACTED] AND THE [REDACTED]

The following chart sets forth the shareholding structure of our Group immediately after the **[REDACTED]** and the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and without taking into account any Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes):



Notes:

(1) Hunan Development is a joint venture company, please refer to the subsection headed "— Our Joint Venture Company and Associated Company" in this section.

(2) Since May 31, 2019, this group of companies comprised three wholly-owned subsidiaries established in the PRC, namely, Hefei Changheng and Hengyang Huijing, which holds the entire equity interest of Hengyang Yanhu. As at the Latest Practicable Date, Hefei Changheng and Hengyang Yanhu had no business operations.

(3) The two wholly-owned subsidiaries namely, Heyuan Huijing Jiaqi and Heyuan Huijing Jiachao were established in the PRC and had no business operations as at the Latest Practicable Date.

(4) Dongguan Wanfang is owned as to 98% by Dongguan Huijing Jiayu and as to 2% by Dongguan Wanqi, an Independent Third Party. Dongguan Wanqi is a limited liability company established in the PRC on June 12, 2018 with a registered capital of RMB5 million and is primarily engaged in property investment. Further, Dongguan Wanqi is wholly-owned by Dongguan Wansha, an Independent Third Party, which is a limited liability company established in the PRC on July 4, 2016 with a registered capital of RMB8 million and is primarily engaged in property holding. As at the Latest Practicable Date, Dongguan Wansha was owned as to 55% by Mr. Chen Anwen (陳安穩) and 45% by Mr. Chen Shuwen (陳樹穩), both being Independent Third Parties. Mr. Chen Anwen was also a manager, executive director and legal representative of Dongguan Wansha while Mr. Chen Shuwen was a shareholder only of Dongguan Wansha.

(5) This group of companies comprised 15 wholly-owned subsidiaries, namely, Dongguan Huijing Jiadi, Dongguan Huijing Jiawei, Dongguan Huijing Jiaming, Dongguan Huijing Jiayou, Dongguan Huijing Jiaxin, Dongguan Huijing Jiasheng, Dongguan Huijing Jiafu, Dongguan Huijing Jiali, Dongguan Huijing Jiachao, Dongguan Huijing Jiaqi, Dongguan Huijing Jiawan, Dongguan Huijing Jiaying, Dongguan Houshun (which was a wholly-owned subsidiary of Dongguan Huijing Jiachao), Dongguan Zhanjia (which was a wholly-owned subsidiary of Dongguan Dongguan Huijing Jiali) and Dongguan Zhancheng (which was a wholly-owned subsidiary of Dongguan Huijing Jiali), all of which were established in the PRC and had no business operations as at the Latest Practicable Date.

(6) Dongguan Huijing Shuoer is owned as to 70% by Dongguan Huijing Jiayu and as to 30% by Dongguan Shuoer Holdings, an Independent Third Party. As at the Latest Practicable Date, Dongguan Huijing Shuoer had no business operations.

(7) In July 2019, our Group fully settled the outstanding principal and interest to the financial institution and in August 2019, the financial institution had transferred back the 40% equity interest in the entity to the Group. From August 31, 2019 Dongguan Huijing Automobile is held as to 20% by Dongguan Zhangmutou Town Joint Economic Union (東莞市樟木頭鎮圩鎮股份經濟聯合社), being an Independent Third Party, and as to 80% by our subsidiary, Huijing Group. Dongguan Zhangmutou Town Joint Economic Union is a town association formed in 2003 in the PRC responsible for facilitating economic activities of the local communities. Dongguan Huijing Automobile has been a subsidiary of our Company since its establishment.

(8) Chenzhou Huijing, Xiangyang Haiyu and Huijing Hunan were established as limited liability companies in the PRC on May 17, 2019, June 5, 2019 and May 20, 2019, respectively.

(9) Chenzhou Huijing Heshun Real Estate was established as a limited liability company in the PRC on July 19, 2019 and is held as to 90% by our subsidiary, Chenzhou Huijing and as to 10% by Beijing Haotian Jinyuan International Investment Co., Ltd. (北京舜天金元國際投資有限公司) ("Beijing Haotian Jinyuan"), an Independent Third Party.

(10) Chenzhou Huijing Heshun Tourism was established as a limited liability company on July 19, 2019 and is held as to 70% by our subsidiary, Chenzhou Huijing, and as to 30% by Beijing Haotian Jinyuan, an independent Third Party.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisers are of the view that the reorganization of our PRC subsidiaries disclosed in this section has been conducted in compliance with applicable laws and regulations of the PRC and has been legally completed and duly registered with local registration authorities of the PRC. Our PRC Legal Advisers further confirmed that all trust arrangements above were valid, legal and enforceable against the relevant parties under relevant PRC laws and regulations.

As each of Mr. Lun RX and Ms. Chan, being the ultimate individual Shareholders of our Company prior to completion of the **[REDACTED]** and the **[REDACTED]**, is a resident of Hong Kong, our PRC Legal Advisers are of the view that they are not required to carry out foreign exchange registration pursuant to the Notice on Relevant Issues Concerning Foreign Exchange Administration for PRC Residents Engaging in Overseas Investment and Financing and Roundtrip Investments Via Special Purpose Vehicles (關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知).

OVERVIEW

We are an established integrated residential and commercial property developer in the PRC focusing in the Guangdong and Hunan provinces. Started with property projects in Dongguan, we have gradually spread to Heyuan, the Yangtze River Delta Urban Cluster (which includes Anhui Province, Jiangsu Province and Zhejiang Province) and the Yangtze Mid-stream Urban Cluster (which includes Hubei Province, Hunan Province and Jiangxi Province). In 2018, the total contracted sales of our Group, together with our joint venture, achieved a 58.6% year-on-year growth and amounted to RMB2,055 million. According to JLL, in terms of contracted sales among the top 100 local property developers, our Group, together with our joint venture, ranked 31st in Dongguan (with market share of 0.5%), 63rd in Changsha (with market share of 0.4%) and 57th in Hefei (with market share of 0.3%), and accounted for 1.3% and 0.8% of the market share in Heyuan and Hengyang respectively. Having been recognized by the market, we are dedicated to offering quality properties to our customers. We also offer properties promoting specific industry(ies) encouraged by local government authorities.

Our property projects comprise residential property projects, integrated property projects and property projects promoting specific industry(ies). Our integrated property project typically consist of a combination of residential and commercial properties. Our residential properties primarily include apartments, townhouses, mansions and villas. Our commercial properties primarily include retail outlets, shopping malls, offices, and where required by the relevant land grant contract, hotels. Our properties promoting specific industry(ies) comprise of our "tourism-healthy living" property projects ("旅遊康養生活" 項目) and innovative technologies industry property projects ("科創產業"項目).

For each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, the contracted sales of our Group, together with that of our joint venture, amounted to RMB1,999.5 million, RMB1,296.1 million, RMB2,562.4 million and RMB1,598.4 million, with contracted sales GFA of 187,192 sq.m., 138,440 sq.m., 214,264 sq.m. and 121,238 sq.m., respectively, and our Group, together with our joint venture, have developed and delivered properties with a total GFA of 260,356 sq.m., 107,576 sq.m., 211,429 sq.m. and 130,467 sq.m., respectively.

We assess different opportunities to acquire land to maintain land reserves for our operations. As at September 30, 2019 our Group, together with our joint venture, had acquired or were in the process of acquiring the following property projects:

	Project over which construction has commenced or completed	**Land reserves**
Acquired during the period from December 2004 to June 2019	16 property projects in five cities with an aggregate site area of 2.0 million sq.m. with an expected total GFA of 4.5 million sq.m. when completed, the GFA of which: • 1.8 million sq.m. had been completed • 1.2 million sq.m. is under development; and • 1.5 million sq.m. is planned for later development.	All land parcels of three future developments with an aggregate site area of 162,211 sq.m., and land for a portion of another development with a site area of 266,353 sq.m.
In the process of acquiring	One property project in Dongguan with a planned GFA of 18,894 sq.m., namely Fenghua Mansion	Land parcels for 12 future developments with an aggregate site area of 578,408 sq.m.

Urban renewal developments has been one of our main focus. During the Track Record Period we had commenced pre-selling properties developed from a urban renewal project with a total site area of 37,407 sq.m. and total planned GFA of 121,556 sq.m., in relation to which we had commenced pre-sale of GFA of 92,684 sq.m.. In addition, we have three urban renewal projects for which we have initiated the urban renewal process with the relevant government authorities, or have otherwise begun official discussion with the relevant government authority in respect of the proposed application for urban renewal. We also held parcels of or interests in land for seven projects with a total site area of 379,425 sq.m., which we view as having potential to develop into urban renewal projects after obtaining the required government approvals or obtaining land use rights over a sufficiently large redevelopment area. Please refer to the subsection headed "— Our Property Development Operation and Management" in this section for further details.

We believe that our strong brand recognition, in particular in Dongguan, together with our land sourcing strategy and cost control measures, have contributed to our growth. For each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, we delivered properties with an aggregate GFA of 260,356 sq.m., 107,576 sq.m., 211,429 sq.m. and 130,467 sq.m. respectively, and recorded a revenue generated from the sale of properties of approximately RMB2,092.7 million, RMB1,197.8 million, RMB2,238.5 million and RMB1,314.7 million, for the respective periods.

We and our property projects have been awarded various accolades from different organizations including the "Exquisite Taste Luxury Home Award" (頂級品味豪宅獎) awarded by Wen Wei Po (文匯報), the Hong Kong Institute of Architects, and the Hong Kong Institute of Designers in 2010, "Dongguan's Most-Influential Brand Real Estate Enterprises" (東莞最具影響力品牌房企) by Sohu (搜狐網) in 2014, and "Top-10 City Complex Annual Award" (年度十佳城市綜合體) by the Graduate School of Real Estate of Hefei University (合肥學院房地產研究所) in 2016. Please refer to the subsection headed "Our Awards" in this section for further details.

OUR COMPETITIVE STRENGTHS

Reputation as a recognized regional developer and strategic focus on high growth potential cities

We are an established property developer with a proven track record of successfully developing large-scale residential property projects and integrated property projects comprising residential and commercial properties. Since our establishment in 2004, we have established a foothold in Dongguan, with our focus on Guangdong Province, an area that has experienced great population and economic growth, enjoying policy benefits as an area highlighted as a strategic focus in the PRC's development blueprint. The development of the Greater Bay Area has been referred to by the State Council (國務院) in its "Guidance on Deepening Regional Cooperation in the Pan-Pearl River Delta Region" (關於深化泛珠三角區域合作的指導意見), and was included in the 13th Five Year Plan (十三五規劃) in 2016.

Leveraging our success in the Greater Bay Area, we have expanded our operations to the Yangtze Mid-stream Urban Cluster and the Yangtsz River Delta Urban Cluster in 2016 and 2017 respectively, where we target opportunities in regional cities which has high growth potential (for example in Hengyang, Changsha, and Hefei, which had respectively experienced GDP growth rates of CAGR of approximately 9.9%, 10.5%, and 11.6% from 2012 to 2017). Of the 16 property projects that we had completed or were underdevelopment as at September 30, 2019, 11 were located in the Greater Bay Area, two were located in the Yangtze Mid-stream Urban Cluster, two were located in Heyuan, and one was located in the Yangtze River Delta Urban Cluster.

Our property projects have earned us accolades in the industry and recognitions in the regions we operate. We have been recognized by Sohu (搜狐網) as "Dongguan's Most Influential Brand" (東莞最具影響力品牌) in 2014, and "Anhui Top-10 City Complex Annual Award" (安徽年度十佳城市綜合體) by the Graduate School of Real Estate of Hefei University (合肥學院房地產研究所) in 2016. Please refer to the subsection headed "— Our Awards" in this section for further details.

Ability to control land acquisition costs and construction costs

Site selection and construction are essential steps to every property project. We believe that, our ability to manage, and control our costs during land acquisition and property construction has significantly contributed to our success.

Ability to identify and acquire quality and cost-competitive land parcels

Being able to acquire cost-competitive land parcels, strategically located with growth potential, is essential to our continued growth and expansion. For each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, our land cost as a percentage of revenue was approximately 13.4%, 8.9%, 9.0% and 11.1%, respectively. We believe the following illustrates our ability to acquire cost-competitive land parcels:

(i) *Experience and insights on the economic environment and direction of governmental policy.* We believe our experience in the Greater Bay Area has allowed us to more effectively identify and make investments in land parcels in regions and cities which have not seen development compared to cities where we have a foothold in. This enables us to adopt a deep-plough strategy (深耕政策) where we make early investments in areas with significant growth potential before the land parcel of that area increases in value.

(ii) *Urban renewal projects.* We believe our focus on urban renewal projects enable us to acquire land in more urbanized areas and at a relatively lower upfront cost, and also with less competition when compared to other methods of acquisition.

(iii) *Market selection and land acquisition policy.* We adopt a market selection strategy with a uniform land acquisition policy. We believe that such policy could, among other things, enable us to control investment risks when making land acquisition decisions. Please refer to the subsection headed "— Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research and Investment" in this section for further details.

(iv) *Ability to introduce elements that meet community-driven demands.* We believe our ability to introduce social amenities (such as hotels, shopping outlets, etc.) makes us more competitive when acquiring land compared to other competitive bidders who are only able to offer standardized developments, and therefore leads to lower acquisition costs. Further, such social amenities would tend to increase the value of the development as well as the future ASP of the project developed.

Our Directors believe our Company's ability to acquire quality, strategically located land reserves on a cost-competitive basis will support the continued, sustainable, and profitable growth of our business.

Construction management and cost controls

Construction represents a significant component of the total cost of a property project, and optimizing construction costs directly increases the profitability of our property projects. For each of the years ended December 31, 2016, 2017, 2018 and the six months ended June 30, 2019, our construction costs as a percentage of revenue was approximately 48.0%, 31.1%, 31.9% and 29.6% respectively.

We believe we are able to manage our costs as (i) we have built strong relationships with our suppliers over the past years; (ii) we have established a comprehensive cost management system managed by a dedicated team; and (iii) we actively manage the construction period of our developments so as to achieve our targeted completion schedule.

Our experience in procuring and developing urban renewal projects

Urban renewal developments have become an important strategy for the local government in Dongguan to increase land supply, improve urban quality as well as enhance the social-economic development of the city. Although urban renewal developments are typically complex to navigate and time-consuming to execute, we see urban renewal developments as an opportunity to acquire valuable land parcels, as urban renewal allows us access to area that is relatively urbanized and presents us opportunities to obtain such land with a relatively low upfront cast.

We have been involved in urban renewal projects in Dongguan, and have completed or begun 10 urban renewal projects of varying size and specifications since 2013. Please refer to the subsection headed "— Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research and Investment — Land Acquisition — (z) Urban Renewal" in this section for further details.

We believe that we possess the following advantages in procuring and developing urban renewal projects in Dongguan:

(i) *Relationship with third party resources* — we have built working relationships with third party professionals and operators, including but not limited to design firms, lawyers, and accountants, which are crucial to renewal development. We believe our relationship with these third parties not only allows us to more effectively compete for and execute urban renewal developments, but also represents a source of information that allows us to gauge the local community's sentiment and/or the government's attitude towards any particular development.

(ii) *Experienced staff* — we have a dedicated team of 20 employees based in Dongguan which is specifically trained and have relevant experience in urban renewal, primarily responsible for procuring and executing urban renewal developments.

(iii) *Previous experience with property developments* — we have conducted our business in Dongguan for more than 15 years, and have since gained an insight into local sentiments and culture, as well as experience in liaising with local government authorities. We believe such experience would be an advantage for us in handling property developments generally, but would be especially useful in our urban renewal projects, as urban renewal developments typically require a greater level of government cooperation compared to other developments.

Ability to coordinate various resources, including partnering with government and other parties to deliver tailor-made properties.

With our extensive experience, not only have we been able to build relationships with suppliers related to the construction of our developments, we have also managed to source and coordinate with other external resources to supplement and enhance our property projects.

Particularly, we have been able to partner with relevant government agencies and other parties for our property developments. For example, we have partnered with Zhejiang University (浙江大學) and the relevant local government for our proposed development of a town intended for business and entities involved in the artificial intelligence industry ("**AI Town**") in Dongguan. In the AI Town, it is planned that entities with a business in artificial intelligence will be able to find a community where they could grow, collaborate and develop into a mature industry within and around the AI Town. To this end we have commissioned Zhejiang University to prepare a feasibility report on the AI town, and under a non-legally binding memorandum of undertaking between Huijing Group and the university, the university has committed to provide us with technical support to facilitate our development of the AI Town.

We believe that coordinating with various resources and partners allows us to develop a diverse range of properties, thereby increasing the variety of our products.

Our strategy of tailoring project-specific development plans for land parcels

With (i) our experience in developing various types of property projects; (ii) our ability to coordinate various resources; and (iii) land parcel feasibility studies we conduct for acquisitions we make, we have been able to enhance the realizable value of our land parcels through devising specific development plans.

Instead of adopting standardized developments across different land parcels, our approach allows us to better take advantage of the salient features and strengths of each development site to design developments with unique style that can highlight local attractions or features. For example, in our development of Huijing Yanhu International Resort, located near Hengyang Wild Goose Lake (adjacent to Nanyue Airport), we have designed the development as an eco-tourism town focusing on ''tourism-healthy living'', taking advantage of the natural greenery and the waterfront offered by Wild Goose Lake (雁湖), offering a destination for customers seeking cultural experiences and ways to maintain a healthy lifestyle.

As a further example, for our Hefei Huijing City Centre, in view of the site's proximity to the urban centre location and its accessibility via public transport, we have designed an integrated property project comprising an apartment building, an office building, a hotel and a shopping mall, in order to attract individual consumers as well as corporate customers.

On the other hand, a recent issue faced by many property developers is the homogeneity of properties, the indifferent positioning and lack of feature. We believe that our project-specific tailoring approach (a) serves as a way to differentiate our products, which would help us to compete more efficiently in the industry and (b) will increase the realizable value of our land reserves and increase the appeal of our property projects to local communities and authorities.

We have a professional management team with extensive industry experience

Our success has been, and will continue to be, dependent on our professional and experienced management team members who have in-depth understanding of the real estate industry in the PRC. Our management team members have an average of more than 10 years of experience in the real estate industry, covering key aspects of our operation, such as real estate investment, planning, construction, financing and sales. This diversity of knowledge and expertise has helped us establish strategies for our property projects, respond to the changing markets, make major decisions when entering into new markets, formulate financial policies and minimize risks related to our operations.

Further, we have been able to attract and retain experienced managers for our property projects in different regions we operate in. Please refer to the section headed "Directors and Senior Management" in this document for further details.

We believe our visionary, motivated and stable management team has contributed to our success and will continue to be a critical factor for our expansion and long-term growth.

In addition, we have (i) established a comprehensive remuneration policy that offers competitive compensation and performance based incentives for our management team; (ii) provided various training programs and courses to enhance employees' professional capabilities; and (iii) offered ample promotion opportunities along with our growing business. We believe all of these measures have enabled us and will keep enabling us to attract and retain qualified and dedicated employees.

OUR STRATEGIES

We will implement our mission of "Maintain foothold in Greater Bay Area" (立足大灣區). With a foothold in Dongguan, we will primarily focus on developments in Guangdong Province and expand into regions such as the Central China Region.

To achieve our goal, we intend to implement the following strategies:

Continue to focus on property projects in the Greater Bay Area and Heyuan and continue to make deep-plough investments in high growth potential cities that enjoy government policy support

We plan to adhere to our regional deep-plough strategy and continue our developments in regions where we already have a foothold, including cities in the Greater Bay Area, in order to continue building our presence and increasing our market share in these high growth regions. As at September 30, 2019, we were holding or developing 11 property projects in the Greater Bay Area with a total site area of 666,652 sq.m., and an aggregate expected GFA of 1.6 million, and were holding land parcels in Dongguan (or interests in such land) with a site area of 638,287 sq.m. and 12 future projects over which development have not yet commenced. Of these future projects, we have three urban renewal projects for which we have initiated the urban renewal process with the relevant government authorities, or have otherwise begun official discussion with the relevant government authority in respect of the proposed application for urban renewal, and we also hold or have contracted to acquire land and/or property interest for seven projects which we view as having potential to develop into urban renewal projects after obtaining the required government approvals and/or obtained land rights over a sufficiently large redevelopment area.

We also intend to leverage our extensive experience and established brand to expand to high growth cities in other regions (including the Yangtze Mid-stream Urban Cluster) that aligns with broad government initiatives and meets our investment standards and policies. To achieve this, we plan to continue acquiring land through a variety of sources, and in particular through mergers and acquisitions, through which we had acquired 47,999 sq.m., 292,853 sq.m., 284,407 sq.m. and 115,544 sq.m. of land for each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, respectively.

Continue to pursue urban renewal projects

Given current government policy directions, we plan to continue to leverage and reinforce our experience in urban renewal developments in the Greater Bay Area, and increase our presence in the field of urban redevelopment through obtaining strategic land parcels in locations where we believe to have high redevelopment potential. As such, we assess different opportunities to acquire land that is suitable for urban renewal.

As part of our challenge to develop urban renewal projects, the relevant laws and regulation impose specific requirements on land over which urban renewal may commence (such as minimum site area, specific zoning requirements, requirements as to the buildings erected, etc.). Despite the aforesaid and that urban renewal developments would typically require a greater commitment of time, coordination and negotiation, we believe that urban renewal developments would allow us to obtain land that would not be available otherwise at cost competitive terms thereby achieving a higher return for us.

To improve our chances to acquire suitable land, we will consider acquiring land parcels with (a) potential title or other defects; and (b) non-compliance with (i) the relevant laws and regulations, or (ii) the relevant land grant contracts, provided that we consider such defects/non-compliance immaterial and capable of being remedied. Our Directors believe that this will give us greater flexibility when considering proposals for potential urban renewal, and potential defects/non-compliance would often lead to lower acquisition costs.

With an approved urban renewal project under development in Dongguan (and three on-going urban renewal projects) as at September 30, 2019, we will aim to leverage on PRC Government policies as and when they are introduced to expand our urban renewal operations to other regions in the PRC. Our Directors believe these opportunities will arise as cities continue to grow and develop. We also hold or have contracted to acquire land and/or property interest for seven projects which we view as having potential to develop into urban renewal projects after obtaining the required government approvals and/or obtained land rights over a sufficiently large redevelopment area.

Focus on developing integrated tailored developments, and continue to cooperate with entities in emerging industries

The needs and demands of local communities, and policy goals of local planning and development authorities have continued to develop and evolve. From meeting local demand for housing or commercial space, people and authorities have increasingly called for properties which could add value to a community or region as a whole.

In light of the changing needs and the competition of land for development in Dongguan, the PRC Government at times imposes stringent condition(s) on property developers to build non-saleable public facilities or government buildings. Accordingly, for the purposes of obtaining land or land development approvals from the PRC Government and ensuring that our business is in line with PRC Government initiatives, we will continue to aim to develop properties promoting specific industry(ies) encouraged by local government authorities to be developed in certain specific area.

For example, we have submitted a development proposal for Eastern Automobile City located in Dongguan where the relevant local government authority in Dongguan is set on developing, in Zhangmutou Town, a one-stop destination for automobiles, which would include sales, maintenance, and second-hand trading of cars. We believe that our proposal which is in line with local government initiatives would increase our chances of obtaining the relevant land or approvals for development.

Attract, retain and motivate skilled and talented employees

We believe high-quality employees are essential elements for our sustainable growth. We will continue to attract, retain and develop talents with extensive industry experience and strong execution capabilities through various initiatives. While striving to maintain competitive compensation packages, we offer performance-based incentives to our management team.

To ensure all of our projects are developed in accordance with development plans and our yearly sales targets are met, we have established a performance assessment system based on a comprehensive set of key performance indicators that are aligned to a corresponding compensation structure. Through an assessment conducted every month, the employee will be considered for a discretionary award, including but not limited to, position and salary adjustments and provision of additional trainings. The assessment repeats monthly and is applicable to all employees in our Company.

We will make constant efforts to refine our employee benefits package to retain quality employees. We also offer relevant training to our employees. With a dedicated workforce, we believe we will be well-positioned to expand our business and maximize value for our shareholders.

OUR BUSINESS

Property projects

We assess different opportunities to acquire land to maintain land reserves for our operations. As at September 30, 2019, our Group, together with our joint venture, had acquired or were in the process of acquiring the following property projects:

	Project over which construction has commenced or completed	Land reserves
Acquired during the period from December 2004 to June 2019	16 property projects in five cities with an aggregate site area of 2.0 million sq.m. with an expected total GFA of 4.5 million sq.m. when completed, the GFA of which: • 1.8 million sq.m. had been completed • 1.2 million sq.m. is under development; and • 1.5 million sq.m. is planned for later development.	All land parcels of three future developments with an aggregate site area of 162,211 sq.m., and land for a portion of another development with a site area of 266,353 sq.m.
In the process of acquiring	One property project in Dongguan with a planned GFA of 18,894 sq.m., namely Fenghua Mansion	Land parcels for 12 future developments with an aggregate site area of 578,408 sq.m.

For each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, our revenue from the sale of properties amounted to approximately RMB2,092.7 million, RMB1,197.8 million, RMB2,238.5 million and RMB1,314.7 million, respectively, accounting for 100%, 100%, 100% and 99.9% of our total revenue in the corresponding periods. For the year ended December 31, 2016, 2017, 2018, and the six months ended June 30, 2019, we delivered properties with an aggregate GFA of 260,356 sq.m., 107,576 sq.m., 211,429 sq.m. and 130,467 sq.m., at an ASP per sq.m. of RMB8,038, RMB11,134, RMB10,587 and RMB10,077 respectively.

We develop the following four types of property projects:

(a) residential property projects

(b) integrated property projects;

(c) properties promoting specific industry(ies), namely:

  (i) "tourism-healthy living" property projects ("旅遊康養生活"項目); and

  (ii) innovative technologies industry property projects ("科創產業"項目).

Further detail on each respective type of property projects is as follows:

1. Residential property projects

Our residential property projects primarily consist of apartments, townhouses, mansions and villas. Our residential property projects are well-equipped with ancillary facilities, social amenities and greenery features, such as parks, clubhouses, swimming pools, gymnasiums and children's playgrounds, creating a comfortable living environment for our customers.

We have sought to sell our residential property projects as soon as we obtained the Pre-sale Permit during the Track Record Period. Our residential property projects include, Huijing Riverside Villa, Royal Spring Hill, City Valley, Huijing Riverside Villa • Perfection, Central Palace, Huijing Ginza, Huijing Palace, Humen Marina City, Bund No. 8, Emperor View Peak and Nine Miles Bay. Please refer to the subsection headed "— Our Properties — Our Completed Properties and Properties under Development" in this section for further details on each of our developments.

2. Integrated property projects

Unlike residential property projects, our integrated property projects combine residential properties with commercial properties and, where required by the relevant land grant contract, hotels, in order to offer a "one-stop properties service" that is convenient to our customers, attracting the populous from traditional city centers. In particular, we introduced internationally known brands and, where required, internationally renowned hotel operators to increase the attractiveness of our integrated property projects.

Further, we have been able to attract Shenzhen Zhongying Nanfang Yingye Co., Ltd. (深圳市中影南方影業有限公司) ("**Zhongying**") and other tenants for our Huijing City and Hefei Huijing Centre, respectively. To complement our property projects, Zhongying and another tenant of ours have each committed to operate a movie theatre, featuring a "Movie City" concept with a GFA of 3,858.4 sq.m. and 3,400 sq.m. respectively, in each premise thereby providing quality entertainment to the consumers in these shopping malls.

We generally sell the commercial properties, hotels and offices properties in our integrated complexes, but depending on our needs, we also at times retain some of our commercial properties for investment purpose in order to generate a stable and recurring source of income. During the Track Record Period, we have three integrated property projects under development namely, Huijing City, Hefei Huijing City Centre and Huijing Global Centre. Please refer to the subsection headed "— Our Properties — Our Completed Properties and Properties under Development" in this section for further details on each of our property projects.

3. Properties promoting specific industry(ies)

We also develop properties promoting specific industry(ies) encouraged by local government authorities to be developed, including "tourism-healthy living" property projects ("旅遊康養生活"項目) and innovative technologies industry property projects ("科創產業"項目).

"Tourism-healthy living" (旅遊康養生活) refers to the concept where we focus on creating a comfortable and quality living environment for our customers by introducing various facilities focusing on travel, health and senior care, such as parks and spas. Capitalizing on the increasing demand for travel, health and senior-care lifestyles among our existing and potential customers, "tourism-healthy living" will be one of our continuing focus for future developments.

A key example of our current initiative on "tourism-healthy living" is our Huijing Yanhu International Resort. Spanning across a total site area of approximately 938,427 sq.m., Huijing Yanhu International Resort is a mixed residential property projects which takes advantage of the natural beauty of the Wild Goose Lake (雁湖), with entertainment and lifestyle wellness facilities designed in the Eco-Tourism Town. To illustrate the advantage of our initiative, the Eco-Tourism Town has been selected as a central element to the local government's urban planning as it has been identified to serve not only as an important tourist attraction in the region, but also as a stimulant to the local economy. Please refer to the subsection headed "— Our Properties — Our Property Project in Hengyang" in this section for further details.

Our innovative technologies industry property projects aim to provide communities with sufficient facilities for emerging industries, allowing it to grow, collaborate and develop into the core of a mature industry within and around our property projects.

As an illustration, we have entered into a cooperation framework agreement with a local government authority in relation to the development of an AI Town. Further, we have partnered with Zhejiang University (浙江大學) for our proposed development of the AI Town in Dongguan. In the AI Town, it is planned that entities with a business in artificial intelligence will be able to find a community where they could grow, collaborate and develop into a mature industry within and around the AI Town. To this end we have commissioned Zhejiang University to prepare a feasibility report on the AI town, and under a non-legally binding memorandum of undertaking between Huijing Group and the university, the university has committed to provide us with technical support to facilitate our development of the AI Town.

As with integrated property projects, we ordinarily seek to sell the residential and commercial properties within our "tourism-healthy living" property projects and our innovative technologies industry property projects. However, we may retain certain commercial properties with strategic value as investment properties.

Property Investment

In addition to offering our properties for sale, we also selectively retain ownership of some self-developed commercial properties with strategic value as investment properties, in order to generate a stable and recurring source of income. We take into account the following factors when determining whether to retain ownership of our self-developed commercial properties:

(i) provision(s) (if any) under the relevant land grant contract requiring us to retain certain properties in a development;

(ii) the potential for appreciation in the value of the relevant property — which depends on a number of factors, including the location and expected performance of the local economy;

(iii) the level and stability of income stream expected to be generated from the leasing of the relevant property; and

(iv) in respect of retail properties, the likelihood of such property being able to attract anchor tenant(s) so that we would be able to select the anchor tenant(s) which would be suitable for the demographic targeted by the relevant development.

As at December 31, 2016, 2017 and 2018, and June 30, 2019, we held the following investment properties which are either completed or under development. Below listed are the relevant investment property together with its corresponding carrying amount:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	(RMB'000)	*(RMB'000)*	*(RMB'000)*	*(RMB'000)*
Investment properties under development				
Huijing City (滙景城)	272,400	295,600	—	—
Hefei Huijing City Centre (合肥滙景城市中心)	294,300	436,500	592,700	616,700
Sub-total	566,700	732,100	592,700	616,700
Investment property completed				
Huijing City (滙景城)	—	—	339,600	339,600
Total	566,700	732,100	932,300	956,300

During the Track Record Period, one of our investment properties, Huijing City, was in operation and for each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, it generated a rental income of nil, nil, nil and RMB1.5 million, respectively.

Huijing City opened in June 2018 with a total leasable GFA of 13,712 sq.m., and we had agreed with its management company, namely Dongguan Ruifeng, that from the date of Huijing City's opening to December 31, 2018, all income generated by Huijing City, being RMB1.3 million, would be retained by Dongguan Ruifeng. In return, no management or other fees will be charged in respect of Dongguan Ruifeng's services during the same period.

Please refer to the subsection headed "Connected Transaction — Exempt Continuing Connected Transactions — (ii) Shopping mall management services provided by Dongguan Ruifeng" in this document for further details on our arrangement for management services with Dongguan Ruifeng.

As at December 31, 2018 and September 30, 2019, Huijing City had an occupancy rate of 79.3% and 56.2% respectively. The decrease was primarily due to the early termination of certain retail tenancies (such as apparel and cosmetics shops) during the relevant period. In view of the decrease in occupancy rate, the Group is currently in the process of securing new or potential tenants, and has entered into lease agreements or memoranda of understanding ("**MOUs**"). As at September 30, 2019, we have entered into three new lease agreements for Huijing City, the terms for which have yet to commence, and we have also taken earnest money from a potential tenant whom the Group expects to enter into a formal lease agreement with shortly. In addition to the existing tenancies, taking into account the new lease agreements and the potential tenant we have taken earnest money from, the occupancy rate for Huijing City would be 67.3%, and if further taking into account of the MOUs, and for illustrative purposes only, assuming the MOUs will eventuate into new lease agreements, then the occupancy rate of Huijing City will be approximately 83.3%.

The carrying amount of Huijing City as at June 30, 2019 had remained stable as, despite the decrease in its occupancy rate, our Property Valuer considers it reasonable to assume that Huijing City, in the long run, will be able to reach an occupancy rate that is comparable to the market rate of 90% or more, given: (i) based on the market research it has conducted, our Property Valuer considers that the occupancy rates of certain well established shopping malls with a comparable size and of a similar grade to Huijing City in Dongguan can enjoy an occupancy rate of 90% or more; (ii) it is not uncommon for shopping malls to experience an adjustment of tenants for the first two years of operation to require a ramp up period to reach its stabilised occupancy rate; and (iii) the opening of certain properties, including a hotel and an outlet situated close to Huijing City to be operated by the Controlling Shareholder, which in the near future is expected to have a positive impact on the foot traffic level of Huijing City.

Further, our Property Valuer has advised that despite the recent increase in vacancy due to the loss of tenants, in the long run, a change of tenant mix is expected to bring a positive impact on the operating income of Huijing City as (i) layout improvement to attract or meet the needs of certain tenants has increased the total lettable area of the mall; and (ii) there is potential for further growth in the rent charged because, among other things, the new tenants the Group is seeking to secure (including the supermarket) are expected to become anchor tenants of Huijing City and an increase in the proportion of fixed rental tenant from the termination of variable rent tenancies will give the Company a more stable stream of rental income.

For further details on the valuation of our investment properties, please refer to the subsection headed "Financial Information — Description of Selected Consolidated Statements of Financial Position Items — Investment Properties" in this document.

Land reserves

We proactively assess different opportunities to acquire new land to maintain land reserves for our future developments. As at September 30, 2019, we had acquired and had obtained the relevant state-owned land use rights certificates or Real Estate Title Certificate for the following land or interests in land and/or property over which we had yet to commence development:

Land	Location	Total acquisition cost incurred as at June 30, 2019	Total acquisition cost	Time of acquisition agreement	State-owned land use rights certificates or Title Certificates	Actual/expected time of		Planned project type (Note 1)	Approximate site area	Approximate expected GFA (Note 1)
						Commencement of development (Note 1)	Commencement of pre-sale (Note 1)			
		RMB'000	*RMB'000*						*Sq.m.*	*Sq.m.*
Land reserves										
Dongjiang River Galleries (a portion of)	Dongguan, Heyuan	392,842	490,517	July 2017	2018	2021	2022	Residential property	266,353	532,707
Houjie Town Baotun Village Area	Houjie, Dongguan	23,701	23,701	May 2003	2003	—	—	—	10,722	— (Note 2)
Land and/or property interest in connection with potential urban renewal projects identified by us										
Hongmei Hongwugao	Hongmei, Dongguan	219,154	219,154	May 2019 (Note 3)	2019	—	—	Residential property and properties promoting specific industry(ies)	115,544	— (Note 4)
Qingxi Sanzhong Area	Qingxi, Dongguan	179,700	186,300	April 2017	2005 (Note 4)	—	—	—	35,945	— (Note 4)
Total		815,397	919,672						428,564	532,707

Notes:

(1) In respect of land and/or property interests acquired in connection with urban renewal projects (or potential urban renewal projects), as (i) the timing of urban renewal processes is subject to approval from relevant government authorities; and (ii) we have yet to commence the urban renewal process or begin official discussions for urban renewal with the relevant government authority, information on the expected timing of obtaining the state-owned land use rights certificates or Real Estate Title Certificate, commencement of development and commencement of pre-sale, as well as the planned project type and approximate expected GFA is not available.

(2) The expected GFA is not available for Houjie Town Baotun Village Area as the latest land planning remains subject to approval. For further details, please refer to project no.5 under the subsection headed "Compliance with Laws Regulations — Historical Non-compliance Incidents — (A) Delay in Commencement and/or completion of construction within the prescribed period as stipulated in the relevant lend grant contracts" in this section.

(3) A supplemental agreement was entered into in May 2019 subsequent to the original agreement made in November 2016.

(4) As at the Latest Practicable Date, the land in Qingxi Sanzhong Area and Hongmei Hongwugao was zoned for industrial use. As our Group plans to conduct urban renewal over such land and expects to apply for a new land use right certificate, the information (including the plot ratio) contained in the current land use right certificate is not relevant for our Group's purposes.

As at September 30, 2019, we had also contracted to acquire interest in the following land and/or property over which no development has commenced:

					Actual/expected time of					
Land	Location	Total acquisition cost incurred as at June 30, 2019 *RMB'000*	Total acquisition cost *RMB'000*	Time of acquisition agreement	State-owned land use rights certificates or Title Certificates *(Note 1)*	Commencement of development *(Note 2)*	Commencement of pre-sale *(Note 2)*	Planned project type *(Note 2)*	Approximate site area *sq.m.*	Approximate expected GFA *(Note 2)* *sq.m.*
Land reserves										
Dongjiang River Galleries (a portion of)	Dongguan, Heyuan	—	70,400	July 2017	2018	2021	2022	Residential property	40,000	80,000
Pinghu Area No. 2	Pinghu City, Zhejiang	42,405	80,416	October 2016	2020	2020	2021	Integrated property projects	37,218	130,264
Pinghu Area No. 1	Pinghu City, Zhejiang	40,743	54,264	October 2016	2020	2020	2021	Integrated property projects	25,114	62,786
Land interest in connection with projects for which we have initiated the urban renewal process/begun official discussion for urban renewal with the relevant government authority										
Zhangmutou Baoshan Area	Zhangmutou, Dongguan	99,000	139,000 *(Note 3)*	August 2013	—	—	—	Properties promoting specific industry(ies)	175,000	385,000
Wanjiang Gonglian Area	Wanjiang, Dongguan	—	5,000 *(Note 3)*	June 2015	—	—	—	Residential property	58,230	174,690
Humen Xinwan Area	Humen, Dongguan	50,000	145,500	January 2017	—	—	—	Residential property	14,910	44,730
Land and/or property interest in connection with potential urban renewal projects identified by us										
Shatian Renzhou Area	Shatian Dongguan	—	115,075	March 2019	—	—	—	—	77,688	—
Qingxi Luhu Area	Qingxi Dongguan	46,680	426,800	January 2018	—	—	—	—	65,206	—
Qingxi Sanxing Area No. 1 *(Note 4)*	Qingxi, Dongguan	84,000	100,000	April 2017	—	—	—	—	30,157	—
Nancheng Gedi Area	Qingxi, Dongguan	30,000	215,000	February 2018	—	—	—	—	29,519	—
Qingxi Sanxing Area No. 2 *(Note 4)*	Qingxi, Dongguan	39,945	44,866	May 2017	—	—	—	—	16,000	—
Shatian Yanggongzhou Area	Shatian, Dongguan	85,896	93,660	May 2017	—	—	—	—	9,366	—
Total		518,689	1,489,981						578,408	877,470

Notes:

(1) We expect to complete the acquisition and obtain the relevant state-owned land use rights certificates or title certificate for land and/or property rights in connection with urban renewal projects (or potential urban renewal projects) when the relevant urban renewal to which the land relates has been substantially progressed.

(2) In respect of land and/or property interests in connection with urban renewal projects (or potential urban renewal projects), as (i) the timing of urban renewal processes is subject to approval from relevant government authorities; and (ii) we have yet to commence the urban renewal process or begin official discussions for urban renewal with the relevant government authority, information on the expected timing of the commencement of development and commencement of pre-sale, as well as the planned project type and approximate expected GFA is not available.

(3) In respect of Zhangmutou Baoshan Area and Wanjiang Gonglian Area, our Directors expect further acquisition cost to be incurred through resettlement expenses. This is because the Group may settle resettlement compensation through offering redeveloped property to affected residents after such properties have been completed.

(4) Qingxi Sanxing Area No. 1 and Qingxi Sanxing Area No. 2 were acquired in respect of one proposed urban renewed development.

The above land and/or property interest that we have contracted to acquire are classified as Group V "properties to be acquired by our Group" by our Property Valuer, as our Group has contracted to acquire these land or interests in land and/or property but have not yet obtained the relevant state-owned land use rights certificates/Real Estate Title Certificates. Except for Wanjiang Gonglian Area and Shatian Renzhou Area which had not recorded any acquisition costs as at June 30, 2019, acquisition costs were accounted for in our financial statements as "Prepayments". Please refer to the subsection headed "Our Properties — Developmental phases for our property projects" in this section for further details. Further, there is a risk that we could fail to acquire these land parcels as the acquisition process is on-going. Please refer to the subsection headed "Risk Factors — We may not be able to recoup committed resources if our land acquisition fails" in this document for further details.

The details of our acquisitions are as follows:

General land Reserves

1. Dongjiang River Galleries (東江畫廊)

Dongjiang River Galleries (東江畫廊) is situated in Heyuan. The development occupies a total site area of approximately 306,353 sq.m.. As at the Latest Practicable Date, we did not have any plans to develop this land in 2019.

2. Pinghu Area No. 2 (平湖第二地塊)

Pinghu Area No. 2 (平湖第二地塊) is situated in Pinghu, Zhejiang. The development consist of a parcel of land and occupies a total site area of approximately 37,218 sq.m.. As at the Latest Practicable Date, we did not have any plans to develop this land in 2019.

3. Pinghu Area No. 1 (平湖第一地塊)

Pinghu Area No. 1 (平湖第一地塊) is situated in Pinghu, Zhejiang. The development consist of a parcel of land and occupies a total site area of approximately 25,114 sq.m.. As at the Latest Practicable Date, we did not have any plans to develop this land in 2019.

4. Houjie Town Baotun Village Area (厚街鎮寶屯村地塊)

Houjie Town Baotun Village Area (厚街鎮寶屯村地塊) is situated in Houjie, Dongguan. The development consists of two parcels of land and occupies a total site area of approximately 10,722 sq.m.. As at the Latest Practicable Date, we did not have any plans to develop this land in 2019.

Land reserves in connection with urban renewal projects

5. Zhangmutou Baoshan Area (樟木頭寶山片區)

Zhangmutou Baoshan Area (樟木頭寶山片區) is situated in Zhangmutou, Dongguan. We have made this acquisition in connection with an urban renewal development. The development occupies a total site area of approximately 175,000 sq.m.. We had entered into contracts for this acquisition on August 14, 2013, February 27, 2014, and October 26, 2014 and we expect to complete the urban renewal process during the first half of 2020.

6. Hongmei Hongwugao Area (洪梅洪屋渦片區)

Hongmei Hongwugao Area (洪梅洪屋渦片區) is situated in Hongmei, Dongguan. We have made this acquisition in connection with an urban renewal development. The development consists of three parcels of land occupies a total site area of approximately 115,544 sq.m.. As at the Latest Practicable Date, we did not have any plans to develop this land in 2019.

7. Shatian Renzhou Area (沙田稔洲片區)

Shatian Renzhou Area (沙田稔洲片區) is situated in Shatian, Dongguan. We have made this acquisition in connection with an urban renewal development. The development occupies a total site area of 77,688 sq.m.. We had entered into a contract for this acquisition in March 2019 and we expect to complete the urban renewal process by December 2023.

8. Qingxi Luhu Area (清溪鹿湖片區)

Qingxi Luhu Area (清溪鹿湖片區) is situated in Qingxi, Dongguan. We have made this acquisition in connection with an urban renewal development. The development occupies a total site area of approximately 65,206 sq.m.. We had entered into a contract for this acquisition in January 2018 and we expect to complete the urban renewal process by May 2024.

9. Wanjiang Gonglian Area (萬江共聯片區)

Wanjiang Gonglian Area (萬江共聯片區) is situated in Wangjiang, Dongguan. We have made this acquisition in connection with an urban renewal development. The development occupies a total site area of approximately 58,230 sq.m.. We had entered into a contract for this acquisition in June 2015 and we expect to complete the urban renewal process during the second half of 2024.

10. Qingxi Sanzhong Area (清溪三中片區)

Qingxi Sanzhong Area (清溪三中片區) is situated in Qingxi, Dongguan. The development occupies a total site area of approximately 35,945 sq.m.. We had entered into contracts for this acquisition on April 14, 2017 and April 19, 2017, and we expect to complete the urban renewal process by June 2024.

11. Qingxi Sanxing Area No. 1 (清溪三星第一片區)

Qingxi Sanxing Area No. 1 (清溪三星第一片區) is situated in Qingxi, Dongguan. We have made this acquisition in connection with an urban renewal development together with Qingxi Sanxing Area No. 2. The development occupies a total site area of approximately 30,157 sq.m.. We had entered into a contract for its acquisition on April 24, 2017.

12. Nancheng Gedi Area (南城蛤地片區)

Nancheng Gedi Area (南城蛤地片區) is situated in Nancheng, Dongguan. We have made this acquisition in connection with an urban renewal development. The development consists of two parcels of land and occupies a total site area of 29,519 sq.m.. We had entered into a contract for this acquisition on February 3, 2018 which we expect to commence development by 2022.

13. Qingxi Sanxing Area No. 2 (清溪三星第二片區)

Qingxi Sanxing Area No. 2 (清溪三星第二片區) is situated in Qingxi, Dongguan, Guangdong. We have made this acquisition in connection with an urban renewal development together with Qingxi Sanxing Area No. 1. The development occupies a total site area of 16,000 sq.m.. We had entered into a contract for this acquisition on May 13, 2017 and we expect to complete the urban renewal process by October 2024. For this acquisition, we have acquired an entity which was the assignee of certain rights to use the relevant parcel of land as well as the rights in respect of a building and ancillary facilities that was built on the land by the assignor. As advised by our PRC Legal Advisers, no title certificate has been registered in respect of the building. Given this, our PRC Legal Advisers are of the view that under applicable laws: (i) our acquisition of the rights in respect of the building is at risk of being unenforceable or void; but (ii) if the relevant land parcel is involved in an urban renewal project, based on an interview with the Natural Resources Bureau of Dongguan (東莞市自然資源局), our PRC Legal Advisers consider that we could apply to be one of the beneficiaries of the relevant land plot or building.

14. Humen Xinwan Area (虎門新灣片區)

Humen Xinwan Area (虎門新灣片區) is situated in Humen, Dongguan. We have made this acquisition in connection with an urban renewal development. The development occupies a total site area of 14,910 sq.m.. The land use rights of the property have been granted for a term of 50 years commencing on August 10, 2017 for industrial use.

15. Shatian Yanggongzhou Area (沙田楊公洲片區)

Shatian Yanggongzhou Area (沙田楊公洲片區) is situated in Shatian, Dongguan. We have made this acquisition in connection with an urban renewal development. The development occupies a total site area of 9,366 sq.m.. We had entered into a contract for this acquisition in May 2017 and we expect to complete the urban renewal process by May 2024.

OUR PROPERTIES

Developmental phases for our property projects

We generally classify our property projects into the following four developmental phases:

- completed projects and/or project phases;
- projects and/or project phases under development;
- projects and/or project phases held for future development; and

- projects to be acquired for future development.

A project or project phase is classified as completed when the completion certificate have been obtained from the relevant government construction authorities.

A project or a project phase is classified as under development when the required construction work commencement permits have been obtained but a completion certificate has not been obtained for all phases of the relevant project.

A project or a project phases is considered to be held for future development when we have obtained the land use rights certificates, but have not obtained the requisite construction work commencement permits.

A property project is classified as to be acquired for future development when we have entered into agreements with the relevant government authorities land use rights transfer agreement/share transfer agreements/framework agreement with the land owners/property interest holders.

As some of our property projects comprise multiple-phase developments that are completed on a rolling basis, a particular development may fall into one or more of the above categories.

Descriptions of each of our property projects as at September 30, 2019 are as set forth in this document, unless otherwise stated. The commencement date in relation to each development or phase refers to the date construction commenced on the first building of the development or phase. The completion date refers to the date which the completion construction works certified report was obtained for each development, or each phase of multi-phase developments. For developments under the classification of developments for future development, the completion date reflects our best estimates based on our current development plans. Delivery takes place after our receipt of the purchase monies in full (from the buyer, and/or from the bank offering property finance), and is deemed to have taken place in accordance with the sale and purchase agreement after we have obtained the Completion Certificate.

Site area is calculated as follows:

- for developments or phases which we have obtained the land use rights, the calculation is based on the relevant land use right certificates; and

- for developments or phases which we have not obtained the land use rights, the calculation is based on the relevant land grant contracts.

The total GFA is calculated as follows:

- for developments and phases that are completed, the calculation is based on the relevant property completion certificates or property inspection report;

- for developments and phases that are under development, the calculation is based on the relevant construction work planning permit, or based upon other documentation issued by relevant government authorities if the construction work planning permit is not available;

- for developments and phases that are held for future development, the calculation is based on the total GFA indicated in the property master plans or based on our internal records and development plans, which may be subject to change; and

- for developments, land or interests on land and/or property to be acquired for future development, the calculation is based on the site area of the land relevant to the acquisition and the proposed/approved plot ratio for such land.

The total GFA as used in this document is comprised of saleable GFA and non-saleable GFA. Non-saleable GFA as used in this document refers to certain communal facilities and ancillary facilities for which pre-sale permits will not be issued, including certain underground areas used as fire cisterns, car lanes and rooms for pumps, tools, motors and fans. Saleable GFA as used in this document refers to the floor areas excluding the non-saleable GFA. Saleable GFA is further divided into saleable GFA pre-sold/sold and saleable GFA unsold. A property is pre-sold when we have executed the property sale and purchase agreement but not yet delivered the property to the customer. A property is considered sold after we have executed the property sale and purchase agreement with a customer and have delivered the completed property to the customer.

The total saleable GFA is calculated as follows:

- for developments and phases that are completed, based on the relevant property ownership certificate or property inspection report;

- for developments and phases that are under development, based on the relevant pre-sale permit; and

- for developments and phases that are held for future development, based on our internal records and development plans. The total GFA we intend to sell does not exceed the multiple of site area and the maximum permissible plot ratio as specified in the relevant land grant contract or other approval documents from the local governments relating to the development.

Our classification of our properties reflects the basis on which we operate our business but this may be different from the manner of classifications used by other property developers. Each property development or developmental phase may require multiple land use rights certificates, construction commencement permits, pre-sale permits and other permits and certificates, which may be issued at different times in the development process. The table below sets out the differences between our classification of properties and the classification of properties adopted in (i) the Property Valuation Report; and (ii) the consolidated financial statements set out in Appendix I to this document:

Our classification	**Property Valuation Report**	**Accountants' Report**
Completed developments or developmental phases	I — Properties held for sale II — Properties held for investment	Completed property for sale Investment properties
Developments or developmental phases under development	III — Properties held under development	Properties under development
Developments or developmental phases held for future development	IV — Properties held for future developments	Land held for development for sale
Developments or interest in land and/or properties contracted to be acquired for future development	V — Properties to be acquired	Prepayments

Below is a summary of our property projects in terms of number of projects as at September 30, 2019:

Location	**Completed**	**Under development** *(Note 1)*	**Future development/ land reserves (acquired)**	**Future development/ land reserves (in the process of acquiring)** *(Note 2)*
Dongguan	9	3	3	9
Heyuan	1	1	—	1
Hefei	—	1	—	—
Hengyang	—	1	—	—
Changsha	—	1	—	—
Zhejiang	—	—	—	2
Total	10	7	3	12

Notes:

1. This includes property projects with a portion or portions that is/are under development, and for the purposes of this table, we have included Fenghua Mansion, a project under development that we are in the process of acquiring.
2. This includes future development/land reserves a portion or portions of which have been acquired.

The following map shows the geographical locations of the property projects (excluding land reserves) we acquired, or have contracted to acquire as at September 30, 2019:

Note: The above numbering of the property projects corresponds to the numbering used in the below subsections headed "Our Property Projects in Dongguan", "Our Property Projects in Heyuan", "Our Property Project in Hefei", "Our Property Project in Hengyang ", and "Our Property Project in Changsha" in this section.

Our Property Portfolio

The table below sets out the GFA breakdown of our property portfolio including (i) property available for sale/lease and (ii) property under development (in each case including any property for future development that is contained in a property project portion(s) of which is completed and/or under development) as at September 30, 2019, in terms of geographic location:

Location	**Number of developments**	**GFA available for sale/lease**	**GFA under development** [(Note)]
		(in sq.m.)	*(in sq.m.)*
Dongguan	12	168,963	165,370
Heyuan	2	19,201	403,654
Hefei	1	23,479	272,658
Hengyang	1	—	106,339
Changsha	1	—	296,614
Total	17	211,643	1,244,635

Note: GFA under development refers to the GFA of those real estate developments for which construction work commencement permit(s) had been issued, while construction works certified report(s) of completion have not been issued.

Our Completed Properties and Properties under Development

The table below sets out a summary of our completed properties and properties under development as at September 30, 2019:

Property project	Total site area	Actual/estimated construction commencement date(Note 1)	Actual/estimated construction completion date(Note 1)	Actual/expected pre-sale commencement date(Note 2)	Land cost per saleable GFA	Completed(Note 3) Unsaleable GFA	GFA sold	GFA available for sale/lease	(A) Total GFA completed	Under development(Note 4) (B1) Saleable/leasable GFA	Pre-saleable GFA	Pre-sold GFA	(B2) Non-saleable GFA	(B) Total GFA under development	(C) Total estimate GFA for future development	Total GFA ((A)+(B)+(C))	Interest attributable to the Group	Reference to Property Valuation Report
	(in sq.m.)				(RMB per sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)	(in sq.m.)		
Dongguan																		
Huijing Riverside Villa (御海藍岸)	315,867	September 30, 2010	December 2019	April 1, 2011	1,272	48,658	375,659	40,092	464,409	24,321	24,321	4,743	600	24,921	–	489,330	100%	1
Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)	10,220	September 1, 2017	June 26, 2019	April 28, 2018	2,436	5,276	13,158	19,713	38,147	–	–	–	–	–	–	38,147	100%	2
Royal Spring Hill (御泉香山)	119,999	December 28, 2010	March 9, 2017 (Note 5)	May 20, 2011	822	42,024	210,170	14,222	266,416	–	–	–	–	–	–	266,416	100%	3
City Valley (城市山谷)	59,665	April 15, 2014	July 6, 2018	November 25, 2014	739	24,566	115,780	8,430	148,775	–	–	–	–	–	–	148,775	100%	4
Huijing City Centre (滙景城市中心)	37,025	October 16, 2015	July 8, 2019	April 8, 2016	1,635	28,659	96,508	44,821	169,988	–	–	–	–	–	–	169,988	100%	5
Century Gemini (世紀雙子)	17,314 (Note 6)	January 21, 2011	January 5, 2015	May 21, 2012	1,754	27,168	49,467	9,041	85,675	–	–	–	–	–	–	85,675	100%	6
Huijing City (滙景城)		January 21, 2011	April 30, 2015	N/A		–	–	25,780	25,780	–	–	–	–	–	–	25,780	100%	7
Central Palace (中央華府)	18,914	April 14, 2010	November 21, 2011	April 28, 2010	1,189	11,670	61,843	5,517	79,030	–	–	–	–	–	–	79,030	100%	8
Huijing Palace (滙景華府) and Huijing Ginza (滙景銀座)	38,001	June 14, 2005	September 28, 2008	October 26, 2005	944	23,619	152,108	1,022	176,749	–	–	–	–	–	–	176,749	100%	9
Emperor View Peak (帝景峰)	12,240	March 19, 2008	September 16, 2009	September 23, 2008	980	11,661	38,370	327	50,358	–	–	–	–	–	–	50,358	100%	11
Humen Marina City (虎門濱海城)	37,407	July 27, 2018	December 2019	December 14, 2018	3,697	–	–	–	–	102,047	92,684	61,878	19,509	121,556	–	121,556	98%	12
Fenghua Mansion (豐華公館) (Note 7)	6,042	October 24, 2018	June 2020	N/A	6,557(Note 8)	–	–	–	–	16,053	–	–	2,842	18,894	–	18,894		21
Subtotal	672,694					223,299	1,113,063	168,963	1,505,326	142,420	117,005	66,621	22,950	165,370	–	1,670,696		

Property project	Total site area	Actual/estimated construction commencement date	Actual/estimated construction completion date	Actual/expected pre-sale commencement date	Land cost per saleable GFA	Completed(Note 3) Unsaleable GFA	GFA sold	GFA available for sale/lease	(A) Total GFA completed	Under development(Note 4) (B1) Saleable/ leasable GFA	Pre-saleable GFA	Pre-sold GFA	(B2) Non-saleable GFA	(B) Total GFA under development	(C) Total estimate GFA for future development	Total GFA ((A)+(B)+(C))	Interest attributable to the Group	Reference to Property Valuation Report
	(in sq.m.)				*(RMB per sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*	*(in sq.m.)*		
Heyuan																		
Bund No. 8 (外灘8號)	60,007	July 27, 2016	December 25, 2018	May 8, 2019	1,030	35,244	161,585	19,201	216,030	–	–	–	–	–	–	216,030	100%	13
Nine Miles Bay (九里灣花園)	273,500	November 30, 2018	December 2021	December 20, 2018	1,313	–	–	–	–	350,116	224,314	76,932	53,538	403,654	274,096	677,750(Note 9)	100%	14
Subtotal	333,507				1,912	35,244	161,585	19,201	216,030	350,116	224,314	76,932	53,538	403,654	274,096	893,780		
Hefei																		
Hefei Huijing City Centre (合肥滙景城市中心)	37,779	January 19, 2017	February 2020	August 31, 2017	627	4,515	60,889	23,479	88,884	207,213	30,786	24,550	65,445	272,658	–	361,541	100%	16
Hengyang																		
Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	938,427	April 28, 2016	December 2020	October 30, 2017	291	–	–	–	–	93,472	66,145	31,424	12,867	106,339	1,185,342	1,291,681(Note 9)	100%	17
Changsha																		
Huijing Global Centre (滙景發展環球中心)	27,081	June 30, 2016	December 2019	December 25, 2017	3,986	–	–	–	–	231,942	178,486	42,949	64,672	296,614	–	296,614	49%	18
Total	2,009,488					263,058	1,335,538	211,644	1,810,239	1,025,164	616,736	242,476	219,471	1,244,635	1,459,438	4,514,312		

Note 1: We have referred to the date (or expected date) of the construction work commencement permit for the construction commencement date, and the date (or expected date) of the completion certificate for the construction completion date. Where there was more than one construction work commencement permit or completion certificate, the construction commencement date and/or construction completion date refers to the date of the latest construction work commencement permit or completion certificate (as appropriate).

Note 2: We have referred to the date (or expected date) of the pre-sale permits. Where there was more than one pre-sale permit, the pre-sale commencement date refers to the date of the earliest pre-sale permit.

Note 3: GFA of completed developments is split into the following: (i) Unsaleable GFA; (ii) GFA sold; and (iii) GFA available for sale/lease, and the sum of (i), (ii) and (iii) is represented in the column ''(A) Total GFA completed''. GFA available for sale/lease includes (i) properties in respect of which executed sale and purchase contracts have been entered into but have not been delivered; and (ii) properties where no sale and purchase contract has been entered into.

Note 4: In respect of our properties under development:

(a) "**(B) Total GFA under development**" was derived from the information contained in the relevant construction work commencement permits.

(b) "**Saleable/leasable GFA**" refers to the internal floor area of a property, which has been derived from the relevant (i) pre-sale permit; (ii) floor area prediction report (房產面積預測報告書), where a pre-sale permit is not available for the whole or a part of a property; and/or (iii) relevant development indicators approved by the relevant authority responsible for urban and rural planning or our Group's internal records, where neither a pre-sale permit nor floor area prediction report is available for the whole or a part of the development.

(c) "**Pre-saleable GFA**" refers to the floor area of a property over which we have obtained pre-sale permit for, the amount of which is derived from the pre-sale permit(s) granted.

(d) "**Pre-sold GFA**" refers to the floor area of properties over which we have obtained pre-sale permit and have contracted to sell.

Note 5: In respect of the completion date for Royal Spring Hill, we have excluded the completion certificate issued in respect of block 65, which relates to a kindergarten the GFA of which falls entirely under unsaleable GFA.

Note 6: Century Gemini and Huijing City are situated on the same parcel of land and therefore share the same site area.

Note 7: The development of Fenghua Mansion (豐華公館) commenced in October 2018. As at the Latest Practicable Date, we were in the process of acquiring this project through acquisition of property under development held by Dongguan Fenghua Automobile Sales Services Co., Ltd (東莞市豐華汽車銷售服務有限公司).

Note 8: As Fenghua Mansion was under development when we acquired it from one of our Controlling Shareholders in 2019, its "land cost" includes construction and other costs incurred for its development.

Note 9: As this project comprise of properties held for future development, we have summed the construction GFA for the parts over which development has completed or is underway, with the plot ratio GFA for the parts of the project that is held for future development. For further information, please refer to the Property Valuation Report in Appendix III to this document.

Our Group had offered unsold properties for rent during the Track Record Period. For each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, we have recorded an income of nil, RMB150,782, RMB470,946 and RMB192,794 from the leasing of unsold properties. As at the Latest Practicable Date, we had not recorded any impairment for unsold properties. We consider that such impairment unnecessary as the market value of such properties for the Property Valuation Report were higher than their net realizable value. Our Directors confirm that, during the Track Record Period, there was no individual property unit which had market value below its net realizable value. Please refer to the Property Valuation Report for further details.

The table below sets out a summary of our land and development costs as at June 30, 2019:

<table>
<tr><th rowspan="2">Property project</th><th rowspan="2">Total land cost
(RMB million)</th><th rowspan="2">Total GFA (Note 1)
(in sq.m.)</th><th rowspan="2">Land cost per sq.m. of total GFA (Note 1)
(RMB/sq.m.)</th><th colspan="2">Development cost for the development as at June 30, 2019</th></tr>
<tr><th>Incurred
(RMB million)</th><th>Expected to be incurred
(RMB million)</th></tr>
<tr><td>Dongguan</td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>Huijing Riverside Villa (御海藍岸)</td><td>559.7</td><td>489,330</td><td>1,144.2</td><td>1,946.2</td><td>54.4</td></tr>
<tr><td>Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)</td><td>80.1</td><td>38,147</td><td>2,098.7</td><td>115.6</td><td>—</td></tr>
<tr><td>Royal Spring Hill (御泉香山)</td><td>184.6</td><td>263,055</td><td>701.8</td><td>908.7</td><td>—</td></tr>
<tr><td>City Valley (城市山谷)</td><td>91.8</td><td>148,776</td><td>617.0</td><td>512.2</td><td>—</td></tr>
<tr><td>Huijing City Centre (滙景城市中心)</td><td>231.0</td><td>169,944</td><td>1,359.4</td><td>674.5</td><td>—</td></tr>
<tr><td>Century Gemini (世紀雙子)</td><td rowspan="2">102.6</td><td rowspan="2">111,456</td><td rowspan="2">920.9</td><td>367.8</td><td>—</td></tr>
<tr><td>Huijing City (滙景城)</td><td>208.0</td><td>—</td></tr>
<tr><td>Central Palace (中央華府)</td><td>80.1</td><td>79,030</td><td>1,013.5</td><td>227.1</td><td>—</td></tr>
<tr><td>Huijing Palace (滙景華府) and Huijing Ginza (滙景銀座)</td><td>144.6</td><td>176,748</td><td>818.1</td><td>413.4</td><td>—</td></tr>
</table>

Note 1: Total GFA is calculated as at September 30, 2019, the date to which our Property Valuation Report is made up.

Property project	Total land cost (RMB million)	Total GFA[Note 1] (in sq.m.)	Land cost per sq.m. of total GFA[Note 1] (RMB/sq.m.)	Development cost for the development as at June 30, 2019: Incurred (RMB million)	Development cost for the development as at June 30, 2019: Expected to be incurred (RMB million)
Emperor View Peak (帝景峰)	37.9	50,358	753.2	159.4	—
Humen Marina City (虎門濱海城)	377.3	121,556	3,103.9	174.7	332.8
Fenghua Mansion (豐華公館)[Note 2]	105.3[Note 2]	18,894	5,571.1[Note 2]	—[Note 2]	—[Note 2]
Subtotal		1,667,294		5,707.6	387.2
Heyuan					
Bund No. 8 (外灘8號)	186.1	216,030	861.6	554.4	—
Nine Miles Bay (九里灣花園)	747.1	677,750[Note 3]	1,102.3	252.8[Note 4]	822.1[Note 4]
Subtotal				807.2	822.1
Hefei					
Hefei Huijing City Centre (合肥滙景城市中心)	182.7	361,542	505.4	930.0	863.5
Hengyang					
Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	330.3	1,291,681	255.7	317.7	288.7[Note 4]
Changsha					
Huijing Global Centre (滙景發展環球中心)	826.0	296,614	2,784.9	1,174.1	533.8[Note 5]
Total		4,510,911		8,936.9	2,895.3

Note 2: The development of Fenghua Mansion (豐華公館) commenced in October 2018. As at the Latest Practicable Date, we were in the process of acquiring this project through acquisition of property under development held by Dongguan Fenghua Automobile Sales Services Co., Ltd (東莞市豐華汽車銷售服務有限公司). Therefore, the total land cost and total land cost per sq.m. of total GFA indicated for Fenghua Mansion reflects the acquisition costs for the development in progress and we have not incurred nor have we expected to incur any development costs as at June 30, 2019.

Note 3: As this project comprises properties held for future development, we have summed the construction GFA for the parts over which development has completed or is underway, with the plot ratio GFA for the parts of the project that is held for future development. For further information, please refer to the Property Valuation Report.

Note 4: The development cost incurred or expected to be incurred for Nine Miles Bay and Huijing Global Centre relate to the area over which development has commenced, which as at June 30, 2019, amounted to a GFA of 277,835 sq.m. and 106,339 sq.m. for Nine Miles Bay and Huijing Global Centre respectively. In August 2019, our Group obtained an additional construction work commencement permit with respect to Nine Miles Bay and accordingly, the development cost expected to be incurred as at September 30, 2019 relating to such additional construction work permit was RMB324.9 million.

Note 5: Huijing Global Centre is developed by Hunan Development, a joint venture company of our Group, to which 49% is attributable to us. Therefore, 49% of the incurred and expected costs for Huijing Global Centre, being RMB850.1 million and RMB376.9 million respectively, are attributable to us.

Our Property Projects in Dongguan

1. Huijing Riverside Villa (御海藍岸)

Huijing Riverside Villa (御海藍岸) is located in the town of Shatian in Dongguan, being 800 m. from the Yanjiang express highway and 11 km from the Humen high-speed railway station. Our targeted customers of this property project are the local residents of Dongguan, as well as the residents of Shenzhen. This property project consists of six phases, of which the first five phases have been completed. It occupies a total site area of 315,867 sq.m. with a planned aggregate GFA of 489,330 sq.m., comprising individual mansions, townhouses, high and low-rise apartments and commercial spaces, which are all intended for sale. Amongst other awards, Huijing Riverside Villa was recognized as "Top Ten Quality Mansions in Dongguan Property Market" (2011掌櫃風雲榜2011東莞房地產十大品質豪宅) and the "Pearl River Delta Real Estate Project with the Most Appreciation Potential" (珠三角最具升值潛力樓盤) in 2011 and 2012 respectively. Please refer to the subsection headed "— Our Awards" in this section for further details.

This property project was developed by Dongguan Huijing Kailun Bay and is 100% attributable to our Group. We entered into the relevant land grant contracts in May 2010, July 2011, August 2011, October 2012, November 2012, November 2013. We obtained the relevant land use rights certificates in June 2010, November 2012, November 2013, September 2011, April 2013, March 2012. As at June 30, 2019, we had incurred RMB1,946.2 million development costs. We expect to further incur RMB54.4 million development costs.

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 120,972 sq.m., 58,981 sq.m., 56,633 sq.m. and 4,403 sq.m., respectively.

As at September 30, 2019, phase 1 to phase 5 of this property project had been completed, amounting to a GFA of 464,409 sq.m., of which 375,659 sq.m. had been sold and delivered, and 48,658 sq.m. constituted unsaleable GFA, accounting for 80.9% and 10.5% of the total GFA completed respectively.

As at September 30, 2019, phase 6 of this property project was still under construction but had obtained Pre-sale Permit and we expect the development to be completed in December 2019. From January 1, 2019 to September 30, 2019, GFA of 4,743 sq.m. had been pre-sold for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	**Completed GFA** *(sq.m.)*	**Nos. of units**
Completed development	Residential	17,486	35
	Retail	4,387	13
	Car parking spaces	18,219	1,501
	Total:	**40,092**	**1,549**

	Usage	**GFA/Expected GFA** *(sq.m.)*	**Nos. of units**
Project under development for which we have obtained pre-sale permit	Residential	24,321	82
	Pre-saleable GFA/ Saleable GFA	24,321	82
	Ancillary/Others	600	
	Total GFA under development	24,921	

As at September 30, 2019, of the total completed GFA of 40,092 sq.m., we had entered into agreements to sell but had not yet delivered various residential units and retail units with a total GFA of approximately 3,438 sq.m..

2. Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)

Huijing Riverside Villa • Perfection (御海藍岸 • 臻品) is situated in the town of Shatian in Dongguan, being approximately 800 m. from the Yanjiang express highway. Our targeted customers for this property project are the local residents of Dongguan, as well as the residents of Shenzhen. This property project occupies a total site area of 10,220 sq.m. with a completed GFA of 38,147 sq.m., comprising high-rise apartments and commercial spaces.

This property project was developed by Dongguan Zhengyun and is 100% attributable to our Group. We obtained the relevant land use rights certificates in August 2013. As at June 30, 2019, we had incurred RMB115.6 million development costs.

As at September 30, 2019, this property project had been completed of which 13,158 sq.m. had been sold and 5,276 sq.m. constituted unsaleable GFA, accounting for 34.5% and 13.8% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, GFA of 8,030 sq.m. had been sold and delivered for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	**GFA/Expected GFA** *(sq.m.)*	**Nos. of units**
Completed development	Residential	11,119	109
	Retail	1,009	18
	Apartment	5,209	81
	Car parking spaces	2,375	190
	Total	19,713	398

As at September 30, 2019, of the total completed GFA of 19,713 sq.m., we have entered into agreements to sell but have not yet delivered various residential units, retail units and apartment units with a total GFA of approximately 1,769 sq.m..

3. Royal Spring Hill (御泉香山)

Royal Spring Hill (御泉香山) is located in the town of Qingxi in Dongguan, which is on the border of Dongguan and Shenzhen. This property project is approximately 10 km from the city centre of Longgang, Shenzhen, approximately 30 km from the city centre of Futian, approximately 30 km from the Luohu Port and approximately 35 km from Shenzhen Baoan International Airport. It is also easily accessible via two express highways. Our targeted customers for this property project are the local residents of Dongguan, as well as the residents of Shenzhen. This property project consists of two phases, both of which have completed. This property project occupies a total site area of approximately 119,999 sq.m. with a completed GFA of approximately 266,416 sq.m., comprising individual mansions, townhouses, high and low-rise apartments, commercial spaces and a kindergarten in each phase. Amongst other awards, Royal Spring Hill was recognized in 2011 as the "Most Anticipated Real Estate Project in 2011" (2011年最值得期待樓盤獎) by each of Dongguan Times and the Southern Daily, and as the "Most Anticipated Real Estate Project in 2010" (2010年度(東莞)最值得期待樓盤) by the Guangzhou Daily.

This property project was developed by Dongguan Jade and is 100% attributable to our Group. We entered into the relevant land grant contracts in April 2009, January 2010 and May 2010. We obtained the relevant land use rights certificates in November 2009, June 2010 and August 2010. As at June 30, 2019, we had incurred RMB908.7 million development costs.

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 21,320 sq.m., 672 sq.m., 1,316 sq.m. and 2,975 sq.m., respectively.

As at September 30, 2019, both phase 1 and phase 2 of this property project had been completed, of which 210,170 sq.m. had been sold and 42,024 sq.m. constituted unsaleable GFA, accounting for 78.9% and 15.8% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, GFA of 2,839 sq.m. had been sold and delivered for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed GFA *(sq.m.)*	Nos. of units
Completed development	Residential	1,095	6
	Retail	1,908	1
	Car parking spaces	11,219	918
	Total:	**14,222**	**925**

As at September 30, 2019, of the total completed GFA of 14,222 sq.m., we have entered into agreements to sell but have not yet delivered various residential units and car parking spaces with a total GFA of approximately 1,330 sq.m..

4. City Valley (城市山谷)

City Valley (城市山谷) is situated in the town of Qingxi in Dongguan, and approximately 1 km from the central district in the town of Qingxi. Our targeted customers for this property project are the local residents of Dongguan, as well as the residents of Shenzhen. This property project occupies a total site area of 59,665 sq.m. with a completed GFA of 148,775 sq.m., comprising individual mansions, townhouses, high-rise apartments and commercial spaces. Within the property project, there is also a kindergarten.

This property project was developed by Dongguan Jade and is 100% attributable to our Group. We entered into the relevant land grant contract in November 2010. We obtained the relevant land use rights certificates in August 2011. As at June 30, 2019, we had incurred RMB512.2 million development costs.

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 110,735 sq.m., 1,277 sq.m., 761 sq.m. and 2,862 sq.m., respectively.

As at September 30, 2019, this property project had been completed of which 115,780 sq.m. had been sold and delivered, and 24,566 sq.m. constituted unsaleable GFA, accounting for 77.8% and 16.5% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, GFA of 2,949 sq.m. had been sold and delivered for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed GFA *(sq.m.)*	Nos. of units
Completed development	Residential	338	2
	Retail	1,783	3
	Car parking spaces	6,309	497
	Total:	**8,430**	**502**

As at September 30, 2019, of the total completed GFA of 8,430 sq.m., we had entered into agreements to sell but had not yet delivered various residential units with a total GFA of approximately 338 sq.m..

5. Huijing City Centre (滙景城市中心)

Huijing City Centre (滙景城市中心) is situated in the town of Zhangmutou in Dongguan. This property project is accessible via seven express highways and our targeted customers for this property project are the local residents of Dongguan, as well as the residents of Shenzhen. Facilities closeby to this property project include public schools, banks and shopping centre. Parts of this development with a total GFA of 111,574 sq.m. has been completed. This property project occupies a total site area of approximately 37,025 sq.m. with a completed GFA of 169,988 sq.m., comprising high-rise apartments and large-scale commercial spaces.

This property project was developed by Dongguan Daxi and is 100% attributable to our Group. We entered into the relevant land grant contracts in January 2007, April 2007 and December 2015. We obtained the relevant land use rights certificates in May 2007, September 2007 and February 2016. As at June 30, 2019, we had incurred RMB674.5 million development costs.

For the year ended December 31, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 44,576 sq.m., 32,674 sq.m and 15,360 sq.m., respectively.

As at September 30, 2019, this property project (comprising block nos. 1 to 16) had been completed of which 96,508 sq.m. had been sold and delivered, and 28,659 sq.m. constituted unsaleable GFA, accounting for 56.8% and 16.9% of the total GFA completed respectively.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed GFA *(sq.m.)*	Nos. of units
Completed development	Residential	2,162	21
	Apartment	12,802	240
	Retail	21,494	114
	Car parking spaces	8,363	669
	Sub-total:	**44,821**	**1,044**

As at September 30, 2019, of the total completed GFA of 44,821 sq.m., we had entered into agreements to sell but had not yet delivered various residential units, apartment units and retail units with a total GFA of approximately 2,645 sq.m..

6. Century Gemini (世紀雙子)

Century Gemini (世紀雙子) is situated in the town of Houjie in Dongguan. Our main targeted customers for this property project are the local residents residing in the town of Houjie. This property project shares a total site area of 17,314 sq.m. with Huijing City, and has a completed GFA of 85,675 sq.m., comprising high-rise apartments.

This property project was developed by Huijing Group and is 100% attributable to our Group. We entered into the relevant land grant contracts in February 2007, January 2010 and November 2010. We obtained the relevant land use rights certificates in November 2011 and December 2011. As at June 30, 2019, we had incurred RMB367.8 million development costs.

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 5,846 sq.m., 274 sq.m., nil and nil, respectively.

As at September 30, 2019, this property project had been completed, and 49,467 sq.m. of GFA had been sold and delivered, and 27,168 sq.m. constituted unsaleable GFA, accounting for 57.7% and 31.7% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, no property was sold for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

Group	**Usage**	**Completed GFA** *(sq.m.)*	**Nos. of units**
Completed development	Residential	546	11
	Retail	1,559	12
	Car parking spaces	6,936	575
	Total:	**9,041**	**598**

7. Huijing City (滙景城)

Huijing City (滙景城) was developed as a shopping mall connecting the Century Gemini apartments and only 500 m away from the nearest metro station. It is positioned as a fashion shopping center which has several internationally renowned retail brands as tenants. Huijing City has been completed and commenced operations on June 1, 2018 and Dongguan Ruifeng had provided management services for Huijing City. Please refer to subsection headed "Connected Transaction — Exempt Continuing Connected Transactions — (ii) Shopping mall management services provided by Dongguan Ruifeng" in this document for further details.

This property project was developed by Huijing Group and is 100% attributable to our Group. We entered into the relevant land grant contracts in February 2007, January 2010 and November 2010. We obtained the relevant land use rights certificates in November 2011, and December 2011. As at June 30, 2019, we had incurred RMB208.0 million development costs.

We have offered property in Huijing City for lease and no GFA had been sold and delivered for this project, for further details please refer to the subsection headed "Our Business — Property Investment" in this section.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed Leasable GFA *(sq.m.)*	Nos. of units
Completed development	Retail	25,780	N/A(Note 1)
	Total:	**25,780**	**—**

Note 1: As Huijing City is a shopping mall, we may reasonably subdivide the GFA available into any number of units to meet commercial demand.

8. Central Palace (中央華府)

Central Palace (中央華府) is situated in the town of Houjie in Dongguan. Our main targeted customers for this property project are the local residents residing in the town of Houjie. This property project occupies a total site area of 18,914 sq.m. with a completed GFA of 79,030 sq.m..

This property project was developed by Huijing Group and is 100% attributable to our Group. We obtained the relevant land use rights certificates in February 2008. As at June 30, 2019, we had incurred RMB227.1 million development costs.

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 221 sq.m., 500 sq.m., 938 sq.m. and 139 sq.m., respectively.

As at September 30, 2019, this property project had been completed, of which 61,843 sq.m. had been sold and delivered, and 11,670 sq.m. constituted unsaleable GFA, accounting for 78.3% and 14.8% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, GFA of 164 sq.m. had been sold and delivered.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed GFA *(sq.m.)*	Nos. of units
Completed development	Retail	5,505	60
	Car parking spaces	12	1
	Total:	**5,517**	**61**

As at September 30, 2019, of the total completed GFA of 5,517 sq.m., we had entered into agreements to sell but had not yet delivered various retail units with a total GFA of approximately 799 sq.m..

9. Huijing Palace (滙景華府) and Huijing Ginza (滙景銀座)

Huijing Palace (滙景華府) and Huijing Ginza (滙景銀座) is situated in the town of Houjie in Dongguan. Our main targeted customers for this property project are the local residents residing in the town of Houjie. This property project occupies a total site area of 38,001 sq.m. with a completed GFA of 176,749 sq.m., comprising 1,280 high-rise apartment units.

This property project was developed by Huijing Group and is 100% attributable to our Group. We entered into the relevant land grant contract in December 2004. We obtained the relevant land use rights certificates in April 2005. As at June 30, 2019, we had incurred RMB413.4 million development costs.

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 1,031 sq.m., 1,285 sq.m., 2,518 sq.m. and 352 sq.m., respectively.

As at September 30, 2019, this property project had been completed of which 152,108 sq.m. had been sold and delivered, and 23,619 sq.m. constituted unsaleable GFA, accounting for 86.1% and 13.4% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, a total GFA of 463 sq.m. had been sold for this project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	**Completed GFA** *(sq.m.)*	**Nos. of units**
Completed development	Retail	201	2
	Car parking spaces	821	69
	Total:	**1,022**	**71**

10. Emperor View Peak (帝景峰)

Emperor View Peak (帝景峰) is situated in the Dongcheng district of Dongguan. Our targeted customers for this property project are the local residents of Dongcheng and Shenzhen. Facilities closeby to this property project include a public hospital, administrative institutions and financial institutions. This property project occupies a total site area of 12,240 sq.m. with a completed GFA of 50,358 sq.m., comprising 322 high-rise apartment units.

This property project was developed by Huijing Group and is 100% attributable to our Group. We entered into the relevant land grant contract in December 2005. We obtained the relevant land use rights certificates in January 2006. As at June 30, 2019, we had incurred RMB159.4 million development costs.

For the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 231 sq.m., 13 sq.m., 12 sq.m. and 174 sq.m., respectively.

As at September 30, 2019, this property project had been completed, of which 38,337 sq.m. had been sold and delivered, and 11,651 sq.m. constituted unsaleable GFA, accounting for 76.1% and 23.1% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, GFA of 174 sq.m. had been sold for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed GFA *(sq.m.)*	Nos. of units
Completed development	Car parking spaces	327	22
	Total:	**327**	**22**

11. Humen Marina City (虎門濱海城)

Humen Marina City (虎門濱海城) is situated in the town of Humen in Dongguan. Our main targeted customers for this property project are the local residents of Humen as well as the residents of other areas including Houjie, Changan, Shajin and Shenzhen. Facilities closeby to this property project include various public schools, banks, hospitals and shopping centres. The development occupies a total site area of 37,407 sq.m. with a planned GFA of 121,556 sq.m..

For the development of Humen Marina City, we have entered into a joint development agreement with Dongguan Country Garden Property Development Company Limited (東莞碧桂園房地產開發有限公司), under which we have appointed Dongguan Country Garden Property Development Company Limited to manage and develop, as well as market and sell our property from the development of Humen Marina City. As at June 30, 2019, we had incurred RMB174.7 million development costs. We expect to further incur RMB277.8 million development costs.

This property project was developed by Dongguan Wanfang and is 98% attributable to our Group. We entered into the relevant land grant contract in May 2016. We obtained the relevant land use rights certificates in May 2018.

As at September 30, 2019, this property project was still under construction and no GFA had been sold and delivered for this project. We expect the development to be completed in December 2019. From January 1, 2019 to September 30, 2019, GFA of 55,150 sq.m. had been pre-sold for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	**GFA/Expected GFA** *(sq.m.)*	**Nos. of units**
Project under development for which we have obtained pre-sale permit	Residential	89,256	816
	Retail	3,428	55
	Pre-saleable GFA	92,684	871
Project under development for which we have not obtained pre-sale permit	Car parking spaces	9,363	
	Sub-total	9,363	
	Saleable GFA	102,047	
	Ancillary/Others	19,509	
	Total GFA under development	121,556	

Our Property Projects in Heyuan

12. Bund No. 8 (外灘8號)

Bund No. 8 (外灘8號) is situated in the district of Yuancheng in Heyuan. Our main targeted customers for this property project are local residents of the Yuancheng district, but also residents in other parts of Guangdong. Facilities closeby to this property project include the Jianji Shopping Centre and People's Hospital of Heyuan, as well as local kindergartens, primary schools and secondary schools. This property project consists of two phases, of which the first phase has completed. This property project occupies a total site area of 60,007 sq.m. with a completed GFA of 216,030 sq.m., comprising residential units and commercial spaces.

This property project was developed by Heyuan Huijing Property and is 100% attributable to our Group. We entered into the relevant land grant contract in January 2016. We obtained the relevant land use rights certificates in March 2016, June 2016, and June 2017. As at June 30, 2019, we had incurred RMB554.4 million in development costs.

For the year ended December 31, 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 80,952 sq.m. and 79,988 sq.m., respectively.

As at September 30, 2019, this property project had been completed, of which 161,585 sq.m. had been sold and delivered, and 35,244 sq.m. constituted unsaleable GFA, accounting for 74.8% and 16.3% of the total GFA completed respectively. From January 1, 2019 to September 30, 2019, a total GFA of 2,226 sq.m. had been sold and delivered for this project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed GFA *(sq.m.)*	Nos. of units
Completed development	Residential	2,584	16
	Retail	2,294	1
	Car parking spaces	14,323	1,126
	Total:	**19,201**	**1,143**

As at September 30, 2019, of the total completed GFA of 19,201 sq.m., we had entered into agreements to sell but had not yet delivered various car parking spaces with a total GFA of approximately 649 sq.m..

13. Nine Miles Bay (九里灣花園)

Nine Miles Bay (九里灣花園) is situated in the county of Dongyuan in Heyuan. Our targeted customers of this property project are local residents of Heyuan and other parts of Guangdong. Facilities closeby to this property project include supermarkets, the Dongguan Eighth People's Hospital (東莞市第八人民醫院), the Dongguan Children's Hospital (東莞市兒童醫院) as well as local kindergartens, primary schools and secondary schools. This property project occupies a total site area of 273,500 sq.m. with construction work approval permits for a planned GFA of 403,654 sq.m., and a further plot ratio GFA of approximately 274,096 sq.m. for the area with no construction work approval permits.

This property project is being developed by Dongjiang Village Long He and is 100% attributable to our Group.

As at September 30, 2019, this development was still under construction and no GFA had been sold and delivered for this project. We expect the development to be completed in December 2021. From January 1, 2019 to September 30, 2019, GFA of 76,932 sq.m. had been pre-sold for this property project. As at June 30, 2019, we had incurred RMB252.8 million in development costs. We expect to further incur RMB822.1 million development costs.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	GFA/Expected GFA *(sq.m.)*	Nos. of units
Project under development for which we have obtained pre-sale permit	Residential	217,417	1,532
	Retail	6,898	112
	Pre-saleable GFA	224,315	1,644
Project under development for which we have not obtained pre-sale permit	Residential	93,877	
	Car parking spaces	31,925	
	Sub-total	125,802	
	Saleable GFA	350,116	
Ancillary/Others		53,538	
	Total GFA under development	403,654	

Our Property Project in Hefei

14. Hefei Huijing City Centre (合肥滙景城市中心)

Hefei Huijing City Centre (合肥滙景城市中心) is situated in the district of Gaoxin in Hefei. Our main customers for this property project are the local residents of Hefei. This property project is directly opposite the local government and courts of the district of Gaoxin and is closeby to the Gaoxin campus of the University of Science and Technology of China. This property project occupies a total site area of 37,779 sq.m. with a planned GFA of 361,541 sq.m., comprising a shopping center, a hotel, residential units and commercial offices.

This property project was developed by Hefei Fuhua and is 100% attributable to our Group. We obtained the relevant land use rights certificate in April 2014. As at June 30, 2019, we had incurred RMB930.0 million development costs. We expect to further incur RMB863.5 million development costs.

For the year ended December 31, 2018 and the six months ended June 30, 2019, we had completed and delivered GFA of 35,625 sq.m. and 15,353 sq.m., respectively.

As at September 30, 2019, residential block nos. 1 and 2 and their basement of this property project had been completed, amounting to a GFA of 88,884 sq.m., of which 60,889 sq.m. had been sold and delivered, and 4,515 sq.m. constituted unsaleable GFA, accounting for 68.5% and 5.1% of the total GFA completed respectively.

As at September 30, 2019, blocks A, B and C of this development were still under construction. We expect the development to be completed by February 2020. From January 1, 2019 to September 30, 2019, GFA of 10,698 sq.m. had been pre-sold for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	Completed GFA *(sq.m.)*	Nos. of units
Completed development	Residential	605	5
	Car parking spaces	22,874	627
	Total:	**23,479**	**632**

	Usage	GFA/Expected GFA *(sq.m.)*	Nos. of units
Project under development for which we have obtained pre-sale permit	Residential	30,786	504
	Pre-saleable GFA	30,786	504
Project under development for which we have not obtained pre-sale permit	Retail	32,924	
	Office	71,150	
	Hotel	61,264	
	Car parking spaces	11,089	
	Sub-total	176,427	
	Saleable GFA	207,213	
Ancillary/Others		65,445	
	Total GFA under development	272,658	

As at September 30, 2019, of the total completed GFA of 23,479 sq.m., we had entered into agreements to sell but had not yet delivered various residential units with a total GFA of approximately 463 sq.m..

Our Property Project in Hengyang

15. Huijing Yanhu International Resort (衡陽滙景 • 雁湖生態文旅小鎮)

Huijing Yanhu International Resort (衡陽滙景 • 雁湖生態文旅小鎮) is situated next to Nanyue Airport in Hengyang and is easily accessible via high speed rail and express highways. This property project is a key element to the urban planning of the local government of Hengyang as it has been designed to be one of the major tourist attractions for Hengyang and a booster to the local economy. In addition to our current development, we were also in discussion with the Government of Hengnan County for additional land use rights over land with a site area of 1,062,005 sq.m.. Subject to our acquisition of the relevant land use rights in the additional 1,062,005 sq.m. through public auction and tendering, this property project will expand to cover a site area of over 5.3 million sq.m., including over 600,000 sq.m. of native waters. Our plans for this property project include the entertainment area of Yueshui Bay and the leisure area of Romance Island (浪漫島田園休閑區). Apart from targeting tourists, we also aim to target the local residents of Hengyang as well as other parts of Guangdong. As part of this property project, there will be a residential area — Colman Manor (科爾馬莊園), comprising of multi-floor mansions, as well as local and international schools, medical centres, fitness centres and commercial spaces.

As at September 30, 2019, a site area of 254,354 sq.m. out of 938,427 sq.m. was being developed. The planned aggregate GFA of 1,291,681 sq.m., comprise mainly residential units and some commercial spaces.

This property project is being developed by Hengyang Huijing Property and is 100% attributable to our Group. We entered into the relevant land grant contracts in October 2014 and May 2016. We obtained the relevant land use rights certificates in November 2014 and June 2016. As at June 30, 2019, we had incurred RMB317.7 million development costs. We expect to further incur RMB288.7 million development costs for the development.

As at September 30, 2019, this property project was still under construction and no GFA had been sold and delivered for this project. We expect the development to be completed in December 2019. From January 1, 2019 to September 30, 2019, GFA of 7,125 sq.m. had been pre-sold for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	GFA/Expected GFA *(sq.m.)*	Nos. of units
Project under development for which we have obtained pre-sale permit	Residential	57,002	336
	Retail	9,143	116
	Pre-saleable GFA	66,145	452
Project under development for which we have not obtained pre-sale permit	Residential	25,812	
	Clubhouse	1,516	
	Sub-total	27,327	
	Saleable GFA	93,472	
	Ancillary/Others	12,867	
	Total GFA under development	106,339	

Our Property Project in Changsha

16. Huijing Global Centre (滙景發展環球中心)

Huijing Global Centre (滙景發展環球中心) is situated in the district of Tianxin in Changsha, along the shores of the Xiangjiang River. Our targeted customers for this property project include large banks and other financial institutions as well as private investors in Changsha for residential units. This property project consists of two blocks, which are both under construction. This property project occupies a total site area of 27,081 sq.m. with a planned GFA of 296,614 sq.m., comprising high-rise apartments, commercial offices and retail commercial spaces.

This property project was developed by Hunan Development, a joint venture company of our Group, to which 49% is attributable to our Group. We entered into the relevant land grant contracts in February 2011 and February 2016. The relevant land use rights certificates was entered into in July 2015 and April 2016. As at June 30, 2019, we had incurred RMB1,174.1 million in development costs. We expect to further incur RMB533.8 million development costs.

As at September 30, 2019, this property project was still under construction and no GFA had been sold and delivered for this project. We expect the development to be completed in December 2019. From January 1, 2019 to September 30, 2019, GFA of 18,468 sq.m. had been pre-sold for this property project.

As at September 30, 2019, we held properties with the following GFA in this development:

	Usage	GFA/Expected GFA *(sq.m.)*	Nos. of units
Project under development for which we have obtained pre-sale permit	Office	150,117	1,433
	Apartment	28,369	456
	Pre-saleable GFA	178,486	1,889
Project under development for which we have not obtained pre-sale permit	Retail	34,775	
	Car parking spaces	18,682	
	Sub-total	53,457	
	Saleable GFA	231,942	
	Ancillary/Others	64,672	
	Total GFA under development	296,614	

LEASED PROPERTIES

As at the Latest Practicable Date, our Group, together with our joint venture, rented ten properties in six cities with a total GFA of 9,690.4 sq.m., which are primarily used as office premises. The term of our leases generally range from 21 months to five years. As at the Latest Practicable Date, we leased various office premises from Independent Third Parties as well as connected persons of our Company. For further details on transactions entered into by our Group constituting connected transactions under the Listing Rules, please refer to the section headed "Connected Transactions" in this document.

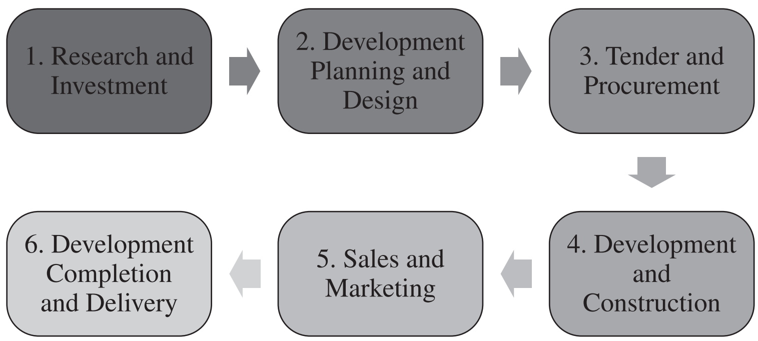
The lessor of one leased property located in Changsha (comprising one floor and a corner of another floor) which we primarily use as office premises was unable to provide the title certificates of the relevant property and we believe that there were no title certificates for the property.

We have been advised by our PRC Legal Advisers that we may claim against the lessor in respect of its defective title to the above property under the relevant lease agreement. In addition, because the property with defective title is a leased property, we will not bear any potential legal liability in respect of the defective title. Moreover, the title defects will not have any material adverse impact on our operations because of the limited size of this leased property as compared with the total size of all the properties we use, as well as the fact that this leased property can easily be substituted by comparable premises.

OUR PROPERTY DEVELOPMENT OPERATION AND MANAGEMENT

Key Steps in Our Property Development Process

We have an established development process for properties ranging from large-scale residential properties to integrated mixed-use properties that include residential buildings, office spaces, shopping malls and other surrounding commercial spaces. The diagram below sets forth the major stages typically involved in our development of properties:



(i) Research and Investment

Market Research and Site Selection

We typically select sites for our developments in economically developed second-tiered cities and in urban centers and central areas of other cities in China that we believe have strong prospects for growth. In general, we would consider a number of factors to assess a city's prospects, including: (i) various economic indicators and other factors which we consider relevant to the city's real estate market, such as the city's historic population, population growth from immigration, growth of its native or resident population, local demand and supply for property, GDP, transportation infrastructure etc.; (ii) national or local laws or policies that would affect the local real estate market; and (iii) any potential for development of specialty projects such as cultural-tourism town in the surrounding areas of the city.

In line with the above, we have begun developments in Changsha and Hefei, tier two cities which are the capital of Hunan province and Anhui province respectively. They are cities which we consider to be economically developed with potential for future growth. We will also continue to develop our Huijing Yanhu International Resort, a "tourism-healthy living" project located a distance away from the urban centre of Hengyang. For further details on our developments, please refer to the subsection headed "Our Properties — Our Property Portfolio" in this section.

In addition to exploring land acquisition opportunities in the PRC, we may also explore international opportunities. We would primarily consider regions which are relatively economically developed, politically stable, and favored by national policies of the PRC. In particular, leveraging on the benefits available under national policies of the PRC (including the Belt and Road Initiative) and having met with, among others, the President, the Minister of Finance and the Minister of Foreign Affairs of the Republic of Ghana ("**Ghana**"), our Directors are of the view that Ghana satisfies our Group's criteria for international expansion, as Ghana is one of the relatively economically developed countries in Africa, that is politically stable, and which adopts the British common law system and international accounting standards. It is for these reasons that our Directors consider that there are potential business opportunities in the Ghanian property development industry. As at the Latest Practicable Date, we were in the early stages of conducting a feasibility study in Ghana, and had no concrete development plans.

We select one or a few prospective cities in each region when we enter into the market, which we consider as core cities within a region. After gaining a foothold in these core cities, we expand our presence in each region by developing properties in other cities within the region which we believe have high growth potential. We believe our successful experience in the core cities can enable as to more currently position our products in the market, effective cost control and risk management and that our regional deep-plough strategy enables us to utilize our experience and resources in each region and achieve a balance between expansion and stability.

Before acquiring a parcel of land, our management will consider key factors that influence the growth of the local property market and our Investment Department will conduct a detailed feasibility study which includes analysis about the site's existing and potential commercial value, potential land acquisition costs, construction budget, expected return and risk control feasibility. We closely monitor the market and land price movements, and aim to acquire land when land prices are relatively low. To control the risks related to land acquisition, we also engage professional parties from time to time to conduct financial and legal due diligence on the targets when we acquire land from third-party companies.

The key factors we consider in the process of site selection include, among others, the following:

- general economic conditions of the relevant city;
- population density of the city and the local areas, particularly the surrounding area;
- infrastructure, urban planning and the development plan of the local government;
- income levels and purchasing power of local residents;
- growth trend of the local property market;
- scale and price of land in the city;
- location of the site in the city, proximity to the city center and access to transport and public facilities, particularly high speed train lines and stations;
- suitability of the site for our product positioning; and
- estimated development costs and time and expected investment returns.

We devote significant management resources to the site selection process, which involves collaboration among multiple departments. Our Investment Department identifies suitable acquisition opportunities, conduct legal risks analysis, negotiate with counter-parties and execute acquisition transactions. Our Investment Department coordinates with other functional departments including our Legal Department and Finance Department to formulate a detailed feasibility study, which will be submitted to Investment Committee for review and approval.

Land Acquisition

We primarily acquire land for our developments through third parties and through urban renewal developments but we may also acquire land through other channels including but not limited to auctions or public tendering processes.

During the Track Record Period, we obtained our land through the following methods:

(a) acquisition of equity interest in companies that hold land use rights;

(b) acquisition of land from companies and/or persons that hold land use rights; and

(c) participation in urban renewal developments which involves resettlement operations in some cases.

In the future, we will continue to explore opportunities to acquire land, and we may acquire land with title defect or non-compliance records, such as delay in commencement of construction with the legal department and the external legal adviser. In this regard, we would strengthen our management approval process in the following manner:

(a) before acquisition of the land, preliminary assessment should be made to identify any risks of title defect or non-compliance. If the land to be purchased involves any risks of title defects or non-compliance, the relevant staff shall report to the management and obtain written approval from the management before proceeding to acquisition;

(b) after obtaining written approval from the management, the relevant staff shall conduct feasibility study which includes (i) together arrange to conduct due diligence, including communicating with the relevant government authorities regarding the potential penalty and remedial action, and if possible, follow up the results of due diligence and (ii) assess the financial return before entering into any agreement for the acquisition. If it is confirmed that the land to be purchased has title or non-compliance, our Directors, should obtain a report from the legal adviser, which shall include the legal adviser's advice on the maximum penalty and compensation faced if our Group is to acquire the land;

(c) our Directors shall only make a decision on whether to acquire the land after assessing the feasibility study and reviewing the report from the legal advisers and discussing the issues in a meeting. The relevant meeting shall be recorded with minutes and signed by the Directors who attend the meeting;

(d) the legal department shall ensure that the land acquisition contract shall include appropriate clauses to protect our Group's interests, for example, if the title defect or non-compliance issues are not resolved, our Company shall have the right to terminate the acquisition contract.

We may use one or a combination of the above methods to acquire land for our developments. In particular, when we participate in urban renewal developments, we may also directly acquire land from existing land owners (by acquiring the parcel of land directly, or through acquiring the equity interest in the land-owning company(ies) holding the land) in the redevelopment area. For further details, please refer to the paragraphs below.

As at September 30, 2019, we held a land portfolio with a total expected GFA of 4.5 million sq.m., comprising of 1.8 million sq.m. of completed properties, 1.2 million sq.m. of properties under development and 1.5 million sq.m. of land held for future development.

(x) Acquisition of equity interest in companies that hold land use rights

We acquire a portion of our land through acquiring equity interest in companies that possess land use rights for target lands. This method allows us to negotiate the terms and conditions directly with the targeted companies or the counterparties, which enables us to avoid competitive bidding during auction and public listing. Further, we may also acquire land through such acquisitions as part of our urban renewal operations, depending on the identity of the original land owners in the relevant urban renewal development.

Prior to and during the Track Record Period, we had acquired certain parcels of land (for example, the acquisition of (i) Humen Marina City, (ii) Huijing City Centre and (iii) Hefei Huijing City Centre) from companies that hold land use rights where the time limit for commencement and/or completion of construction as prescribed under the land grant contract has expired. Although such delay in commencement and/or completion of construction by the previous owner may had, upon completion of such acquisition, correspondingly caused delay on our part, we believe we were able to acquire such land parcels at relatively more competitive pricing as compared to the then market price for similar land parcels. For further details on the delay in commencement and/or completion of construction as mentioned above, please refer to the subsection headed "— Compliance with Laws and Regulations — Historical Non-compliance Incidents" in this section.

As at December 31, 2016, 2017 and 2018, and June 30, 2019 our investment in a joint venture amounted to RMB95.0 million, RMB80.6 million, RMB56.5 million and RMB44.1 million respectively. For each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, our share of loss on a joint venture was RMB9.8 million, RMB9.6 million, RMB10.3 million and RMB6.0 million respectively. Please refer to the subsection headed "Risk Factors — Risks Relating to Our Business — We may be adversely affected by material issues that affect our relationships or business ventures with our joint venture and associated company partners." in this document for further details.

Our Directors have confirmed that, to the best of their knowledge, information and belief having made all reasonable enquiry, each counterparty and each ultimate beneficial owner of the counterparties are Independent Third Parties. Our Directors also believe that the terms of the transaction are fair and reasonable and in the interests of the shareholders as a whole.

The general purpose of all of these acquisitions is land acquisitions. We conducted such acquisitions for the purpose of achieving continued growth of land reserve at competitive costs. The basis for determining the consideration of these acquisitions are through arm's length negotiations between the parties and on normal commercial terms with reference to the cost of the land held by the entity. As at August 31, 2019, part of the considerations had been settled by internal resources of our Group, and the balance of the consideration is expected to be financed by the **[REDACTED]** of the **[REDACTED]**. Please see below and the section headed "Waivers from Strict Compliance with the Listing Rules" in this document for the details of such acquisitions as an alternative disclosure on each acquisition.

Subsequent to the Track Record Period and as at the Latest Practicable Date, we were in the process of acquiring, equity interests in the following companies:

Target Company	Name and site area of the acquired land (sq.m.)	Date of the acquisition agreement	Aggregate value of consideration (RMB)	Consideration paid as at September 30, 2019 (RMB) (Note 1)	Percentage of equity interest (%)	Net assets value as at December 31, 2018 (RMB)	Net profits (both before and after taxation) for the year ended December 31, 2017 (RMB)	2018 (RMB)	Revenue for the year ended December 31, 2018 (RMB)	Total assets as at December 31, 2018 (RMB)
Target Company A	Nancheng Gedi Area (29,519)	February 3, 2018 (Note 3)	215,000,000 (Note 5)	30,000,000	100%	2,375,976.3 (Note 2)	Profit before taxation 551,413.8 Profit after taxation 545,936.4	Profit before taxation 31,991.0 Profit after taxation 27,654.7	6,369,365.8	14,109,508.7
Target Company B						7,538,400.1	Loss before & after taxation 666,650.4	Loss before taxation 63,375.7 Loss after taxation 69,360.4	4,767,728.3	13,616,119.6
Target Company C	Qingxi Luhu Area (65,206)	January 2, 2018 (Note 3)	426,800,000 (Note 5)	96,680,000	100%	32,770,945.7	—	Loss before and after taxation 972,254.3	4,403,655.4	33,368,913.0
Target Company D	Shatian Yanggongzhou Area (9,366)	May 5, 2017 (Note 3)	93,660,000 (Note 5)	85,895,500	100%	6,355,589.4	Profit before and after taxation 13,103.6	Profit before and after taxation 8,990.3	145,000	7,203,201.9
Target Company E	Pinghu Area No. 1 (25,114)	October 15, 2016 (Note 4)	134,680,000	42,025,000	80%	29,723,810.9	Loss before & after taxation 3,398,015.1	Loss before & after taxation 3,449,415.7	0	73,261,093.2
Target Company F	Pinghu Area No. 2 (37,218)	October 15, 2016 (Note 4)		40,743,000	80%	10,487,911.9	Loss before & after taxation 1,211,156.9	Loss before & after taxation 1,055,695.5	0	42,423,190.9
Target Company G (Note 6)	Project Humen Xinwan (14,910)	N/A	145,500,000	60,000,000	100%	N/A	N/A	N/A	N/A	N/A
Target Company H (Note 7)	Project Qingxi Sanxing No. 1 (30,157)	N/A	100,000,000	94,000,000	70%	N/A	(30)	0	4,950	N/A

Note 1: As at August 31, 2019, part of the considerations had been settled by internal resources of our Group, and the balance of the consideration is expected to be financed by the **[REDACTED]** of the **[REDACTED]**.

Note 2: This company has more liabilities than assets as at December 31, 2018, and therefore had a net liability of RMB2,375,976.3.

Note 3: Due to the introduced of new regulations or policies on urban renewal in Dongguan in 2017 and 2018 subsequent to the execution of the relevant acquisition agreements, the parties took additional measures to ensure that the acquisitions were in compliance with the then newly-introduced rules and regulations. These include the "Letter in relation to the Filing Requirements for Cooperation Between Village and Enterprises in Urban Renewal Projects" (《關於村企合作改造項目備案的函》) issued in October 2017, and the Opinion promulgated in August 2018.

Note 4: Pursuant to the relevant acquisition agreements, completion of acquisitions of these companies are subject to the resolution with the relevant government authorities of issues regarding the delay in commencement and completion of construction on the land held by the relevant companies, and any issue of idle land. As at the Latest Practicable Date, such condition had not been fulfilled.

Note 5: The consideration for Target Company A, B, C, and D is higher than their respective the total assets because the market value of the land is taken into account when the consolidation for the market were determined. The net asset value of Target Company A, B, C, and D reflects the original cost of the assets, including the land, when it was acquired by each Target Company, and the market value of each parcel of land is higher than the respective book value of the assets as recorded. Please refer to the Property Valuation Report for further details.

Note 6: Since Target Company G was a company to be upgraded from an individually owned store (個體工商戶) to a limited liability company by Vendor G in accordance with the relevant laws and regulations in the PRC, no financial information was available.

Note 7: Company H was established on September 5, 2018 as a limited liability company. As a result, there is no financial information for the year ended December 31, 2017.

(y) Acquisition of land from companies and/or persons that hold land use rights

We also directly acquire land from companies and/or persons holding land use rights. Similar to acquiring equity interest in land-owning companies as disclosed in the paragraphs above, we could directly negotiate the terms and conditions of our acquisitions, allowing us to acquire land at a competitive price.

(z) Urban renewal

Our Company takes a proactive role in identifying potential land suitable for redevelopment in Greater Bay Area whether or not such parcels of land has been put in scope for renewal. We usually purchase land from third parties with potential for redevelopment, but we also enter into cooperation agreements with local governments or villager associations to participate in urban renewal.

During the Track Record Period, we have participated in an urban renewal development. The key objectives for an urban renewal development are, (i) consolidate scattered land use rights into one unified land parcel that is conductive to development; and (ii) changing the land zoning of the relevant redevelopment area (e.g. industrial-zoned land near an urban center) allowing for residential and/or commercial use that complements our Group's development strategy.

Previous Urban Renewal Regimes

In August 2018, the Opinion was published by the Dongguan People's Government to formally regulate the process for urban renewal in Dongguan. The Opinion introduced the Single Party Scenario and phased out the Cooperation Scenario of urban renewal and imposed more stringent requirements for urban renewal under the Right Owner Scenario. However, we will continue our urban renewal commenced under Right Owner Scenario and Cooperation Scenario where the relevant law permits.

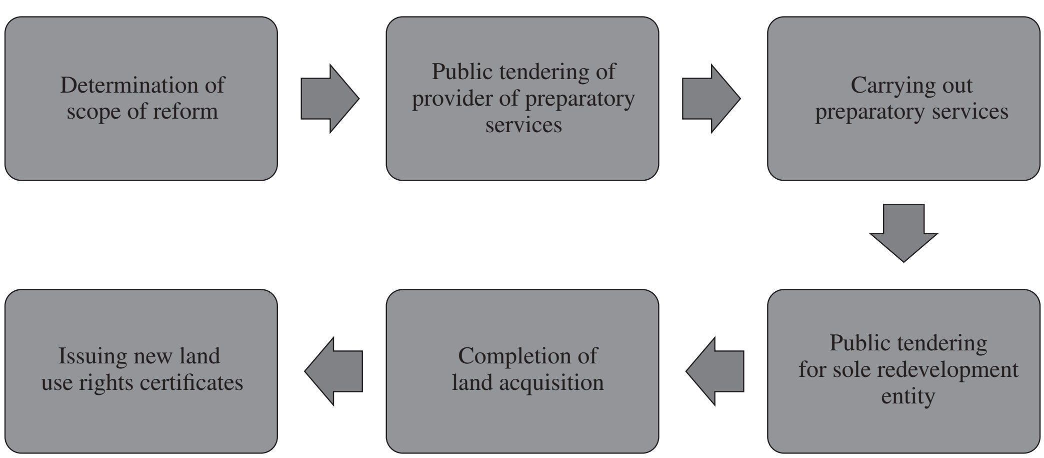
An owner who owns more than 80% (by site area) of the land use rights within a qualifying urban renewal area may initiate urban renewal under the Right Owner Scenario. Under the Right Owner Scenario, the qualifying land owner is permitted to conduct urban renewal projects on its own initiation, and obtain the necessary approvals and new land grant provided that the prescribed procedures are followed and the conditions of all examination and approval of land use rights are fulfilled.

Under the Cooperation Scenario, enterprises may conduct urban renewal projects in cooperation with the rural collective economic organizations. Cooperation Scenario was phased out by the Opinion, but an existing project which was registered before the promulgation of Dongguan Three-Old Opinion may continue, provided that the relevant parties involved have specified the cooperating enterprise within one year of the promulgation of the Opinion.

For further details, please refer to the subsections headed "Regulatory Overview — Regulations on Urban Renewal Projects", "Industry Overview — Overview of the Urban Renewal Market — Right Owner Scenario" and "Industry Overview — Overview of the Urban Renewal Market — Cooperation Scenario" in this document.

Current Urban Renewal Regimes

In summary, land acquisition in an urban renewal development under the Single Party Scenario involves the following steps pursuant to the Opinion:



A. ***Determination of scope of reform:*** the local government determines the scope of urban renewal, the parcel of land to be renewed and the directions for the redevelopment.

B. ***Public tendering of provider of preparatory services:*** a public tendering process is used to select a preparatory services provider (前期服務商). The preparatory services provider provides services mainly involves the commission of a detailed urban renewal plan, and arranging local elections to ascertain public opinion in the area concerned. The urban renewal plan will provide for the future zoning of the land, prescribing the types of developments that may developed on the land. The urban renewal plan may also recommend the conditions that should be included in the future land grant contract(s) and land use rights certificate(s) for the redevelopment area. The report prepared by the preparatory services provider will be submitted to the relevant authority for approval.

C. ***Carrying out preparatory services:*** to prepare the detailed urban renewal plan, the selected preparatory services provider will: (i) conduct a survey on the title owners in the area proposed to be redeveloped, ascertaining their respective rights and title to the land; (ii) consider different compensation schemes for the affected local residents; and (iii) recommend the proposed engagement terms for the sole redevelopment entity (單一改造主體), an entity which is exclusively allowed to repurchase all of the land rights within a redevelopment area.

D. ***Public tendering for sole redevelopment entity:*** after the urban renewal plan is approved by the relevant authority, the sole redevelopment entity will be selected through public tendering.

E. ***Completion of land acquisition:*** the sole redevelopment entity selected will be given a land acquisition approval (土地收購批文) upon the payment of a deposit. The sole redevelopment entity usually has six months upon its appointment to complete the acquisition of the required portion of land title from the existing owners.

F. ***Issuing new land use rights certificates:*** once the acquisition is complete, all of the original land use rights to the redevelopment area will be voided by the relevant authority and the sole redevelopment entity will: (i) pay the land premium; (ii) enter into a new land grant contract; and (iii) be issued a new land use rights certificate.

While an urban renewal development would only officially commence after a developer is appointed as a preparatory service provider or sole redevelopment entity (or in the case of an urban renewal under the Rights Owner Scenario or the Cooperation Scenario, after an application for urban renewal has been made with the relevant government authority), we would undertake preliminary studies and works in respect of a prospective urban renewal project, typically 2–3 months prior to making a bid for being the preparatory service provider or sole redevelopment entity.

To source suitable land for urban renewal project, members of our Urban Renewal Acquisition Team frequently tour various districts in Guangdong province, especially in Dongguan, in search of potential urban renewal. We may also receive information on potential redevelopment through other professional third parties and operators whom we frequently work with in redevelopment projects.

When assessing land, we consider and take into account a number of criteria as follows:

- ***Existing land conditions***
  - o the proximity of such land parcel to the town centre(s), and whether it has access to highways or other public transportation network;
  - o whether the property and infrastructure that have already been constructed on the land parcel are suitable for our Group's developmental goals for the particular land parcel;
- ***Government plans:***
  - o the zoning of the area — for example, land parcels zoned as basic farmlands would not be allowed for urban renewal development;
  - o whether construction on the land parcel would be feasible, having met the minimum percentage of the land that is required to be greenery and the expected plot ratio;
- ***Whether specific requirements for urban renewal development can be satisfied:***
  - o whether the minimum site area reaches 100,000 sq.m. (equivalent to 150 mu), which is the minimum site area allowed for urban renewal developments;
  - o whether buildings have been erected thereon — land parcels would only be allowed for urban renewal developments if buildings have been erected thereon;
  - o the age of the building — land parcels would only be allowed for urban renewal developments if construction of all buildings erected thereon have been completed prior to or in 2009;
- ***Potential investment return:***
  - o the GFA saleable by our Group after having satisfied the requirements imposed by the local government with respect to urban renewal developments — for example, the construction of hospitals and schools within the relevant land parcel;
  - o the expected resettlement cost;
  - o the amount needed for the top-up of land premium;
  - o the expected gross profit/net profit that could be generated from the urban renewal development; and
  - o the investment return cycle.

Upon the public tendering process for the sole redevelopment entity, we would decide whether to commit to the urban renewal development considering the following:

- potential cost of acquisition and overall return on development;
- identity and location of the owners in the parcel of land;
- length of time required for completing the acquisition;
- presence of any legal titles defect; and
- outcome of feasibility study in light of the proposed redevelopment plan.

To assess and control the risk of us losing the capital we commit to acquire land for urban renewal, when deciding which land we would acquire, we would consider the urban renewal project's feasibility study and only acquire land parcel which we consider important for the urban renewal project, or land parcel that we foresee would become difficult to acquire once the urban renewal project progresses and becomes more widely known.

It is important to ensure that we could complete the acquisition process within the stipulated time, as failure to do so could cause the termination of our status as the sole redevelopment entity and the PRC Government may forfeit the deposit for the land paid (typically in the region of 10 to 20% of the total land cost).

To increase our chances of successfully completing the urban renewal projects that we engage in, we adopt the following strategies:

- ***Adoption and adherence to the latest laws, regulations and policies issued and supported by the relevant authorities***

  Our Group actively follows the changing legal landscape in the regulation of the process for urban renewal. We will continue to focus our efforts on pursuing urban renewal projects in accordance with the laws, regulations and policies that are prescribed in connection with the Opinion. These include the recently introduced Guiding Opinions of Guangdong Provincial People's Government on Deepening Reform, Expediting Three-Old Transformations and Promoting High-quality Development (Yue Fu [2019] No. 71) (《廣東省人民政府關於深化改革加快推動''三舊''改造促進高質量發展的指導意見》粵府[2019]71號》) and The Notice Regarding the "Trial Regulations for the Operations of the Public Tendering of the Sole Redevelopment Entity for Dongguan Urban Renewal" issued by the Dongguan City Government (東莞市人民政府辦公室關於印發《東莞市城市更新新單一主體掛牌招商操作規範(試行)》的通知), both of which were issued in 2019.

  We consider that we would be better positioned to gauge government attitudes and would have a greater chance of succeeding in our bids regarding urban renewals (whether as a preparatory service provider or a sole redevelopment entity) if we conform to the methods and procedures prescribed or promoted by the relevant authorities.

- ***Preparatory Services Provider***

  We will seek to become the preparatory services provider when the opportunity arises. As preparatory services provider, we will (i) gain a first-hand view on what the local affected residents desire in terms of compensation; (ii) have access to information regarding the land (such as the legal condition of the land, including whether the land is freely transferable or if it has any legal defect); (iii) have better control over the compensation plan for the local residents. This would allow us to better evaluate the prospects of the urban renewal as a whole, and as importantly, to determine which parcels of land are more critical to the project than others.

- ***Concurrent purchase of land***

  Depending on the needs of the development and leveraging our knowledge gained on the relevant land parcel through our regional deep-plough strategy and being preparatory service provider, we may acquire all or some of the land parcels within the redevelopment area in advance of the urban renewal process in order to (i) speed up the urban renewal development by reducing the number of land owners that have to be negotiated within the redevelopment area; (ii) reduce the chances of recalcitrant land owners, who could greatly increase the cost of our acquisition; (iii) precipitate compulsory acquisition; and/or (iv) deter competition.

During the Track Record Period, our Group had completed the urban renewal process for one project and successfully completed the acquisition of the relevant land within the prescribed time. As at the Latest Practicable Date, our other urban renewal projects had not advanced to the stage where we are required to make acquisitions as the sole redevelopment entity.

In urban renewal developments, we may engage in land resettlement operations whereby either we or the original land use rights owner(s) are responsible for compensation to and resettlement of affected local residents, demolition of existing structures and clearing of land of the relevant areas. Please refer to the subsection headed "Risk Factors — Risks Relating to our Business and Industry — Our land resettlement operations involving resettlement of existing residents may be delayed or not be completed as planned" in this document for further details. Save as disclosed in the following paragraphs, we had not participated in any major land resettlement operations during the Track Record Period.

During the Track Record Period, we had completed the urban renewal procedures for a land parcel in Humen Town, Dongguan, which was used for our development of Humen Marina Bay. As at September 30, 2019, the saleable GFA of this development was 102,047 sq.m., being 71.7% of the total saleable GFA from our projects under development in Dongguan, or 10.0% at the saleable GFA from all projects under development that we have had in the PRC as at September 30, 2019. As at the Latest Practicable Date, we had not recorded any revenue from urban renewal projects including Humen Marina Bay as we had not yet completed this development. Please refer to the subsection headed "Our Properties — Our Property Portfolio — Our Property Projects in Dongguan" for further details on our development of Humen Marina Bay.

As at the Latest Practicable Date, our urban renewal projects comprised:

- [three projects for which we had initiated the urban renewal process with the relevant government authorities, or have otherwise begun official discussions with the relevant government authority in respect of the proposed application for urban renewal; and
- eight property or land parcels which (or interest in which) we had acquired or had contracted to acquire in relation to seven projects, which we view as having potential to develop into urban renewal projects with the required government approvals or land use rights over a sufficiently large redevelopment area].

Details of the three projects mentioned above are as set out below.

(a) Project Zhangmutou Baoshan (樟木頭寶山項目)

This urban renewal project involves land resettlement operations.

On August 14, 2013 (supplemented on May 16, 2017) and October 26, 2014, Huijing Group as purchaser entered into sale and purchase agreements with Dongguan City Zhangmutou Town Xu Village Incorporated Economic Organization (東莞市樟木頭鎮圩鎮股份經濟聯合社) as vendor, and a cooperation agreement with a separate economic organization, respectively, and a cooperation agreement with the Dongguan Zhangmutou Town People's Government (東莞市樟木頭鎮人民政府) on February 27, 2014, for parcels of land in Zhangmutou Town, Dongguan, Guangdong, with a total site area of 175,000 sq.m. (the "**Zhangmutou Baoshan Area**").

As agreed between the parties, Huijing Group is responsible for the compensation payable to local residents affected by the land resettlement operations who are not part of Dongguan City Zhangmutou Town Xu Village Incorporated Economic Organization, and Dongguan City Zhangmutou Town Xu Village Incorporated Economic Organization is generally responsible for the liaison and negotiation with its affected residents.

As at the Latest Practicable Date, Huijing Group had entered into two land resettlement agreements (collectively, the "**Land Resettlement Agreements**") with local residents affected by the land resettlement operations, under which we have agreed to provide the residents cash payment and/or resettlement housing as compensation for their resettlement. On February 19, 2019, Huijing Group had entered into an asset purchase agreement with, among others, the owner of a parcel of land within the Zhangmutou Baoshan Area, which was zoned for industrial use. Under the asset purchase agreement, we have agreed to purchase a land parcel with a site area of 13,258 sq.m. for RMB40 million.

We expect that our total cost for the resettlement operations for this project will amount to RMB1,864.5 million, inclusive of potential demolition and compensation costs. Taking into account the expected value of the Zhangmutou Baoshan Area on a vacant land basis, being RMB4.342.4 million, the potential gain arising from the completion of the land resettlement operations is expected to be RMB2,477.9 million. For further details on the valuation of the land, please refer Property No. 23 to the Property Valuation Report.

As advised by our PRC Legal Advisers, as at the Latest Practicable Date, the abovementioned sale and purchase agreements and asset purchase agreement were valid and legally binding on the parties, and were in compliance with applicable PRC laws and regulations. Our PRC Legal Advisers advise that given homestead land collectively owned by the villagers (宅基地) may not be legally transferred to an entity other than the local village organization, under applicable laws, the Land Resettlement Agreements are at risk of being void. However, in an interview with the Dongguan Zhangmutou Urban Renewal Office (東莞市樟木頭鎮城市更新局) on June 24, 2019, officials from the Renewal Office was of the view that our Group may rely on the Land Resettlement Agreements to claim an interest in the land in the urban renewal process.

This project is being conducted under the Cooperation Scenario (村企合作模式) for urban renewal, which had since been phased out with the introduction of the Opinion. Should we fail or have to restart this urban renewal project for any reason, we might not be able to restart this urban renewal process, unless we are able to restart the urban renewal process under the Single Party Scenario. For further details, please refer to the subsection headed "Risk Factors — Our business and operations, including our urban renewal projects, are highly subject to government policies and regulations. We are susceptible to adverse changes in policies in the PRC real estate market and in regions we operate" in this document.

As at the Latest Practicable Date:

A. save for the agreements mentioned above, we had not entered into any agreement in relation to the Zhangmutou Baoshan Area;

B. we had not yet obtained land use rights certificates for land in the Zhangmutou Baoshan Area, which, if the relevant land use rights certificates were obtained, would comprise 385,000 sq.m. of GFA based on the proposed plot ratio; and

C. we were in step (v) in the flowchart as illustrated under the subsection headed "Industry Overview — Overview of the Urban Renewal Market — Cooperation Scenario" in this document, and were in negotiations with the local village committee and were preparing the draft planning documents (regarding plans for the redevelopment, reclamation and re-issuance of land title, any compulsory acquisitions and the terms of compensation for resettlement, etc.) for the local government's approval.

(b) Project Wanjiang Gonglian (萬江共聯項目)

This urban renewal project involves land resettlement operations.

On June 18, 2015, Huijing Group entered into a cooperation agreement with Dongguan Wanjiang Incorporated Economic Organization (東莞市萬江街道經濟聯合社) in relation to certain parcels of land in Wanjiang District, Dongguan, Guangdong, with a total site area of 58,230 sq.m. (the "**Wanjiang Gonglian Area**").

As agreed between the parties, Huijing Group is not responsible for the compensation payable to the local residents affected by the land resettlement operations, and Dongguan Wanjiang Incorporated Economic Organization is generally responsible for the liaison and negotiation with the affected residents. However, we are responsible for the overall coordination, planning, investment and construction works in respect of the redevelopment, and are responsible for the up-front fees and expenses including design fees, ancillary fees in relation to the redevelopment process, and the costs and expenses incidental to the coordination for the redevelopment.

Subject to us obtaining the remaining land parcels in the surrounding area through the urban renewal process in accordance with the Opinion, we, or a contractor appointed by us, will demolish and clear the land for redevelopment, and arrange for compensation for local residents affected by the land resettlement operations (if any).

We expect that our total cost for the land resettlement operations will amount to RMB1,456.7 million, inclusive of potential demolition and compensation costs. Taking into account the expected value of the land in the Wanjiang Gonglian Area on a vacant land basis, being RMB1,849.2 million, the potential gains arising from the completion of the land resettlement operations is expected to be RMB392.5 million. For further details on the valuation of the land, please refer to the Property Valuation Report.

As advised by our PRC Legal Advisers, up to the Latest Practicable Date, the abovementioned cooperation agreement was valid and legally binding on the parties, and was in compliance with applicable PRC laws and regulations.

This project is being conducted under the Cooperation Scenario for urban renewal, which had since been phased out with the introduction of the Opinion. Should we fail or have to restart this urban renewal project for any reason, we might not be able to restart this urban renewal process, unless we are able to restart the urban renewal process under the Single Party Scenario. For further details, please refer to the subsection headed "Risk Factors — Our business and operations, including our urban renewal projects, are highly subject to government policies and regulations. We are susceptible to adverse changes in policies in the PRC real estate market and in regions we operate" in this document.

As at the Latest Practicable Date:

A. save for the cooperation agreement as mentioned above, we had not entered into any compensation or other agreement in relation to the Wanjiang Gonglian Area;

B. we had not yet obtained land use rights certificates for such parcels of land in Wanjiang Gonglian Area, which, if the relevant land use rights certificates were obtained, would comprise 360,180 sq.m. of GFA based on the proposed plot ratio;

C. we had not yet incurred any costs in our proposed land resettlement operations for the Wanjiang Gonglian Area; and

D. we were in step (iv) in the flowchart as illustrated under the subsection headed "Industry Overview — Overview of the Urban Renewal Market — Cooperation Scenario" in this document, and were preparing a draft compensation plan for affected residents and compiling data in relation to land ownership in the area to assist with the unit plan to be issued by the relevant government authority.

(c) Project Humen Xinwan (虎門新灣項目)

On January 17, 2017 (supplemented on February 21, 2017 and April 1, 2017), we have entered into a contract for the acquisition of a parcel of land with a total site area of 14,910 sq.m., with a view to commence urban renewal over an area with an expected GFA of 44,730 sq.m. in Humen Town, Dongguan (the "**Humen Xinwan Area**"). As at the Latest Practicable Date, the acquisition is pending the seller to complete upgrading to a limited liability company. As we expect to own the land use rights in respect of the entire Humen Xinwan Area upon the completion of the acquisition, we did not expect any land resettlement operations in respect of this project.

This project was initiated under the Right Owner Scenario for urban renewal before the Opinion was promulgated, and the requirements for urban renewal conducted under the Right Owner Scenario had since been made more stringent with the introduction of the Opinion. Should we fail or have to restart this urban renewal project for any reason, we might not be able to restart this urban renewal process. For further details, please refer to the subsection headed "Risk Factors — Our business and operations, including our urban renewal projects, are highly subject to government policies and regulations. We are susceptible to adverse changes in policies in the PRC real estate market and in regions we operate" in this document.

As at the Latest Practicable Date, we were in step (v) in the flowchart as illustrated under the subsection headed "Industry Overview — Overview of the Urban Renewal Market — Right Owner Scenario" in this document, and we had determined our proposed scope of the urban renewal, and were awaiting the government's decision on the implementation solution, which will determine the scope and conditions of urban renewal over the Humen Xinwan Area.

Details of the eight land parcels which we view as having potential to develop into urban renewal projects as mentioned above are as set out below. As at the Latest Practicable Date, [we had not initiated any urban renewal process in respect of these land parcels].

Land parcels	**Location**	**Approximate site area** *(sq.m.)*
Hongmei Hongwugao Area	Hongmei, Dongguan	115,544
Shatian Renzhou Area	Shatian, Dongguan	77,688
Qingxi Luhu Area	Qingxi, Dongguan	65,206
Qingxi Sanzhong Area *(Note 1)*	Qingxi, Dongguan	35,945
Qingxi Sanxing Area No. 1 *(Note 2)*	Qingxi, Dongguan	30,157
Nancheng Gedi Area	Nancheng, Dongguan	29,519
Qingxi Sanxing Area No. 2 *(Note 2)*	Qingxi, Dongguan	16,000
Shatian Yanggongzhou Area	Shatian, Dongguan	9,366
Total		379,425

Note 1: We have obtained the relevant State-owned land use rights certificate for this land parcel.

Note 2: Qingxi Sanxing Area No.1 and Qingxi Sanxing Area No.2 were acquired in respect of one proposed urban renewed development.

We plan to redevelop Hongmei Hongwugao Area and Shatian Renzhou Area through the Right Owner Scenario, and the other land parcels through the Single Party Scenario.

In respect of the above, we would continue to assess opportunities in the market to acquire land parcels that we consider critical or otherwise suitable for our planned urban renewal. As at the Latest Practicable Date, we were conducting feasibility studies for each of the land parcels acquired (or contracted to acquire), and:

(a) in respect of Hongmei Hongwugao Area and Shatian Renzhou, we were in step (i) of the flowchart as illustrated under the subsection headed "Industry Overview — Overview of the Urban Renewal Market — Right Owner Scenario" in this document; and

(b) in respect of the other parcels of land, we were in step A. of flowchart as illustrated under the subsection headed "Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research and Investment — Land Acquisition — (z) Urban Renewal — Current Urban Renewal Regimes" in this section.

Land Resettlement

As at the Latest Practicable Date, Project Zhangmutou Baoshan and Project Wanjiang Gonglian involved land resettlement operations and we had entered into a total of two land resettlement agreements with the affected local residents, namely, the Land Resettlement Agreements which relate to Project Zhangmutou Baoshan. For the total costs and potential gain due to completion of the land resettlement operations in respect of Project Zhangmutou Baoshan and Project Wanjiang Gonglian, please refer to the subsections headed "— (a) Project Zhangmutou Baoshan (樟木頭寶山項目)" and "— (b) Project Wanjiang Gonglian (萬江共聯項目)" above. As at the Latest Practicable Date, we were in negotiations with the local village committee and were preparing the draft planning documents or compensation plan for the local government's approval and had not yet engaged any third parties to perform land resettlement operations including demolition works. We shall engage third parties with the requisite qualifications to perform the land resettlement operations including demolition works when the above projects progress to the resettlement stage. As advised by our PRC Legal Advisers, as at the Latest Practicable Date, the cooperation agreements, the sale and purchase agreements and the asset purchase agreement entered into by Huijing Group as mentioned above were valid and legally binding on the parties, and were in compliance with applicable laws and regulations. However, our PRC Legal Advisers advised that the land resettlement agreements were at risk of being void as it purports to transfer collective land owned by villagers (宅基地). Please refer to the subsections headed "— (a) Project Zhangmutou Baoshan (樟木頭寶山項目)" above for further details. For details regarding the risk associated with the land resettlement operations, please refer to the subsection headed "Risk Factors — Risk Relating to our Business and Industry — Our land resettlement operations involving resettlement of existing residents may be delayed or may not be completed as planned." in this document.

(ii) Project Planning and Design

Our Design Department is responsible for product research, development, planning and design. We pay significant attention to our customers' needs and we introduce customer-oriented designs that bring increased convenience and value-added experience to our customers based on their lifestyle and habits. We also consider the strengths and advantages of each parcel of land during the initial planning phase so as to design a plan that would extract the maximum value from the parcel of land.

At the stage of development, our Design Department creates the master plan, design specifications and theme for the development and collaborates with independent third-party designers and architects to create customer-focused designs. Whilst our Design Department manages the overall planning and design work, the specific design works are outsourced to independent third-party designers and architects. We engage specialized architectural and design firms through a tender process and we make our selection based on their proposed designs, their reputation for reliability and quality as well as their bidding price. To enhance the value and marketability of our developments, we engaged reputable domestic and international design firms to perform detailed design work for our developments.

(iii) Tender and Procurement

Contractors and Procurement

We engage qualified third-party contractors for the construction of our property developments. Generally, there is a main contractor who is responsible for the major construction works including the construction of the main structural components, equipment installation and engineering work. Aside from the main contractor, we also engage contractors for facade engineering, interior fit-outs and landscape engineering. Subject to cases where there is only one eligible contractor due to governmental monopoly, technical monopoly or market monopoly, our Procurement Department manages the contractors' engagement by following methods:

- tender by invitation;
- selecting a contractor by comparing price offered by several contractors;
- engaging a contractor who is directly designated by the Chairman; and
- repurchasing from our strategic cooperation contractors.

When there is a particular development or contract for tender, the list of contractors is screened for their suitability and reputation, and we invite about three to six contractors who meet all our requirements to participate in each tender. We consider factors including the size of their operations, their performance in similar developments, their past cooperation with other reputable companies and their capabilities and strengths. We believe that contracting our construction work allows us to leverage the enterprise of the construction contractors and allows us to focus on our principal business of property development planning and monitoring.

In addition to our construction contractors, we also procure other goods and services, such as built-in furniture, kitchen appliances, lighting, sculptures, graphic designing, air conditioner servicing and geological surveying, directly through third party suppliers. Our construction materials are primarily purchased from suppliers in the PRC. Our Engineering Department and Project Management Department oversee the quality of each property project. For certain specialised building materials and equipment we procure on our own, we do not generally maintain construction material inventory, but order these materials and equipment only on an as-needed basis. During the Track Record Period, we did not experience any shortage or delay in the supply of construction materials and equipment that had a material adverse effect on our business operations.

(iv) Development and Construction

Construction Supervision

We need to first obtain the development rights to the relevant land and all necessary permits and certificates, including the land use rights certificates, the construction land planning permit, and the construction work commencement permit, in accordance with the relevant PRC laws and regulations before construction commences.

Our Project Management Department oversees the construction progress and controlling project budgeting. During the construction stage, our Project Management Department conducts monthly project quality and safety inspection to monitor the construction progress in accordance with relevant laws and regulations. Our Project Management Department also conducts reviews on all our contractors and our procurement contracts to ensure that the costs incurred, the quality of work and the execution of the construction plans are to our satisfaction. In the event of quality and safety incidents that occur in our developments, our Project Management Department will conduct timely analysis in order to minimise losses.

Quality Control

We place significant emphasis on quality control with regard to the construction and supervision of our developments and have adopted quality control procedures to ensure compliance with relevant laws and regulations. As at the Latest Practicable Date, we had 12 employees working at the quality control function. Quality control starts with the selection of high quality construction contractors. Please refer to the subsection headed "— Our Project Development Operation and Management — Key Steps in Our Property Development Process — (iii) Tender and Procurement — Contractors and Procurement" in this section for further details. Our Project Management Department inspects and reviews the qualification and performances of these contractors regularly to ensure that they are performing up to our standards.

Moreover, our quality control system governs each aspect of the development process. At the headquarters level, our Project Management Department is responsible for supervising the overall construction process for all of our developments. The department conducts reviews of the developments under construction and regular on-site inspections. If there are any instances of non-compliance, the Project Management Department will escalate the issue to management and also require the issue to be rectified.

At the individual development level, our Engineering Department within each of our project companies supervise the quality control process for their respective developments. They closely monitor the quality and timetable of the relevant construction development, as well as the selection of construction materials. All of the relevant departments of the project companies are required to strictly abide by our standards and procedures. If any issue arises, they would be escalated to the chief executive in our project company, and also our Operations Department and our Directors and senior managers at the headquarter level.

Moreover, we engage third-party consultants to conduct quality review on the work quality of our contractors and our employees every quarter based on field measurement against our internal quality standards. We believe the periodical review by independent third parties will provide us an objective feedback for construction quality, incentivise our employees and contractors to follow our quality standards, and enhance our overall quality control.

Cost Management

We have established a comprehensive cost management system to set the relevant budget for our developments which is managed by our Cost Management Department. Cost Control measures are applied in three stages: (i) pre-investment — where costs is estimated to calculate the profit forecast; (ii) design — where a detailed budget is drawn upon the confirmation of the design; and (iii) development — where on-going monitoring as development continues.

For each development, our Cost Management Department prepares a budget estimate report after assessing information provided by other departments in relation to the design. Upon development, they also review, verify and analyze cost reports from project companies on a monthly basis in order to modify the budget estimate report according to actual construction process. A report on costs for each development is produced by our Cost Management Department on a monthly basis and any unusual cost increases would be quickly escalated to our management team. We believe such procedure enable our Cost Management Department to effectively control costs.

Civil Air Defense Areas

According to relevant PRC laws and regulations, new buildings constructed in cities for civil use should contain basement areas that can be used for civil air defense purposes in times of war. The GFA of the civil air defense areas of each property project will vary depending on the size, nature and design of the property project in accordance with the relevant PRC laws and regulations.

As at September 30, 2019, our property projects included car parks planned for civil air defense areas as required by relevant PRC laws and regulations with an aggregate GFA of approximately 32,329 sq.m. (the "**Designated Car Parks**"). Please refer to the Property Valuation Report for GFA details of the areas designated for civil air defense in our property projects. Car parks planned for civil air defense areas are accounted for as unsaleable properties.

We are advised by our PRC Legal Advisers that, as at the Latest Practicable Date, (i) the commencement of the construction of our civil air defense areas for all our properties under development and (ii) the construction of our civil air defense areas for which civil air defense completion acceptance certificates/records had been issued by local civil air defense authorities, complied with the Civil Air Defense Law in all material aspects, save as otherwise disclosed in this document. For further details of our non-compliance in this regard, please refer to the subsection headed "— Compliance with Laws and Regulations — Historical Non-compliance Incidents — (B) Other historical non-compliance incidents during the Track Record Period" in this section. Please also refer to the subsection headed "Risk Factors — Risks Relating to Our Business and Industry — We failed to comply with applicable laws in relation to civil air defense matters" in this document.

Construction of part of the Designated Car Parks completed in phases during the year of 2018, with the rest expected to complete in 2019. The Designated Car Parks have been classified as properties held for lease. During the Track Record Period, our Group has not recorded any rental income generated from the Designated Car Parks as most of the Designated Car Parks have not been completed and delivered during the relevant period. As the Designated Car Parks complete in phases, we expect to offer the Designated Car Parks for lease upon delivery.

The use of civil air defense areas is subject to management and maintenance conditions under the Civil Air Defense Law. Under the Civil Air Defense Law, while civil air defense areas may be used and managed for profit in time of peace, such use shall not impair their functions as civil air defense areas. The design, construction and quality of the civil air defense areas must also conform to the protection and quality standards established by the PRC Government. If we fail to maintain the civil air defense areas in accordance with the applicable laws and regulations, we may be subject to adverse legal consequences.

In the event that the PRC Government declares a state of war, the PRC Government may take over civil air defense areas as civil air defense shelters. Please refer to the subsection headed "Risk Factors — Risks Relating to Our Business and Industry — Our property portfolio contains certain areas which are designated as civil air defense properties" in this document for further details.

(v) Sales and Marketing

Sales and Marketing Efforts of Our Group

We rely on the efforts of our Sales and Marketing Department, which include telemarketing, establishing showrooms and on-site sales offices, for the sale of most of our properties. Our Sales and Marketing Department is in charge of formulating marketing strategies and setting marketing goals, controlling project marketing control and budget, and evaluating the performance of the local sales and marketing team. We believe by establishing and strengthening our Sales and Marketing Department, and leveraging the supports of our other departments, we are better positioned to gain a deeper understanding of the markets in order to improve our marketing and pricing efforts, and are better able to identify industry trends and customer demands that can benefit in optimizing our products. In order to align the interest of our sales and marketing personnel with that of our Group, together with our joint venture, we incentivize our sales and marketing personnel by providing them with performance-based compensation packages, which are based on the performance evaluation of the individual sales and marketing personnel and their marketing teams.

Depending on market conditions and our overall sales condition of a particular property project, we also occasionally engage third party real estate agents to facilitate our sales and marketing efforts. These real estate sales agents promote our property projects through their own marketing networks and bring in potential customers to our development sites. In consideration of their services, we typically pay a commission depending on the total sales amount they make.

For each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, we incurred selling expenses (including salary of sales and marketing personnel, commissions for third party real estate agents and other expenses related to sales and marketing efforts of our Group of RMB89.9 million, RMB72.9 million, RMB71.3 million and RMB31.4 million, respectively, which were in line with the growth of our proceeds for sales or pre-selling activities. As at September 30, 2019, we had 85 staff in our Sales and Marketing Department.

Our Sales and Marketing Management Department is actively engaged in, from early stage, development positioning, to later stages, such as price setting and opening for sale, in order to ensure that our properties are well positioned and approximately priced.

Pre-sale

In line with industry practice, we conduct pre-sale of our properties prior to the completion of construction. Our Sales and Marketing Management Department is responsible for setting showrooms, display units and display areas in line with our internal standards to provide visual presentations to our customers of the quality and design of our properties. Under the relevant laws and regulations, we must comply with certain conditions prior to obtaining approval to commence pre-sales, including:

- the relevant land use rights certificates must have been obtained;
- the land premium must have been fully paid;
- the funds contributed to the property projects where property units are intended to be pre-sold must constitute at least 30% of the total amount invested in a property project;
- the construction progress and expected completion and delivery dates must be confirmed; and
- pre-sale permits must have been obtained from the construction bureau at the local level.

During the Track Record Period, we did not experience any significant delays in obtaining the pre-sale permits that materially and adversely affect our operations.

In addition, we are also required to use a standard sales and purchase agreement prescribed by the PRC Government. We register such pre-sales with the relevant local authorities and provide required warranties on the quality of the subject properties in accordance with the relevant PRC laws and regulations.

Cancelled contracted sales are sales transactions cancelled after the down-payment and signing of sales and purchase agreements. During the Track Record Period, there had been a few instances of cancelled contracted sales. So far as our Directors are aware, cancelled contracted sales during the Track Record Period were primarily due to reasons not related to us and did not have a material adverse effect on our financial condition.

Pricing Policies

Prior to the launch of our sales efforts for a property project, we establish the overall marketing budget, sales targets and target average selling price for each property project based on a variety of factors, including our total costs incurred, our target probability levels, competitive landscape, locations, floors, facing directions, views, target customers, and prices of comparable properties in the market. We adjust the selling prices during the sales process based on market responses.

We are required to constantly monitor the changing market conditions and adjust the selling prices of our properties as appropriate.

As part of our marketing strategies, during the Track Record Period, we had offered discounts to customers based on, among other things, the payment plan chosen by the customer and the number of properties that the customer has purchased from us. We believe the above discounts were effective in attracting potential customers and we consider that the discount granted were in line with the then prevailing market practice.

Payment Arrangements

Customers may purchase our properties by one lump-sum payment, installment payments or mortgage loans provided by the commercial banks.

We typically require our customers to pay a deposit upon entering into a sale and purchase agreement. Such deposits are usually subject to forfeiture if the customer defaults on the purchases. Customers who purchase properties by making one lump-sum payment are normally required to fully settle the total purchase price within the prescribed period after entering into the relevant property sale and purchase agreements. Customers who purchase properties by making installment payments are required to pay each installment in accordance with the agreed payment schedule. Customers who purchase properties with mortgage loans are usually required to pay a deposit of 30 to 40% if the property was a residential property or 50%, if the property was a commercial property, of the total purchase price upon entering into a property sale and purchase agreement. The outstanding amounts are settled by the mortgagee banks within the prescribed period pursuant to the respective mortgage documents.

(vi) Development Completion and Delivery

We endeavor to deliver completed properties to our customers on a timely basis in accordance with the terms of the sale and purchase agreement. To serve this purpose, we closely monitor construction schedules in order to deliver properties to our customers within the timeframe specified in the respective sale and purchase agreements and in a manner that complies with PRC laws and regulations. Under a standard property sale and purchase agreement, if we are unable to deliver properties as per the prescribed timeframe, we are subject to a monetary penalty, calculated at 0.01% of the purchase price of the relevant property per day, from the prescribed delivery date to the actual date of delivery, with the sum of total monetary penalties being capped at 2% of the purchase price of the relevant property.

Upon (a) satisfaction of all the conditions set out in the sale and purchase agreements, which usually includes receipt of the full purchase price of the property and (b) completion of inspection of the properties and ensuring that the prerequisite quality standard has been met, we will issue a notice to our customers confirming that the property is available for delivery.

We may also obtain the individual property ownership certificates for our customers within the time period prescribed in the property sale and purchase agreement, by providing all requisite information to the local authorities for registration. The local authorities may then grant an individual property ownership certificate or a real estate rights certificate for each property unit thereafter. If we fail to obtain the individual property ownership certificate or a real estate rights certificate within the prescribed time period, the customer may have the right to repudiate the sale and purchase agreement and we may be subject to monetary penalties, which are usually capped at 2% of the purchase price of the relevant property.

According to our accounting policies, our revenue is recognized when the properties are delivered to our customers. The recognition of our revenue from sale of properties is not subject to the grant of the property ownership certificates or real estate certificates to our customers.

During the Track Record Period, (x) we did not experience any significant delays in the completion of our developments or delivery of relevant title documents after sales and (y), we did not suffer any incidents of default by buyers under the sale and purchase agreements entered into at pre-sale, that would materially affect our business operation.

WARRANTIES AND AFTER-SALE SERVICES

Warranties and Returns

We provide our customers with warranty for the quality of the structure of the building pursuant to the Measures on the Sales of Commodity Housing (《商品房銷售管理辦法》) and Regulations for the Operations of Urban Property Development (《城市房地產開發經營管理條例》). In addition, we also provide quality warranties for certain fittings and fixtures, if applicable, usually for a period of two years, according to the published national standards. In particular, we provide the following warranties, amongst others, for our residential properties:

- for defects relating to the foundation and main structure of the property — the period designed for reasonable use of the relevant property;
- for defects relating to the external waterproofing of property surfaces — five years;
- for defects relating to the internal waterproofing of bathrooms, rooms and walls — five years;
- for defects relating to the plastering of walls and ceilings — two years;

- for defects relating to cracking of the walls or sanding of large areas — two years;
- for defects relating to the cracking of doors or windows, or damage to the hardware — two years;
- for defects relating to internal wiring, gas pipes, sewage pipes and equipment installation — two years; and
- for defects relating to refined interior decoration works — two years.

If a defect was caused by one of our contractors, the relevant contractor is generally liable to remedy the defect at its own cost and within the original timeframe stipulated under contract.

We do not provide warranties in respect of defects which are caused by third parties or improper use and defects resulting from natural disasters. Generally, apart from a breach of property sale and purchase agreement by us, we do not allow returns of properties from our customers. During the Track Record Period, there were no return of properties from our customers.

After-sale Services

We rely on our Sales and Marketing Department to provide after-sale services. Our Customer Service Team is also responsible for collecting and analyzing customer data through customer satisfaction surveys in order to improve service quality, identify customer preferences and provide such feedback to the Construction Management Team to improve our operations, including development design and marketing strategies. For the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, we received 25, 23, 29 and five customer complaints respectively about the quality of our properties, primarily due to imperfections or defects of interior renovations.

In addition, we are also subject to customer complaints in relation to the delay in delivery of property title documents subject to the (i) sale and purchase agreements entered into with our customers and (ii) mortgage agreements entered into with our customers, the commercial banks and us, due to various reasons, including longer time required for completing the relevant procedures than expected or delay in commencing the relevant procedures, such as the examining procedure by the relevant land use rights authorities and the registration, approval and certificate production procedures by the relevant property right authorities. Except as otherwise disclosed in this document, we believe that we are able to timely apply for and deliver the property title documents to our customers pursuant to relevant sale and purchase agreements and mortgage agreements, which in turn efficiently reduces the number of customer complaints relating to the delay in delivery of property title documents.

OUR CUSTOMERS AND SUPPLIERS

Our customers for residential properties are primarily individual buyers in the PRC while our customers for commercial properties include individual buyers, corporations and other business entities. Our five largest customers for each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, accounted for 2.3%, 2.2%, 1.6% and 2.3% of our total revenue, respectively. Our single largest customer for each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, accounted for 0.5%, 0.6%, 0.6% and 1.0% of our total revenue, respectively.

Our major suppliers are construction contractors and construction material suppliers. We believe that the construction industry in the PRC is generally competitive and fragmented, and as a result, there are a number of contractors readily available. During the Track Record Period, we engaged a large number of contractors and sub-contractors and we sourced all of our construction materials from the PRC. We believe we are able to secure sufficient supplies in a timely manner at comparable costs if any supplier fails to provide us with the contracted service or raw materials in the quantity and/or quality that we require.

During the Track Record Period, our five largest suppliers for each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, accounted for 65.7%, 75.7%, 66.1% and 59.6% of our total purchases, respectively. Our single largest supplier for each of the years ended December 31, 2016, 2017, 2018, and the six months ended June 30, 2019, accounted for 18.8%, 24.2%, 24.0% and 18.9% of our total purchases, respectively. As at June 30, 2019, our business relationship with these major suppliers had generally been over three years.

The table below sets out the details of our five largest suppliers for the year ended December 31, 2016:

Background and business profile of supplier	Length of business relationship	Percentage of total purchase for the year ended December 31, 2016	Credit terms and payment method
Supplier A, a construction and property development company in Beijing	since 2015	18.8%	Via bank transfer, 15–30 days upon presentation of invoice
Supplier B, a construction and property development company in Zhejiang	since 2014	15.7%	Via bank transfer, 15–35 days upon presentation of invoice
Zhejiang Xindongfang Construction Group Co. Ltd (浙江新東方建設集團有限公司), a construction and property development company in Zhejiang	since 2014	15.1%	Via bank transfer, 15–135 days upon presentation of invoice
Heyuan Tianyu Construction Engineering Co. Ltd (河源市天宇建築工程有限公司), a construction and property development company in Heyuan	since 2014	8.1%	Via bank transfer, 15–120 days upon presentation of invoice
Dongguang Huifeng Construction Engineering Co. Ltd. (東莞市滙豐建築工程有限公司), an interior decoration Company in Dongguan and a connected person to our Company under the Listing Rules upon **[REDACTED]**.	since 2014	8.0%	Via bank transfer, 15–30 days upon presentation of invoice

The table below sets out the details of our five largest suppliers for the year ended December 31, 2017:

Background and business profile of supplier	Length of business relationship	Percentage of total purchase for the year ended December 31, 2017	Credit terms and payment method
Supplier A, a construction and property development company in Beijing	since 2015	24.2%	Via bank transfer, 15–30 days upon presentation of invoice
Zhejiang Xindongfang Construction Group Co. Ltd (浙江新東方建設集團有限公司), a construction and property development company in Zhejiang	since 2014	20.9%	Via bank transfer, 15–135 days upon presentation of invoice
Heyuan Tianyu Construction Engineering Co. Ltd (河源市天宇建築工程有限公司), a construction and property development company in Heyuan	since 2014	16.4%	Via bank transfer, 15–120 days upon presentation of invoice
Supplier B, a construction and property development company in Zhejiang	since 2014	7.2%	Via bank transfer, 15–20 days upon presentation of invoice
Zhejiang Yongtuo Construction Co. Ltd. (浙江永拓建設有限公司), a construction and property development company in Zhejiang	since 2014	7.0%	Via bank transfer, 15–45 days upon presentation of invoice

The table below sets out the details of our five largest suppliers for the year ended December 31, 2018:

Background and business profile of supplier	Length of business relationship	Percentage of total purchase for the year ended December 31, 2018	Credit terms and payment method
Supplier A, a construction and property development company in Beijing	since 2015	24.0%	Via bank transfer, 15–30 days upon presentation of invoice
Heyuan Tianyu Construction Engineering Co. Ltd (河源市天宇建築工程有限公司), a construction and property development company in Heyuan	since 2014	14.1%	Via bank transfer, 15–120 days upon presentation of invoice
Supplier G, a construction and property development company in Guangzhou	since 2016	13.4%	Via bank transfer, 15–30 days upon presentation of invoice
Supplier H, a construction and property development company in Hunan	since 2015	8.6%	Via bank transfer, 15 days upon presentation of invoice
Fujian Shixin Engineering Construction Co. Ltd. (福建省世新工程營造有限公司), a construction and property development company in Fujian	since 2018	5.9%	Via bank transfer, 45 days upon presentation of invoice

The table below sets out the details of our five largest suppliers for the six months ended June 30, 2019:

Background and business profile of supplier	Length of business relationship	Percentage of total purchase for the six months ended June 30, 2019	Credit terms and payment method
Heyuan Tianyu Construction Engineering Co. Ltd. (河源市天宇建築工程有限公司), a construction and property development company in Heyuan	Since 2014	18.9%	Via bank transfer, 15–120 days upon presentation of invoice
Supplier E, a construction and property development company in Guangdong	Since 2018	11.7%	Via bank transfer, 15 days upon presentation of invoice
Fujian Shixin Engineering Construction Co. Ltd. (福建省世新工程營造有限公司), a construction and property development company in Fujian	Since 2018	11.5%	Via bank transfer, 45 days upon presentation of invoice
Zhejiang Xindongfang Construction Group Co. Ltd. (浙江新東方建設集團有限公司), a construction and property development company in Zhejiang	Since 2014	10.8%	Via bank transfer, 15–135 days upon presentation of invoice
Supplier F, a construction and property development company in Guangdong	Since 2018	6.7%	Via bank transfer, 15 days upon presentation of invoice

None of our Directors, their associates or any Shareholders that, to the knowledge of our Directors, owns more than 5% of our Shares as at the Latest Practicable Date, had any interest in any of our five largest suppliers except Dongguang Huifeng Building Limited (東莞市滙豐建築工程有限公司), or five largest customers during the Track Record Period.

OUR PROJECT FINANCING

We finance our property projects primarily through cash flows generated from our operating activities, including proceeds from the pre-sales and sale of properties, bank loans, and equity injection. During the Track Record Period, we also entered into several trust and other financing arrangements to finance our property projects. We aim to finance our property projects with internal resources to the extent practicable so as to reduce the level of external funding required. Please refer to subsection headed "Financial Information — Indebtedness — Trust and Other Financing Arrangements." in this document for further details.

Sale and Pre-Sale Proceeds

We use the proceeds from the pre-sales and sales of our properties to fund part of our construction costs.

Pre-sale proceeds form an integral source of our operating cash flows during our developments. According to the applicable PRC laws and regulations, there are certain criteria which must be met before we may commence any pre-sale activities for properties under development, and the use of pre-sale proceeds may be restricted by local governments in cities where we operate. Please refer to subsection headed "Regulatory Overview — Regulations on Real Estate Transfer and Sale — Permit of Pre-Sale of Commodity Buildings" in this document for further details.

Bank Loans

As at December 31, 2016, 2017 and 2018, and June 30, 2019 our outstanding bank loans amounted to RMB949.2 million, RMB1,286.8 million, RMB1,412.8 million and RMB2,498.1 million respectively. Our ability to obtain financing from banks for our developments depends on various policies promulgated by the central and local governments. Please refer to the subsection headed "Regulatory Overview — Regulations on Real Estate Financing — Financing Real Estate Development and Acquisition" in this document for further details.

Other Financing Arrangements — Trust Loans

In line with industry practice in the PRC, we occasionally obtain financing from trust companies or asset management companies in the ordinary course of business. We believe that from time to time, compared to loans from commercial banks, trust loans and other financing arrangements may offer us greater flexibility in terms of availability, approval mechanisms and repayment schedule. Therefore, we consider these other financing arrangements to be an effective alternative source of funding for some of our property projects, particularly during times of tightened banking credit policies.

The following sets out details of our borrowings from trusts or asset management companies for the years/periods indicated.

	For the year ended December 31,			For the six months ended June 30,
	2016	2017	2018	2019
Trust companies and asset management companies	Creditor A	Bohai International Trust Co., Ltd. (渤海國際信託股份有限公司)	Bohai International Trust Co., Ltd. (渤海國際信托股份有限公司)	Bohai International Trust Co., Ltd. (渤海國際信托股份有限公司)
		Creditor B	Dongguan Trust Co., Ltd. (東莞信托有限公司)	Dongguan Trust Co., Ltd. (東莞信托有限公司)
			Creditor B	
Number of trust companies and asset management companies	1	2	3	2

As at June 30, 2019, the total amount of trust loans outstanding amounted to RMB428.3 million, accounting for 14.3% of our total borrowings.

In summary, the material terms of our loan agreements with these trusts or asset management companies are:

	Loan 1	Loan 2	Loan 3	Loan 4
Creditor	Creditor A	Bohai International Trust Co., Ltd.	Dongguan Trust Co., Ltd.	Creditor B
Dated	November 7, 2016	November 27, 2017	January 30, 2018	November 27, 2017
Loan amount	RMB150 million	RMB200 million	RMB150 million	RMB100 million
Term	12 months from drawdown of each loan	60 months from drawdown	18 months (Note 1)	12 months
Use of proceeds	Development of Huijing City Centre	Renovation of Huijing City	Construction of phase 2 of Bund No. 8	Construction of phase 2 of Huijing City Centre
Status	Fully repaid on November 6, 2017	Payable on December 22, 2022	Fully repaid on August 8, 2019	Fully repaid on November 29, 2018
Interest rate	10.0% p.a.	9.0% p.a.	12.5% p.a.	10.0% p.a.
Collaterals	Several land parcels of Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	The entire equity interests in Dongguan Daxi and Huijing Group	Several land parcels of Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	N/A

Note 1: This loan is also repayable if 80% of Phase 2 of Bund No. 8 is sold.

Further to the above, other material terms of our borrowings from trust or asset management companies include, generally:

- *Covenants.* Key covenants, where included under such loans, involve covenants against creating new security over the charged assets, providing any guarantee to other third parties, raising further debt, and/or distributing profits or dividends.

- *Events of default*. If we are in breach of any terms of the loans, including (but not limited to) failing to pay any amounts due under the loans, or using the proceeds for any purpose other than the permitted use, the relevant creditor may accelerate the repayment of our borrowing under the loans (unless our breach is remedied within the prescribed period of time, where applicable).

OUR AWARDS

As at the Latest Practicable Date, our Group had received the following key awards and recognitions for our property projects:

Recipient	Award/Recognition	Awarding Authority	Year
Hengyang Huijing Property Development Limited	2018 Hengyang Property Market Top Ten Popular Real Estate Project (2018衡陽樓市十佳人氣樓盤)	Hengyang Mobile Internet Industry Association (衡陽市移動互聯網產業協會), Hengyang Network Information Association (衡陽市網路資訊協會) and Hi0734.com (你好衡陽網)	2018
	2018 Hengyang Property Market Top Ten Investment Value Properties (2018衡陽樓市十佳投資價值樓盤)	Hengyang Mobile Internet Industry Association (衡陽市移動互聯網產業協會), Hengyang Network Information Association (衡陽市網路資訊協會) and Hi0734.com (你好衡陽網)	2018
	2018 Hengyang Property Market Recommended Real Estate Project for Returning Residents (2018衡陽樓市返鄉置業推薦樓盤)	Hengyang Mobile Internet Industry Association (衡陽市移動互聯網產業協會), Hengyang Network Information Association (衡陽市網路資訊協會) and Hi0734.com (你好衡陽網)	2018
	2017 China Hengyang Brand Influencer Real Estate (2017年中國衡陽品牌影響力房企)	China Index Academy (中國指數研究院) and fang.com (房天下)	2018
	2017 Hengyang Property Market Top 10 People Award (2017年衡陽樓市十佳風雲人物獎)	Hengyang Mobile Internet Industry Association (衡陽市移動互聯網產業協會), Hengyang Network Information Association (衡陽市網路資訊協會) and Hi0734.com (你好衡陽網)	2018
Huijing Yanhu International Resort	Rising Forces of China's Real Estate 2017 Investment Value Tourism (中國房產新勢力2017年投資價值旅遊地產)	Hengyang Tencent (騰訊衡陽) and house.qq.com (騰訊衡陽房產)	2018
	2017 China Hengyang Lead Influence of the Year (2017年中國衡陽年度影響力引領)	China Index Academy (中國指數研究院) and fang.com (房天下)	2018
	2017 China Hengyang Top Ten Featured Cultural Tourism Towns of Central China (2017年中國衡陽華中十佳特色文旅小鎮)	China Index Academy (中國指數研究院) and fang.com (房天下)	2018
	2017 China Hengyang Model for Eco-Living (2017年中國衡陽生態宜居典範)	China Index Academy (中國指數研究院) and fang.com (房天下)	2018

Recipient	Award/Recognition	Awarding Authority	Year
Huijing City Centre	2017 Anhui Real Estate Jinzun Awards — Valued Investment (2017安徽地產金樽將 — 投資價值)	Berui.com (百瑞地產網) and Jianghuai Morning News (江淮晨報)	2018
	Hefei Most Popular Property Award in the 14th China Property Network Popularity Rankings (第十四屆中國房地產網路人氣2017合肥樓市年度人氣樓盤)	Fang.com (房天下)	2018
	2017 Consumer's Most Favorable Real Estate Project of the Year in Anhui (2017年安徽年度最佳消費者喜愛樓盤)	Graduate School of Real Estate of Hefei University (合肥學院房地產研究所), xafc.com (新安房產網)	2017
	2017 Anhui Selection of Renowned Enterprises and Renowned Properties — Seven Star Platinum Renowned Property Model (2017安徽名企名盤評選 — 七星鉑金名宅典範)	Xin'an Wanbao (新安晚報社)	2017
	2016 Huading Award of Anhui Property Market in China — Large-scale Complex as City Landmark (2016中國安徽樓市華鼎獎 — 城市地標綜合大盤)	Credit Association in Anhui Province (安徽省信用協會), Real Estate Association in Anhui Province (安徽省房地產協會), Market Star News (市場星報社), Anhui Financial Online (安徽財經網)	2017
	2016 Anhui Top 10 City Complex Annual Award (2016年安徽年度十佳城市綜合體)	Graduate School of Real Estate of Hefei University (合肥學院房地產研究所), xafc.com (新安房產網)	2016
	2016 Popular and Blissful Accommodation of the Year in Hefei Property Market (2016年度合肥房地產市場樂居人氣樓盤)	LEJU (樂居)	2016
	2016 Anhui Real Estate Jinzun Awards — Real Estate Project to Look Forward to (2016安徽地產金樽將 — 值得期待樓盤)	Berui.com (百瑞地產網), Jianghuai Morning Post (江淮晨報)	2016
	Golden Decade Hefei Property Market — Top 10 City Complex (黃金十年合肥樓市 — 十佳城市綜合體)	Graduate School of Real Estate of Hefei University (合肥學院房地產研究所), xafc.com (新安房產網), Anhui Shangbao (安徽商報)	2016
	Golden Decade Hefei Property Market — Top 10 Brand Real Estate Enterprises (黃金十年合肥樓市 — 十佳風雲品牌房企)	Graduate School of Real Estate of Hefei University (合肥學院房地產研究所), Anhui Shangbao (安徽商報), xafc.com (新安房產網)	2016

Recipient	Award/Recognition	Awarding Authority	Year
Huijing Global Centre	The 14th China (Changsha) Property Network Popularity Rankings — 2017 Casino New Label Real Estate Project (第十四屆中國(長沙)房地產網路人氣榜 — 2017年賭場新標籤樓盤)	Beijing Soufang Network Technology Co., Ltd., Changsha Branch (北京搜房網路技術有限公司長沙分公司), Fang.com (房天下)	2018
	The 14th China (Changsha) Property Network Popularity Rankings — 2018 Top 10 Potential Commercial Properties (第十四屆中國(長沙)房地產網路人氣榜 — 2018年十大潛力商用物業)	Beijing Soufang Network Technology Co., Ltd., Changsha Branch (北京搜房網路技術有限公司長沙分公司), Fang.com (房天下)	2018
	2017 Xiangshang Top Choice in Brand Office of the Year (2017年度湘商首選品牌寫字樓)	Hunan Non-local Chambers of Commerce (湖南異地商會聯合會), Shuangnan Collaborative Non-local Chambers of Commerce Guidance and Service Centre (湘南協作異地商會指導服務中心), Hunan Today Shuangfang Channel (新湖南湘房頻道)	2018
	2017 Changsha Smart Elevator of the Year and Baidu Index 020 Real Estate Up Ranking — UP Investment Project of the Year (2017年度長沙智慧電梯&百度指數020房產UP榜 — 年度UP投資項目榜)	Focus Media (分眾媒體), Framedia (框架), Baidu (百度)	2017
	2017 First Changsha Scenic Aerial Filming Exhibition "Scenic Office" (2017年首屆致美長沙航拍展覽「致美寫字樓」)	Focus Media (分眾媒體), Framedia (框架), Rednet.cn (紅網), Rednet Media (紅網傳媒)	2017
	Anticipated Commercial Complexes (值得期待的商業綜合體)	Changsha Real Estate Development Association (長沙市房地產開發協會)/Changsha Real Estate Association (長沙市房地產業協會)/haofz.com 好房子網	2017
Huijing Group	2014 Dongguan's Most-Influential Brand Real Estate Enterprises (2014年度東莞最具影響力品牌房企)	Sohu (搜狐網)	2014
	The 3rd (2013) Top 10 Dongguan's Financially Strong and Credible Property Enterprises (第三屆(2013年)東莞市資信地產十強)	Dongguan Broadcast and Television Association (東莞市廣播電視協會), Dongguan Real Estate Association (東莞市房地產業協會), Dongguan Property and City Development Bureau (東莞市住房和城鄉建設局), Dongguan Real Estate Administration Bureau (東莞市房產管理局)	2013

Recipient	Award/Recognition	Awarding Authority	Year
	2012 Advanced Property Development Enterprise of the Year (年度房地產開發企業先進單位)	Dongguan Property and City Development Bureau (東莞市住房和城鄉建設局)	2013
	2013 Dongguan's Brand Real Estate Enterprises (2013年度東莞品牌房企)	www.soufun.com (搜房)	2013
	2011 Influential Brand Real Estate Enterprises of the Year in Property Market (2011年度樓市影響力品牌房企)	www.soufun.com (搜房)	2011
	2012 Dongguan Most Popular Brand in the 7th Property Network Popularity Rankings (第七屆房地產網路人氣榜2010年東莞最具人氣品牌)	www.soufun.com (搜房)	2011
	2011 Dongguan Top 10 Real Estate Enterprises Being Most Attentive by Netizen (2011東莞十大最受網友關注房企)	fzg360.com (房掌櫃)	2011
	2010 Dongguan Real Estate Brand Enterprise Gold Award (2010年東莞地產品牌企業金獎)	Nanfang Daily (南方日報)/fangqq.com (騰訊房產)	2010
Huijing Riverside Villa	Pearl River Delta Real Estate Project with Most Appreciation Potential (珠三角最具升值潛力樓盤)	Evaluation Committee for Property Trend Indicators of China Pearl River Delta (中國珠三角地產風向標評委會)	2012
	2011 Dongguan Top 10 Popular Villas of the Year of the 8th Property Network Popularity Rankings (第八屆房地產網路人氣榜2011年度東莞樓市十大人氣別墅)	www.soufun.com (搜房網)	2011
	2011 fzg360.com Ranking 2011 Dongguan Top 10 Quality Luxury Home Award (掌櫃風雲榜2011東莞房地產十大品質豪宅)	fzg360.com (房掌櫃)	2011
Century Gemini	2012 Most Anticipated Real Estate Project in Dongguan Property Market (2012年東莞地產最值得期待樓盤)	Dongguan Newspapering Media Group (東莞報業傳媒集團)	2011
	2011 Most Anticipated Real Estate Project in Dongguan Property Market (2012年東莞地產最值得期待樓盤)	Dongguan Newspapering Media Group (東莞報業傳媒集團), Dongguan Daily (東莞日報)	2010

Recipient	Award/Recognition	Awarding Authority	Year
Central Palace	2011 Dongguan Top 10 Blissful Community with Best Neighborhood Relationship (2011東莞十大幸福社區最佳鄰里氛圍社區)	fzg360.com (房掌櫃)	2011
	2010 The 5rd Dongguan Top 10 Star Real Estate Project (2010年第五屆東莞十大明星樓盤)	Nanfang Daily (南方日報), fangqq.com (騰訊房產)	2010
	Exquisite Taste Luxury Home Award (頂級品味豪宅獎)	Wen Wei Po, Hong Kong Institute of Architects, Hong Kong Institute of Designers	2010
Royal Spring Hill	2011 Real Estate Project with Most Desire to Purchase of the Year (2011年度最具置業期待樓盤)	www.focus.cn (搜狐焦點)	2011
	Dongguan Selection of Real Estate Project as City Landmark — 2011 Dongguan Most Anticipated Real Estate Project (東莞城市標誌樓盤評選 — 2011年東莞最值得期待樓盤)	Dongguan Daily Media Group (東莞報業傳媒集團) and Dongguan Daily (東莞日報)	2011
	2011 Dongguan Most Anticipated Real Estate Project (2011年最值得期待樓盤)	Dongguan News (東莞時報)	2010
	2011 Dongguan Most Anticipated Real Estate Project Award (2011年最值得期待樓盤獎)	Nanfang Daily (南方日報)/fangqq.com (騰訊房產)	2010

COMPETITION

The commercial and residential property market in the PRC is highly competitive and fragmented. We compete primarily with other property developers in both the cities we operate in and the cities we intend to operate in. Please refer to subsection headed "Risk Factors — Risks Relating to Our Business and Industry — Our expansion into new geographical markets presents certain risks and uncertainties" in this document for further details. Some of our competitors will have more financial and other resources than us and may be more sophisticated than us in terms of design, engineering, technical, marketing and management skills. However, we believe that the entry barriers to the PRC property development market will work to our advantage as we already have knowledge of the local property market conditions and established brand recognition in the consumer market. We believe that the PRC property development market still has significant growth potential. For further information on competition in the property development industry, please refer to the section headed "Industry Overview" in this document for further details.

INSURANCE

As advised by our PRC Legal Advisers, as we engage third-party contractors to conduct the construction of our properties but do not construct properties ourselves, the mandatory provisions under the relevant PRC laws and regulations requiring construction contractors to maintain insurance coverage with respect to their construction projects do not apply to us. We do not maintain any insurance policies for our residential property developments unless required to under the relevant loan or financing agreements. If we secure bank loans from commercial bank(s) in relation to our properties under development, the commercial banks usually require certain insurance coverage against potential losses or damages to be held until the full repayment of the underlying loans. Regardless, we generally maintain property insurance for our commercial developments held for investment.

We believe our third-party contractors should bear liabilities from tortious or other personal injuries on our development sites and therefore we do not maintain any insurance coverage against such liabilities. However, in accordance with applicable PRC laws and regulations, we require the general contractors of our developments to maintain insurance policy in accordance with the contracting agreements.

There are certain risks for which we are not insured, such as losses from natural disasters, terrorist attacks and construction delays, and we may not have sufficient insurance coverage for damages and liabilities that may arise in the course of our business operations. We believe that our overall insurance package is in line with industry norms. Please refer to subsection headed "Risk Factors — Risks Relating to Our Business and Industry — Our business operations and financial conditions may be adversely affected if we suffer losses which are not covered or not adequately covered by insurance" in this document for further details.

INFORMATION TECHNOLOGY

We rely on the effective operation of our information technology systems for our business operations. Our information technology team under the Human Resources Department is responsible for developing and maintaining an information technology system that keeps pace with the expansion of our business and is customized to meet our business needs. The centralized information technology system is controlled and operated from our headquarters.

We require our staff to follow our management guidelines on our information technology system and safeguard information in the system. To help combat such attacks, we have also established emergency recovery systems, keep regular backups of all the data in the system and are equipped with efficient anti-virus software. In addition, we conduct regular reviews of our information technology system and perform the necessary upgrades to prevent and address potential attacks. For example, our information security team schedules practice drills to ensure the continuous smooth operation of our information technology system. As at the Latest Practicable Date, we had not experienced any disruptions to our information technology system that materially impacted our business operations.

HEALTH AND SAFETY MATTERS

We provide safety protective equipment to our employees and require our contractors to ensure that their onsite constructions comply with applicable PRC safety laws and regulations, and have developed policies and procedures regarding work safety and occupational health issues. Our Projects Management Department and Operations Department monitor the day-to-day issues relating to health and safety and are responsible for responding to health and safety incidents at the first instance.

Our Project Management Department is responsible for recording and reviewing statistics in relation to production safety and appropriate implementation of construction works within our Group. During the Track Record Period and up to the Latest Practicable Date, we had not encountered any incidents or claims for personal or property damages which had a material adverse effect on our business operations.

INTELLECTUAL PROPERTY

We place emphasis on developing our brand and have registered our trademarks in Hong Kong, Macau, Taiwan, New Zealand and Australia to protect our intellectual property rights. Additionally, we also have registered the domain name of huijingdc.com for the website of our Group on the Internet. For further details of our Group's intellectual property rights, please refer to the subsection headed "B. Further Information About Our Business — 2. Material intellectual property rights" in Appendix VI to this document.

As at the Latest Practicable Date, we were not aware of any infringement (i) by us of any intellectual property rights owned by third parties, or (ii) by any third parties of any intellectual property rights owned by us.

EMPLOYEES

We recruit our employees on an as-need basis and in the market through various channels including headhunters, advertising in the media, online advertising, on-site recruitment, recruitment firms, campus recruitment and through internal referrals. In our recruitment process, we value traits such as professional capabilities, high moral and ethical standards, integrity and teamwork. Generally, we also avoid hiring immediately family members of existing employees in roles in the same department, or departments with direct business relations, without approval from senior management.

As at September 30, 2019, we had 503 full-time employees. The following tables sets forth a breakdown of our employees as at September 30, 2019:

Function	**Number of employees**	**% of Total**
Senior management	8	1.6
Human resources, information technology and administration	95	18.9
Development and investments	28	5.6
Engineering and design	60	11.9
Cost management, tendering and procurement	74	14.7
Projects and operations	58	11.5
Sales and marketing	82	16.3
Accounts and financing	77	15.3
Legal and audit	21	4.2
Total	503	100.0

Geographical location	**Number of employees**	**% of Total**
Hong Kong	24	4.8
Dongguan	269	53.5
Changsha	54	10.7
Hengyang	44	8.7
Hefei	53	10.5
Heyuan	59	11.7
Total	503	100.0

To ensure that our employees are equipped with the skills and knowledge relevant to their positions, we offer both internal and external training opportunities to our employees. Training programs may be targeted at a company-wide level, department level or personal level and are adjusted in accordance with the particular needs of the individual teams or employees.

We offer our employees competitive remuneration packages which includes basic salaries, allowances, discretionary bonuses, performance-based bonuses and year-end bonuses as well as contributions to social insurance and housing funds. In general, we determine salaries based on the individual employee's qualifications, experience, position and seniority. Our employees do not negotiate the terms of their employment through any labor unions or by way of collective bargaining agreements. We incurred labor costs of RMB48.7 million, RMB76.3 million, RMB104.7 million and RMB54.5 million for each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, respectively, which represents 2.3%, 6.4%, 4.7% and 4.1% of our total revenue, respectively.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruptions to our business operations due to strikes or other labor disputes, nor was there any material labor related legal proceedings against us. We have also been advised by our PRC Legal Advisers that we have complied with all the applicable labor laws and regulations in the PRC in all material respects, save as disclosed in the subsection headed "— Compliance with Laws and Regulations — Historical Non-compliance Incidents" in this section.

ENVIRONMENTAL PROTECTION MATTERS

We are subject to certain environmental protection laws and regulations, including those relating to air pollution, noise emissions and water and waste discharge. Each of our property projects is required under PRC laws and regulations to undergo environmental impact assessments. We must submit the relevant environmental impact study or report to the environmental authorities, along with other required documents, for evaluation and approval by the authorized environmental protection administrations. The approval from the relevant government authorities will specify the standards applicable to the implementation of the construction site with respect to areas such as air pollution, noise emissions and water and waste discharge. Such measures are required to be incorporated into the design, construction and operation of the particular property project. Upon the completion of each development, the relevant government authorities will also inspect the site to ensure that all applicable environmental standards have been complied with before the property can be delivered to the buyer.

We take specific measures to ensure our compliance with the applicable environmental laws and regulations, including: (i) strictly selecting construction contractors and supervising the process of construction; (ii) applying for review by the relevant government authorities in a timely manner after the property project is completed; and (iii) actively adopting environmentally friendly equipment and designs. We also take voluntary actions with respect to environmental protection and make energy conservation and emission reduction top considerations when designing our property projects.

For the year ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, we incurred costs of RMB2.1 million, RMB1.0 million, RMB0.5 million, and RMB0.1 million respectively, for complying the applicable environmental laws and regulations. Our Directors expect that we will incur a similar level of compliance costs in the future.

During the Track Record Period and up to the Latest Practicable Date, we had not received any fines or penalties for non-compliance of the environmental laws and regulations of the PRC. As at the Latest Practicable Date, we had not encountered any material issues with passing any inspections conducted by the relevant environmental authorities upon completion of our properties. Save for an incident where a member of our Group had failed to submit revised development plans in accordance with applicable environmental laws, we have also been advised by our PRC Legal Advisers that we have complied with all the applicable environmental laws and regulations in the PRC in all material respects. Please refer to the subsection headed "— Compliance with Laws and Regulations — Historical Non-compliance Incidents" in this section for further details.

LEGAL PROCEEDINGS

During the Track Record Period, we were involved in certain litigation proceedings, claims or disputes with commercial and other parties. Save as disclosed below, these proceedings had either been settled as at the Latest Practicable Date or are, in our Directors' view, immaterial in terms of their impact on our Company's business operations.

	Relevant member of our Group	Opponent and capacity in dispute	Value of dispute (RMB)	Summary of dispute	Impact and current status of dispute
1.	Huijing Group, as claimant	(i) Pinghu Weiming Hotel Management Co, Limited (平湖市煒明酒店管理有限公司); and (ii) Pinghu Changming Property Management Co, Limited (平湖市昌明物業管理有限公司), as respondents	50,000,000.00	On December 21, 2016, we had entered into a co-operation agreement with the defendants in relation to Pinghu Area No. 1 and Pinghu Area No. 2. However, contrary to the provisions in the agreement, the defendants had, among other things, failed to complete the specified preliminary work over the land parcels.	We have issued a notice to arbitrate pursuant to the agreement.
2.	Dongguan Zhengyun, as defendant and respondent	Yuan Guozhong (袁國仲), as plaintiff and appellant	4,840,000.00	Among other things, the plaintiff claims that it is entitled to (i) 24% of the equity interest in Dongguan Zhengyun through an agreement with the original shareholder of Dongguan Zhengyun; and (ii) RMB4.8 million plus interest. Dongguan Zhengyun was named as a defendant in this dispute.	On March 22, 2019, the No. 2 Dongguan People's Court (東莞市第二人民法院) issued a judgment in the defendant's favour and denied the plaintiff's claim in respect of Dongguan Zhengyun. The plaintiff had appealed. The case was continuing as at the Latest Practicable Date.
3.	Huijing Group, as defendant and respondent	Dongguan Kang Yu Property Development Co. Ltd. (東莞市康裕實業發展有限公司), as plaintiff and appellant	27,994,375.42	It was alleged that parties to the dispute had started cooperating in 2013 in relation to a business of distributing and selling certain consumer products, and the plaintiff was the exclusive distributor of such products. It is alleged that the shareholder of Huijing Group had incorporated other entities to unlawfully compete with the plaintiff's business and take advantage of the plaintiff's opportunities, the plaintiff also claims damages for the loss of products which were allegedly not returned by Huijing Group.	The dispute is continuing. The second hearing was heard in December 2018 before the No. 2 Dongguan People's Court (東莞市第二人民法院), and the court had rejected all of the plaintiff's claims. The plaintiff had since lodged an appeal.

We have engaged legal and other professional advisors in connection with the above disputes. In our view, outstanding claims against us in each dispute are largely of no basis and are unfounded. Having considered the legal risk in respect of the disputes, we consider the risk that we will be held liable for full payment in each of the claims under the disputes is remote.

COMPLIANCE WITH LAWS AND REGULATIONS

Licenses, Permits and Certificates

Save as disclosed in the subsection headed "— Compliance with Laws and Regulations — Historical Non-Compliance Incidents" in this section, as at the Latest Practicable Date, we had, in all material respects, complied with all the relevant and applicable PRC laws and regulations governing the business of property development and management and we had obtained all licenses, permits and certificates for the purpose of operating our business.

The table below sets out the details of the material real estate property development certificates held by our Group, together with our joint venture, as at the Latest Practicable Date:

Relevant Company	Certificate	Grant Date	Status
Huijing Group (滙景集團有限公司)	Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書)	January 12, 2018	Expiring on January 12, 2021
Dongguan Huijing Kailun Bay (東莞市滙景凱倫灣房地產開發有限公司)	Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書)	August 12, 2018	Expiring on August 9, 2022
Dongguan Daxi (東莞市大喜房地產開發有限公司)	Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書)	July 13, 2018	Expiring on July 13, 2021
Dongguan Jade (東莞市翡翠半島房地產開發有限公司)	Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書)	June 21, 2019	Expiring on June 21, 2022
Hunan Development (湖南發展高新置業有限公司)	Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書)	December 13, 2016	Expiring on December 12, 2019 and the Company expects to submit an application for its renewal, which can only be submitted one month prior to its expiry date

Relevant Company	Certificate	Grant Date	Status
Dongguan Zhengyun (東莞市正韻實業投資有限公司)	Real Estate Development Enterprise Qualification Certificate (Interim) (房地產開發企業暫定資質證書)	October 23, 2018	Expiring on December 23, 2019 and the Company expects to submit an application for its renewal, which can only be submitted one month prior to its expiry date
Dongguan Wanfang (東莞市虎門萬方實業有限公司)	Real Estate Development Enterprise Qualification Certificate (Interim) (房地產開發企業暫定資質證書)	August 28, 2018	Expiring on August 22, 2020
Dongjiang Village Long He (東源縣東江水鄉隆和投資發展有限公司)	Real Estate Development Enterprise Qualification Certificate (Interim) (房地產開發企業暫定資質證書)	January 28, 2019	Expiring on February 5, 2020
Hefei Fuhua (合肥富華置業有限公司)	Real Estate Development Enterprise Qualification Certificate (Interim) (房地產開發企業暫定資質證書)	July 16, 2019	Expiring on July 15, 2020
Hengyang Huijing (衡陽滙景房地產開發有限公司)	Real Estate Development Enterprise Qualification Certificate (Interim) (房地產開發企業暫定資質證書)	January 3, 2019	Expiring on January 2, 2020
Heyuan Huijing Property (河源市滙景房地產發展有限公司)	Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書)	April 12, 2019	Expiring on April 12, 2021

We monitor the status of our real estate property development certificates. We generally aim to identify expiring certificates in advance and seek to apply for renewal of the relevant certificates when the application period is open. As advised by our PRC Legal Advisers, based on our Directors' confirmation that the relevant conditions for the certificates are satisfied, there is no material legal impediment in renewing the licenses as set out above which will expire in 2019, provided that the application documents are submitted to the relevant authorities in accordance with the Real Estate Development Enterprise Qualification Management Regulation (《房地產開發企業資質管理規定》) and other relevant laws and regulations.

If we fail to maintain our licenses, certificates, permits or government approvals upon expiry, our property developments may be delayed and there may be adverse effects on our business. Please refer to the subsection headed "Risk Factors — Risks Relating to Our Business and Industry — Our business may be adversely affected if we fail to obtain, or experience material delays in obtaining, requisite government approvals or licenses in carrying out our operations and property development" in this document for further details.

Historical Non-compliance Incidents

There were a number of non-compliance incidents during the Track Record Period. Despite the historical non-compliance incidents are not material non-compliances pursuant to the Guidance Letter HKEX GL63-13 ("**GL63-13**"), we set out their details below (including our enhanced internal control measures to ensure future compliance in the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section) for providing more information to the investors.

Our Directors confirm that, save as disclosed below, we were in compliance in all material respects with all applicable laws and regulations in the jurisdiction where we conduct our business. Our Controlling Shareholders have entered into the Deed of Indemnity to indemnify us among other things, all loss, cost, liability, damages, charges, fees, fines or expenses which any of the members of our Group may incur or suffer, arising from or in connection with any non-compliance of any members of our Group on or before the **[REDACTED]**.

(A) Delay in commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts

According to article 26 of the Urban Real Estate Law, land obtained through land grants must be used and developed in accordance with the land use or zoning restrictions and development deadline(s) as prescribed under the relevant land grant contract(s) (國有土地使用權出讓合同), and under article 8 of the PRC Contract Law, a contract created in accordance with law is binding on the parties to the contract, and each party shall perform its obligations as agreed and may not unilaterally amend or terminate the contract.

During the Track Record Period, we failed to commence and/or complete construction within the prescribed period as stipulated in certain land grant contracts for the projects as set out in the tables below ("**Delay Incidents**") and therefore failed to comply with the Urban Real Estate Law and the PRC Contract Law in respect of these projects.

During the Track Record Period and up to the Latest Practicable Date, we had not received any notice for payment of liquidated damages or penalties in relation to any of the Delay Incidents, except for project no. 12, for which the Hefei Gaoxin Area Management Committee Building Management Bureau (合肥高新管委會建設發展局) ("**Hefei Committee**") had imposed liquidated damages of approximately RMB24.8 million (the "**Hefei Damages**") against Hefei Fuhua. We were made aware of the imposition of the penalty prior to our acquisition of interest in land for such project in 2016 and had taken that into account when assessing the purchase price for the relevant acquisition. The Hefei Damages were paid in full in January 2017. Our Directors confirm that, as at the Latest Practicable Date, save for the Hefei Damages, no other penalties or liquidated damages were imposed on us in respect of the Delay Incidents.

Our PRC Legal Advisers advise that, based on (i) the interviews with and confirmations from the relevant authorities as set out below, (ii) the confirmations from each project company (except Hefei Fuhua) confirming that it had not received any notice requesting or imposing penalties or damages on us; and (iii) our PRC Legal Advisers' research on the websites of the relevant Land Resources Bureau, they are of the view that (except Hefei Fuhua) our risk of being required to pay the liquidated damages or penalties is remote. Based on the above, our Directors consider that it is unlikely that we will be required to pay the liquidated damages or penalties for the Delay Incidents (except Hefei Fuhua).

Our PRC Legal Advisers advise that each of the relevant authorities as set out in this subsection headed "(A) Delay in commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts", namely, the Natural Resources Bureau of Dongguan (東莞市自然資源局) ("**Dongguan NRB**"), the Natural Resources Bureau of Heyuan (河源市自然資源局) ("**Heyuan NRB**"), the Land and Resources Bureau of Dongyuan (東源縣國土資源局) ("**Dongyuan LRB**"), the Hefei Land Resources Bureau ("**Hefei LRB**"), the Land and Resources Bureau of Changsha (長沙市自然資源和規劃局) ("**Changsha LRB**"), the Land and Resources Bureau of Hengyang (衡陽市衡南縣國土資源局) ("**Hengyang LRB**") and the Urban Planning Bureau of Dongguan (東莞市城鄉規劃局) ("**Dongguan UPB**"), are competent authorities for giving the relevant verbal and/or written confirmations as referred to in this subsection.

To minimize the risk of delay in commencement or completion of construction within the prescribed period as stipulated in the relevant land grant contracts in the future, we have established enhanced internal control measures. Please refer to the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section for further details.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/ operational and financial impact
Dongguan Wanfang								
1.	Humen Marina City (虎門濱海城)	May 15, 2017	July 27, 2018	There was a delay in commencement of construction of this project. The prescribed time for the commencement of construction had already expired when our Group acquired the interest in the land in June 2018. As such, the delay was outside of our Group's control. Shortly after our acquisition, we have applied for and obtained from the relevant authorities the relevant approvals required prior to the commencement of construction.	Mr. Liu, Manager, Development Department, Huijing Group	According to the interviews with the Dongguan NRB ("**Dongguan NRB Interviews**") the officials confirmed that, among other things, Dongguan Wanfang may develop in accordance with its own schedule and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongguan NRB also issued a certificate certifying that Dongguan Wanfang had complied with the relevant land use laws, and had not been subject to any administrative penalty imposed by the Dongguan NRB for breach of such laws from January 1, 2016 to December 31, 2018 ("**Dongguan Wanfang Confirmation**").	Based on (i) the Dongguan NRB Interviews; (ii) the Dongguan Wanfang Confirmation; (iii) searches over the official websites of the Ministry of Natural Resources of the PRC, Department of Natural Resources of Guangdong Province and Dongguan NRB ("**Relevant Websites**"); and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in commencement of construction in respect of Humen Marina City from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract in relation to the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages of such breach of the land grant contract was approximately RMB17.2 million. (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

Note 1: Where a project was not in compliance with multiple land grant contracts in relation to the commencement and/or completion of construction, each relevant prescribed and actual: (a) commencement date, and (b) completion date, are separately noted in this table.

Note 2: The maximum potential liquidated damages is calculated based on terms under the relevant land grant contracts and limitation period. Pursuant to the relevant land grant contract, we shall be liable to pay the relevant authority liquidated damages equivalent to 0.1% of the land grant premium for each overdue day.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/ operational and financial impact
Dongguan Jade										
2.	Royal Spring Hill (御泉香山)	(i) December 20, 2010; (ii) October 7, 2010 (iii) April 29, 2011	(i) December 28, 2010 (ii) July 27, 2011 (iii) March 13, 2012	(i) June 20, 2013 (ii) April 7, 2012 (iii) April 29, 2013	(i) March 21, 2017 (ii) May 4, 2014 (iii) May 4, 2014	There was a delay in both commencement and completion of construction of this project. Our Group understood from Dongguan NRB that we were allowed to develop the project according to our own schedule, as evidenced by the Dongguan NRB Interview.	Mr. Liu, Manager, Development Department, Huijing Group	According to the Dongguan NRB Interviews, the officials of the Dongguan NRB confirmed that, among other things, Dongguan Jade may develop in accordance with its own schedule and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongguan NRB also issued a confirmation confirming that Dongguan Jade had complied with the relevant land use laws, and had not been subject to any administrative penalty imposed by the Dongguan NRB for breach of such laws from January 1, 2016 to October 20, 2018 ("**Dongguan Jade Confirmation**").	Based on (i) the Dongguan NRB Interviews; (ii) the Dongguan Jade Confirmation; (iii) searches over the Relevant Websites; (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in commencement or completion of construction in respect of Royal Spring Hill from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages of such breach of the land grant contracts was approximately RMB8.0 million. (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.
3.	City Valley (城市山谷)	May 18, 2012	April 15, 2014	May 18, 2015	June 4, 2016	There was a delay in both commencement and completion of construction of this project. Our Group understood from Dongguan NRB that we were allowed to develop the project according to our own schedule, as evidenced by the Dongguan NRB Interview.	Mr. Liu, Manager, Development Department, Huijing Group	According to the Dongguan NRB Interviews, the officials of the Dongguan NRB confirmed that, among other things, Dongguan Jade may develop in accordance with its own schedule and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongguan NRB also issued a confirmation confirming that Dongguan Jade had complied with the relevant land use laws, and had not been subject to any administrative penalty imposed by the Dongguan NRB for breach of such laws from January 1, 2016 to October 20, 2018 ("**Dongguan Jade Confirmation**").	Based on (i) the Dongguan NRB Interviews; (ii) the Dongguan Jade Confirmation; (iii) searches over the Relevant Websites; (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in commencement or completion of construction in respect of City Valley from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As advised by our PRC Legal Advisers, based on our Directors' confirmation that no statutory causes for suspension or interruption of the limitation period have occurred (Note 3), the relevant limitation period for claiming liquidated damages against Dongguan Jade for the delay in commencement and completion of City Valley has passed; and hence any claim against us for liquidated damages is not supposed to be supported by the courts in the PRC. Therefore, our Directors are of the view that our Group will not be imposed any penalty, fine and demand for liquidated damages and hence such non-compliance will not have any material operational or financial impact on us.

Note 3: As advised by our PRC Legal Advisers, according to PRC laws, a limitation period is considered to be: (i) "suspended" when, within the last six months of such limitation period, there exists impediments which will cause the relevant claimant to fail in asserting its claims. For example, the claimant has deceased but a successor has yet to be appointed; and (ii) "interrupted" when the relevant claimant requests the obligor to fulfill its obligations, files a litigation to the court or applies for arbitration.

In the case of a suspension, a limitation period of six months will be available to the claimant from the date of elimination of the relevant impediments. In the case of interruption, the limitation period will restart after such request, litigation or arbitration process is closed.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/ operational and financial impact
Dongguan Huijing Kailun Bay										
4.	Huijing Riverside Villa (御海藍岸)	(i) November 8, 2011 (ii) November 19, 2011 (iii) October 23, 2012	(i) May 6, 2014 (ii) June 26, 2015 (iii) June 11, 2018	(i) May 21, 2012 (ii) October 10, 2014 (iii) November 8, 2012 (iv) November 19, 2012 (v) October 23, 2014	(i) February 3, 2016 (ii) September 10, 2015 (iii) August 5, 2016 (iv) October 27, 2017 (v) Construction was in progress as at the Latest Practicable Date	There was a delay in both commencement and completion of construction of this project. With the maximum GFA that may be developed by Dongguan Huijing Kailun Bay being limited, at the material time, to 250,000 sq.m. under the relevant Qualification Certificate, Dongguan Huijing Kailun Bay was unable to simultaneously commence construction of all six phases of Huijing Riverside Villa which has a planned GFA of 489,330 sq.m.. However, our Group had understood from Dongguan NRB that we were allowed to develop the project according to our own schedule, which was evidenced by the Dongguan NRB Interview. As a result, our Group developed the project phase by phase, and this had therefore led to the delay in commencement in the later phases of the project as well as the corresponding delay in completion.	Mr. Liu, Manager, Development Department, Huijing Group	According to the Dongguan NRB Interviews, the officials of the Dongguan NRB confirmed that, among other things, Dongguan Huijing Kailun Bay may develop in accordance with its own schedule and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongguan NRB also issued a confirmation confirming that Dongguan Huijing Kailun Bay had complied with the relevant land use laws, and had not been subject to any administrative penalty imposed by the Dongguan NRB for breach of such laws from January 1, 2016 to October 20, 2018 ("**Dongguan Huijing Kailun Bay Confirmation**").	Based on (i) the Dongguan NRB Interviews; (ii) the Dongguan Huijing Kailun Bay Confirmation; (iii) searches over the Relevant Websites; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in commencement or completion of construction in respect of Huijing Riverside Villa from the relevant government authorities, our PRC Legal Advisers are of the view that Dongguan Huijing Kailun Bay may continue to develop Huijing Riverside Villa according to the relevant regulatory approvals and the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages of such breach of the land grant contract was approximately RMB38.5 million. (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/ operational and financial impact
	Dongguan Haiya							
5.	Houjie Town Baotun Village Area	No commencement date or completion date were prescribed under the relevant land grant contract. However, the land-owner must not cease construction for a continuous period of more than two years.	Construction had not yet commenced as at the Latest Practicable Date.	There was no construction of this project for a continuous period of more than two years. The land owned by our Group surrounds another land parcel owned by an Independent Third Party. As evidenced by the interview with Dongguan UPB, due to Dongguan UPB's intention to unify land planning in the region, our Group's application for construction land planning permit was not allowed, and such permit was a prerequisite for the commencement of construction. As our Group cannot control the submission by the other land owner of an application for a construction land planning permit, the project had not yet commenced as at the Latest Practicable Date.	Mr. Liu, Manager, Development Department, Huijing Group.	Dongguan NRB issued a confirmation confirming that Dongguan Haiya had complied with the relevant land use laws, and had not been subject to any administrative penalty imposed by the Dongguan NRB for breach of such laws from January 1, 2016 to October 20, 2018 ("**Dongguan Haiya Confirmation**").	Based on (i) the Dongguan UPB Interview; (ii) the Dongguan Haiya Confirmation; (iii) searches over the Relevant Websites; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages and/or penalties in relation to the delay in completion of construction in respect of Houjie Town Baotun Village Area from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As advised by our PRC Legal Advisers, based on our Directors' confirmation that no statutory causes for suspension or interruption of the limitation period have occurred (Note 3), the relevant limitation period for claiming liquidated damages against Dongguan Haiya for the delay in completion has passed; and hence any claim against us for liquidated damages is not supposed to be supported by the courts in the PRC. Therefore, our Directors are of the view that our Group will not be imposed any penalty, fine and demand for liquidated damages and hence such non-compliance will not have any material operational or financial impact on us.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/ operational and financial impact
Dongguan Daxi										
6.	Huijing City Centre (滙景城市中心)	(i) 20% of the construction must have been completed by October 19, 2004 (the "**Huijing City Centre Contract No. 1**") (ii) 25% of the Construction must have been completed by April 27, 2008 (the "**Huijing City Centre Contract No. 2**")	(i) October 16, 2015 (ii) December 20, 2016	(i) April 19, 2006 (ii) April 27, 2009	(i) November 14, 2017 (ii) July 8, 2019	There was a delay in both commencement and completion of construction over two parcels of land in this project. The prescribed dates for the commencement and completion of construction had already expired when our Group acquired an interest in Dongguan Daxi in October 2013, which had owned two parcels of land at the time. As such, the delay was outside of our Group's control. Subsequent to our acquisition, we have applied for and obtained from the relevant authorities the relevant approvals required prior to commencement of construction.	Mr. Liu, Manager, Development Department, Huijing Group	According to the Dongguan NRB Interviews, the officials of the Dongguan NRB confirmed that, among other things, Dongguan Daxi may develop in accordance with its own schedule and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongguan NRB also issued a confirmation confirming that Dongguan Daxi had complied with the relevant land use laws, and had not been subject to any administrative penalty imposed by the Dongguan NRB for breach of such laws from January 1, 2016 to October 20, 2018 ("**Dongguan Daxi Confirmation**").	Based on (i) the Dongguan NRB Interviews; (ii) the Dongguan Daxi Confirmation; (iii) searches over the Relevant Websites; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in commencement or completion of construction in respect of Huijing City Centre from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	With respect to Huijing City Centre Contract No. 1, as advised by our PRC Legal Advisers, in accordance with the land grant contract, if Dongguan Daxi fails to complete the construction pursuant to the date stipulated in the said contract or such delayed date as agreed by the parties, Dongguan Daxi shall pay Dongguan NRB liquidated damages in the amount of 20% of the land grant premium. With respect to Huijing City Centre Contract No. 2, the calculation method of the liquidated damages is not specified in the land grant contract, as advised by our PRC Legal Advisers, if the breach results in losses of the other party, the damage shall be equivalent to the losses so suffered according to relevant laws and regulations. Based on the above, as at the Latest Practicable Date, under Huijing City Centre Contract No. 1, the maximum potential liquidated damages of such breach of the land grant contract was approximately RMB167,696, while, under Huijing City Centre Contract No. 2, the potential damages thereunder would be the amount of losses suffered by the other party to the relevant land grant contract. Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/ operational and financial impact
Dongguan Zhengyun										
7.	Huijing Riverside Villa — Perfection (御海藍岸—臻品)	No prescribed commencement date, but 25% of the construction must have been completed by April 25, 2009	September 1, 2017	December 25, 2010	May 20, 2019	There was a delay in both commencement and completion of construction of this project. The prescribed dates for completion of 25% and the entire construction, respectively, had already expired when our Group acquired the land in May 2013. As such, the delay was outside of our Group's control. Subsequent to our acquisition, we have applied for and obtained from the relevant authorities the relevant approvals required prior to commencement of construction. Our Group understood from Dongguan NRB that we were allowed to develop the project according to our own schedule, as evidenced by the Dongguan NRB Interview.	Mr. Liu, Manager, Development Department, Huijing Group	According to the Dongguan NRB Interviews, the officials of the Dongguan NRB confirmed that, among other things, Dongguan Zhengyun may develop in accordance with its own schedule and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongguan NRB also issued a confirmation confirming that Dongguan Zhengyun had complied with the relevant land use laws, and had not been subject to any administrative penalty imposed by the Dongguan NRB for breach of such laws from January 1, 2016 to December 31, 2018 ("**Dongguan Zhengyun Confirmation**").	Based on (i) the Dongguan NRB Interviews; (ii) the Dongguan Zhengyun Confirmation; (iii) searches over the Relevant Websites; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in completion of construction in respect of Huijing Riverside Villa — Perfection from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As advised by our PRC Legal Advisers, despite liquidated damages of 20% of the land grant premium has been specified in the land grant contract, based on our Directors' confirmation that no statutory causes for suspension or interruption of the limitation period have occurred (Note 3), the relevant limitation period, for claiming liquidated damages for any delay of commencement or completion of construction has passed; and hence any claim against us for liquidated damages is not supposed to be supported by the courts in the PRC. Therefore, our Directors are of the view that our Group will not be imposed any penalty, fine and demand for liquidated damages and hence such non-compliance will not have any material operational or financial impact on us.

No.	Project	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/operational and financial impact
Heyuan Huijing Property								
8.	Bund No. 8 外灘8號	January 20, 2019	May 8, 2019	There was a delay in completion of construction of this project. As evidenced by interview conducted with the Heyuan NRB, the delay in completion was due to site-clearance issues, which had to be remedied by relevant authority. As such, the delay was outside of our Group's control.	Mr. Zeng, Manager, Development Department, Heyuan Huijing Property	According to the interviews with Heyuan NRB ("**Heyuan NRB Interviews**"), the officials confirmed that, among other things, Heyuan Huijing Property may develop in its own schedule and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Heyuan NRB also issued a confirmation confirming that it has not discovered any illegal use of land by Heyuan Huijing Property from January 1, 2016 to October 22, 2018 ("**Heyuan Huijing Property Confirmation**").	Based on (i) the Heyuan NRB Interviews; (ii) the Heyuan Huijing Property Confirmation; (iii) searches over the official websites of the Ministry of Natural Resources of the PRC, Department of Natural Resources of Guangdong Province and the Heyuan Government; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in completion of construction work in respect of Bund No. 8 from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages of such breach of the land grant contract was approximately RMB19.4 million. (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

No.	Project	Prescribed commencement under the land grant contract (Note 1)	Actual commencement date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/ operational and financial impact
Yayuan Property								
9.	Dongjiang River Galleries (東江畫廊)	No commencement date or completion date were prescribed under the relevant land grant contract. However, the land-owner must not cease construction for a continuous period of more than two years.	Construction had not yet commenced as at the Latest Practicable Date.	There was no construction of this project for a continuous period of more than two years. The absence of construction for a period of more than two years had already occurred when our Group acquired the land in October 2017. However, as evidenced by the interview with Dongyuan LRB, the historical land resettlement issue prior to our Group's acquisition had remained unsolved by Dongyuan LRB, which led to the absence of construction as at the Latest Practicable Date.	Mr. Zeng, Manager, Development Department, Heyuan Huijing Property	Dongyuan LRB issued a confirmation confirming that Yayuan Property had not been imposed any administrative penalty for breach of relevant land use laws from January 1, 2016 to December 31, 2018 ("**Yayuan Property Confirmation**"). According to the interviews with Dongyuan LRB ("**Dongyuan LRB Interviews**"), the officials confirmed that, among other things, Yayuan Property is not subject to any penalty and investigation by the land resources authorities and is not required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers).	Based on (i) the Yayuan Property Confirmation; (ii) searches over the official website of the Ministry of Natural Resources of the PRC, Department of Natural Resources of Guangdong province and Dongyuan Government; and (iii) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in commencement of construction from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract is remote.	The calculation method of the liquidated damages is not specified in the land grant contract, As advised by our PRC Legal Advisers, if the breach of the land grant contract results in losses of a party, the damage shall be equivalent to such losses so suffered according to PRC laws and regulations. Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement Date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/operational and financial impact
Dongjiang Village Long He										
10.	Nine Miles Bay (九里灣花園)	November 30, 2015	November 30, 2018	November 30, 2016	Construction was in progress as at the Latest Practicable Date.	There was a delay in both commencement and completion of construction of this project. The prescribed dates for the commencement and completion of construction had already expired when our Group acquired the land in October 2017. As such, the delay was outside of our Group's control. Subsequent to our acquisition, we have applied for and obtained from the relevant authorities the relevant approvals required prior to commencement of construction.	Mr. Zeng, Manager, Development Department, Heyuan Huijing Property	According to the interview with Dongyuan LRB, the officials confirmed that, among other things, there has been no investigation conducted on or penalties levied against Dongjiang Village Long He by the land resources authorities in relation to any breach of land use laws or land use conditions and it would not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongyuan LRB issued a confirmation confirming that no administrative penalty had been imposed on Dongjiang Village Long He for breach of relevant land use laws from January 1, 2016 to December 31, 2018 ("**Dongjiang Village Long He Confirmation**").	Based on (i) the Dongyuan LRB Interview; (ii) Dongjiang Village Long He Confirmation; (iii) searches over the official websites of Ministry of Natural Resources of the PRC, Department of Natural Resources of Guangdong Province and Dongyuan Government; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages in relation to the delay in commencement completion of construction in respect of Nine Miles Bay from the relevant government authorities, our PRC Legal Advisers are of the view that Dongjiang Village Long He may continue to develop Nine Miles Bay according to the relevant regulatory approvals and the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages for such breach of the land grant contract was approximately RMB69.9 million. (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/operational and financial impact
Dongjiang Village Properties										
11.	Dongjiang Village (東江水鄉)	December 30, 2010	Construction had not yet commenced as at the Latest Practicable Date	December 30, 2012	Construction had not yet commenced as at the Latest Practicable Date	There was a delay in both commencement and completion of construction of this project. The prescribed dates for the commencement and completion of construction had already expired when our Group acquired the land in December 2017. However, as evidenced by the interview with Dongguan LRB in March 2019, the historical land resettlement issue prior to our Group's acquisition remains unsolved by the Dongguan LRB. Hence our Group was unable to commence construction as at the Latest Practicable Date.	Mr. Zeng, Manager, Development Department, Heyuan Huijing Property	According to the Dongyuan LRB Interviews, the officials confirmed that, among other things, Dongjiang Village Properties has not been subject to any penalty and investigation by the land resources authorities and is not required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Dongyuan LRB issued a confirmation on January 11, 2019 confirming that no administrative penalty had been imposed on Dongjiang Village Properties for breach of relevant land use laws from January 1, 2016 to December 31, 2018 ("**Dongjiang Village Properties Confirmation**"). In the interview with Dongyuan LRB in March 2019, an official indicated that the Dongyuan LRB would provide supervision and assistance to ensure we could commence construction as soon as possible.	Based on (i) the Dongyuan LRB Interviews; (ii) the Dongjiang Village Properties Confirmation; (iii) searches over the official websites of Ministry of Natural Resources of the PRC, Department of Natural Resources of Guangdong Province and Dongyuan Government; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages and/or penalties in relation to the delay in commencement or completion of construction in respect of Dongjiang Village from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages of such breach of the land grant contract was approximately RMB75.8 million. (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/operational and financial impact
Hefei Fuhua										
12.	Hefei Huijing City Centre (合肥滙景城市中心)	September 18, 2012	August 21, 2013 (Note 4)	(i) September 17, 2014, and later extended to August 31, 2018 (in respect of two residential complexes). (ii) April 30, 2019 (in respect of a block of commercial complex).(Notes 6, 7) (iii) September 30, 2019 (in respect of a block of commercial complex).(Note 7)	(i) December 19, 2018 (in respect of the two residential complexes). (ii) Construction of the block of commercial complex was in progress as at the Latest Practicable Date. (iii) Construction of the block of commercial complex was in progress as at the Latest Practicable Date.	There was a delay in both commencement and completion of construction of this project. The prescribed date for the commencement had already expired when our Group acquired the interest in Hefei Fuhua in April 2016, which had then owned a parcel of land of the project. This led to the delay in completion, and as such, the delays were outside of our Group's control. We had taken into account the penalty of approximately RMB24.8 million when we acquired the interest in Hefei Fuhua. Subsequent to our acquisition, we have applied for and obtained from the relevant authorities the relevant approvals required prior to commencement of construction. The delay in completion of construction was attributable to damage caused to the power transmission line connecting the construction site from April 2018 to June 2019, and we had to resort to limited and temporary power supply for the aforesaid period, which impacted our construction progress.	Ms. Tang, Head of Development, Hefei Fuhua	In the confirmation issued by the Hefei LRB ("**Hefei Fuhua Confirmation**"), it certified that Hefei Fuhua had complied with the relevant land use laws and had fully paid all payable land grant premium or related fees, and is not in arrears for any such premium or fees. According to the interview with Hefei Committee on September 27, 2019, the officials confirmed that currently they had no intention to take any legal action against Hefei Fuhua on the delay currently. According to the interview with Hefei LRB on June 14, 2019, it is confirmed that they have not issued any other notice ordering Hefei Fuhua to pay liquidated damages and/or penalties.	Based on (i) the interviews with Hefei Committee and Hefei LRB; (ii) the Hefei Fuhua Confirmation; (iii) the liquidated damages and payment of the liquidated damages by the relevant entity as set out below; (iv) searches over the official websites of the Ministry of Natural Resources of the PRC, Department of Natural Resources of Anhui Province and Hefei LRB; and (v) our Directors' confirmation that, apart from the liquidated damages, we had not received any notice ordering us to pay liquidated damages and/or penalties in relation to the delay in commencement or completion of construction from the relevant government authorities, our PRC Legal Advisers are of the view that (i) Hefei Fuhua had been duly penalized for the delay in commencement; (ii) Hefei Fuhua had paid the liquidated damages in full; (iii) as at the date of the Hefei Fuhua Confirmation, Hefei LRB does not consider Hefei Fuhua to be in breach of laws relating to land administration.	Hefei Fuhua paid liquidated damages of approximately RMB24.8 million(Note 5) to Hefei Committee in January 2017 for the delay in commencement of construction in accordance with the land grant contract. As advised by our PRC Legal Advisers, the nature of this payment was a civil obligation arising from default. The liquidated damages of approximately RMB24.8 million was capitalized as property under development in our Group's consolidated financial statements in 2017. As at the Latest Practicable Date, the maximum liquidated damages of the delay in completion was approximately RMB19.4 million.(Note 6) Having taken into account, among others, Hefei Fuhua confirmation and opinion of PRC Legal Advisors provided in April 2019, we made a provision of RMB8.0 million, equivalent to the potential liquidated damages arising from the delay in completion in respect of the two residential complexes for the period between September 1, 2018 and December 19, 2018 which our Directors are of the view that such provision is necessary and sufficient for the potential liability in relation to the non-compliance. Based on the interview with the officials of Hefei Committee on September 27, 2019, who confirmed that they currently had no intention to take any legal action against Hefei Fuhua as at the interview date, our Group is of the view that it is more likely than not that the relevant officials would not take any action against Hefei Fuhua and accordingly no provision was made for the two commercial complexes for the six months ended June 30, 2019.

Note 4: As advised by our PRC Legal Advisers, based on an interview with officials from the Hefei Committee on June 12, 2019, the actual commencement date recognized is August 21, 2013.

Note 5: On May 18, 2012, Hefei LRB entered into a "Transfer Contract for the Right to Use State Owned Construction Land (Hedi Gaoxin Jingying No. [2012] 56)" (《國有建設用地使用權出讓合同》(合地高新經營[2012] 56號)) (together with the supplemental agreements dated May 18, 2012 and December 3, 2012, the "**Hefei Land Grant Contract**") with the previous land use rights owner ("**Previous Owner**") in connection with the land on which our Hefei Huijing City Centre was later developed. Under the Hefei Land Grant Contract, construction on the land was to commence before September 18, 2012, and be completed before September 17, 2014.

On March 5, 2013, Hefei LRB, the Previous Owner, and Hefei Fuhua executed the Third Supplemental Agreement to the Hefei Land Grant Contract (《補充協議三》), under which Hefei Fuhua agreed to assume all rights and obligations under the Hefei Land Grant Contract, and that under the Third Supplemental Agreement, Hefei Fuhua had assumed the obligation(s) arising from the delay of commencement of development. As advised by our PRC Legal Advisers, in January 2017, the Hefei Committee determined that a fine of approximately RMB24.8 million was applicable in respect of the relevant land.

Note 6: Under an undertaking letter between Hefei Fuhua and Hefei Committee dated December 17, 2016, Hefei Fuhua had undertaken to complete the construction of the block of commercial complex by April 30, 2019.

Note 7: As at the Latest Practicable Date, the Directors expected that the two blocks of commercial complex would be completed on or before December 31, 2019. On the basis that the two blocks of commercial complex is completed on December 31, 2019, the maximum additional liquidated damages of the breach of the land grant contract after the Latest Practicable Date and up to December 31, 2019 would be approximately RMB6.8 million.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/operational and financial impact
Hengyang Huijing										
13.	Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮)	(i) May 30, 2015 (ii) May 30, 2015 (iii) May 1, 2017	(i) April 28, 2016 (ii) October 9, 2018 (iii) Not yet commenced as at the Latest Practicable Date	(i) May 30, 2017 (ii) May 30, 2017 (iii) April 30, 2020	Construction was in progress as at the Latest Practicable Date.	There was a delay in both commencement and completion of construction of this project. Our Group entered into a supplemental agreement with the Hunan Province Hengnan County Government (湖南省衡南縣人民政府) in September 2010 (Note 8), and under such supplemental agreement, the conditions imposed on our Group were that it would be required to, from the date of land grant issued in our Group's name, complete development over 1,000 mu (equivalent to approximately 666,600 sq.m.) in eight years and over 2,000 mu of development (equivalent to approximately 1,333,200 sq.m.) in 10 years. As Hengnan LRB, the party to the respective land grant contract with Hengyang Huijing, was supervised by Hengyang County Government, our Group had misinterpreted that the supplemental agreement could override the prescribed dates under the land grant contract, and had therefore developed the project according to the timeline in the supplemental agreement. Our Group has been advised by our PRC Legal Advisers subsequently that the original terms of the land grant contract may not have been properly amended or otherwise lost its effectiveness despite our agreement with the Hunan Hengnan County Government.	Mr. Li, Vice Head of Development, Hengyang Huijing	According to the interview with the Hengyang LRB ("**Hengyang LRB Interview**") and the officials confirmed that among other things, Hengyang Huijing would not be required to take responsibility over the delay (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers).	Based on (i) the Hengyang LRB Interview; (ii) searches over the official websites of the Ministry of Natural Resources of the PRC, Department of Natural Resources of Hunan Province and Hengyang LRB; and (iii) our Directors' confirmation that we had not received any notice and/or notice ordering us to pay liquidated damages and/or penalties in relation to the delay in commencement or completion of construction in respect of Huijing Yanhu International Resort from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages of such breach of the land grant contract was approximately RMB264.5 million (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

Note 8: Our Group has fulfilled all conditions as required and imposed by the Hunan Hengnan County Government to be satisfied up to the Latest Practicable Date in relation to this project. Our Directors consider that the risk that this parcel of land will be resumed is low as (i) our Group has satisfied all conditions imposed on us so far and (ii) our Group expects that the remaining time limits imposed on us subsequent to the Latest Practicable Date will be satisfied accordingly.

No.	Project	Prescribed commencement date under the land grant contract (Note 1)	Actual commencement date (Note 1)	Prescribed completion date under the land grant contract (Note 1)	Actual completion date (Note 1)	Delay and reasons for delay	Person responsible for the project within our Group	Confirmation from relevant authorities	PRC Legal Advisers' opinion	Maximum potential liquidated damages/operational and financial impact
Hunan Development										
14.	Huijing Global Centre (滙景發展環球中心)	(i) January 30, 2012	(i) June 30, 2016	(i) January 30, 2014 (ii) January 26, 2019	(i) Construction was in progress as at the Latest Practicable Date. (ii) Construction was in progress as at the Latest Practicable Date.	There was a delay in both commencement and completion of construction of this project involving two parcels of land. In respect of the first parcel of land, the prescribed time limit for the commencement and completion of construction had expired before we acquired the interest in the land through our acquisition of Hunan Development as a joint venture partner in May 2014. As such, the delay in respect of the first parcel of land was outside of our Group's control. In respect of the second parcel of land, as the construction period stipulated in the construction work commencement permits issued to our Group in respect of this project is much longer than the prescribed period under the relevant land grant contracts, the responsible staff of Hunan Development has been of the view that the construction progress is within period allowed by the relevant authority until being advised by our PRC Legal Advisers that the land grant contract is still binding on us thus we shall comply with the prescribed commencement and completion date in the land grant contract.	Mr. Zhu, Chief of Development, Hunan Development	In the interview with the Changsha LRB on January 16, 2019 ("**Changsha LRB Interview**"), the officials confirmed that, among other things, Hunan Development will not be required to take any legal responsibility (including any penalty, fine and demand for liquidated damages as advised by our PRC Legal Advisers). Changsha LRB issued a confirmation on January 16, 2019 confirming that, from January 1, 2016 to the date of the certificate, there is no record of administrative penalty imposed against Hunan Development for breach of relevant land use laws ("**Hunan Development Confirmation**").	Based on (i) the Changsha LRB Interview; (ii) the Hunan Development Confirmation; (iii) searches over the official websites of the Ministry of Natural Resources of the PRC, Department of Natural Resources of Hunan Province and Changsha LRB; and (iv) our Directors' confirmation that we had not received any notice ordering us to pay liquidated damages and/or penalties in relation to the delay in commencement or completion of construction in respect of Huijing Global Centre from the relevant government authorities, our PRC Legal Advisers are of the view that the likelihood that we will be responsible for the liabilities for breach of the land grant contract for the delay is remote.	As at the Latest Practicable Date, the maximum potential liquidated damages of such breach of the land grant contract was approximately RMB170.4 million. (Note 2) Based on the confirmations given by the relevant authority and the opinion of our PRC Legal Advisers, our Directors consider that, given the remoteness of any liability, such non-compliance is unlikely to have any material operational or financial impact on us. Accordingly, no provisions were made in our financial statements.

Idle land

According to the Measures on the Disposal of Idle Land (閑置土地處置辦法) (the "**Idle Land Measures**") promulgated by Ministry of Natural Resource of the PRC (中華人民共和國自然資源部), (i) if we fail to commence and/or complete construction after one year but less than two years from the construction commencement and/or completion date prescribed in the relevant land grant contract, the relevant land may be identified as idle land, and we may be subject to penalties and liquidated damages under the land grant contract including but not limited to penalty in an amount being 20% of the land grant premium; and (ii) if we fail to commence and/or complete construction works for more than two years from the prescribed construction commencement and/or completion date, the relevant land may also be considered as idle land, and the right to use the land may be taken back by the PRC Government without compensation, and/or we will be required to pay liquidated damages as prescribed by the relevant land grant contract, unless such delay in commencement and/or completion of construction is caused by force majeure or acts of government.

As advised by our PRC Legal Advisers, the identification of idle land requires investigation and determination by the relevant city or county level authority responsible for land resources. If we fail to commence and/or complete constructions within the prescribed period under the Idle Land Measures, the relevant authority may issue an Idle Land Investigation Notice (閑置土地調查通知書) in respect of our development, and identify the relevant land as idle land through a Notice of Idle Land Confirmation (閑置土地認定書). The relevant authority may then issue a Decision to Impose Idle Land Fee (徵繳土地閑置費決定書), and/or a Decision to Resume Right to State-owned Construction Land (收回國有建設用地使用權定書) (together with the Idle Land Investigation Notice and Notice of Idle Land Confirmation, the "**Idle Land Notices**") in accordance with the Idle Land Measures.

Our Directors confirm that, as at the Latest Practicable Date, we had not received any Idle Land Notices in respect of the projects as set out in the tables above. Based on (i) the absence of Idle Land Notices; (ii) our PRC Legal Advisers' review of publicly available information on relevant authorities' webpages (including that of the Ministry of Natural Resources of the PRC (中華人民共和國自然資源部)); and (iii) our PRC Legal Advisers' interviews with and/or confirmations obtained from the relevant authorities, namely, Dongguan NRB, Heyuan NRB, Dongyuan LRB, Hefei LRB and Changsha LRB, our PRC Legal Advisers are of the view that as at the Latest Practicable Date, the projects as set out in the tables above were not identified as idle land by the competent authorities. Our PRC Legal Advisers confirm that the said relevant authorities are competent authorities to give the relevant verbal and/or written confirmations.

(B) Failure to comply with requirements in relation to civil air defense matters

Incident and entity involved	(i) Reasons for non-compliance and (ii) Person(s) responsible for the project(s) within our Group	Legal consequences, potential maximum penalty and other financial impact	Rectification taken and current status
As advised by our PRC Legal Advisers, under the applicable PRC laws and regulations, developers in the PRC are required to construct and incorporate civil air defense areas in new buildings for civil use. We had not completed construction of civil air defense areas in accordance with the applicable PRC laws and regulations for 11 of our property projects in Dongguan. The total GFA of the civil air defense areas that were not completed or were not in compliance with applicable laws and regulations was approximately 168,198 sq.m. as at September 30, 2019.	(i): According to the Methods to implement the 'PRC Civil Air Defense Law' in Guangdong Province (廣東省實施《中華人民共和國人民防空法》辦法) promulgated by the Standing Committee of the People's Congress of Guangdong (廣東省人民代表大會常務委員會) in August 1998, the issuance of a construction work planning permit requires consent from the relevant competent authority in charge of civil air defense (人民防空主管部門), and the construction work planning permit is in turn a prerequisite for commencement of construction. Since our Group had successfully obtained the construction work planning permit for the relevant projects with applications that did not include any civil air defense areas, and have commenced construction in the past without receiving any penalty or legal actions imposed by Dongguan Civil Air Defense Area Office ("**Dongguan CDA**"), the staff responsible for our projects were of the view that Dongguan CDA had approved the construction of the relevant projects without civil air defense areas. (ii): In respect of Yayuan Property and Dongjiang Village Properties, Mr. Zeng, Manager in charge of Development, Heyuan Huijing Property. In respect of the remaining subsidiaries, Mr. Liu, Manager in charge of Development, Huijing Group.	As advised by our PRC Legal Advisers, according to the relevant PRC laws and regulations, we may be ordered to pay a penalty of less than RMB100,000 for every property project that is not in compliance with the requirement for civil air defense areas under the applicable laws. We may also be required to rectify the breach by building the property for civil air defense purposes to comply with the relevant laws. In case we are required to rectify this breach, we have obtained quotes from certain engineering companies for the cost of such construction and the total quoted cost is approximately RMB34.0 million. According to the interview with Dongguan CDA, officials of Dongguan CDA confirmed that, among other things, (i) they did not have any records of penalties imposed in relation to non-compliance with civil air defense requirements; (ii) they did not consider the relevant members of our Group to be in breach of laws in relation to civil air defense; and (iii) there was no relevant risk regarding civil air defense structures for the relevant members of our Group. As advised by our PRC Legal Advisers, Dongguan CDA is the competent authority to issue the above confirmations. Based on the confirmation given by Dongguan CDA, our Directors consider that we will not be penalized or required to rectify the non-compliance and accordingly, the non-compliance would not have a material operational or financial impact on us, and no provisions were made in our financial statements.	On March 18, 2019, we established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section for further details.

(C) Failure to submit revised development plans for environmental approval

Incident and entity involved	(i) Reasons for non-compliance (ii) Responsible person within our Group	Legal consequences, potential maximum penalty and other financial impact	Rectification taken and current status
On January 23, 2017, Dongguan Jade was found to be in breach of the Environmental Law of the PRC (中華人民共和國環境保護法) and the Guangdong Province Environmental Protection Regulation (廣東省環境保護條例), by altering the development plans during the construction of the Royal Spring Hill without the prior approval of the relevant environmental protection agency and failing to report the alteration to the said agency.	(i): Primarily due to inadvertent oversight by our responsible staff at our respective project companies. (ii): Mr. Liu, Manager, Design Department, Huijing Group.	A penalty of RMB100,000 was levied for the breach and the environmental inspection has been duly completed. Our Directors consider that this non-compliance would not have a material operational or financial impact on us, and we have made no provision for it accordingly.	On March 18, 2019, we established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section for further details. The penalty of RMB100,000 had been fully settled. On February 23, 2017, we rectified the non-compliance and obtained the necessary regulatory approval from Dongguan Environmental Protection Bureau.

(D) Development over land over which we have no rights

Incident and entity involved	(i) Reasons for non-compliance (ii) Responsible person within our Group	Legal consequences, potential maximum penalty and other financial impact	Rectification taken and current status
In November 2016, in breach of relevant PRC laws and regulations, Hengyang Huijing, as part of the development of Huijing Yanhu International Resort, erroneously built an agricultural exhibition hall on land over which we have no rights (the "**Illegal Structure**"). The unlawfully appropriated land is approximately 632 sq.m., and the Illegal Structure had a GFA of approximately 882 sq.m..	(i): Primarily due to inadvertent oversight by our responsible staff at our respective project companies. (ii) Ms. Sun, Vice Head of Design, Hengyang Huijing.	A penalty of RMB12,640 was levied for the breach. We were also required to restore the land to its original condition. Our Directors consider that this non-compliance would not have a material operational or financial impact on us, and we have made no provision for it accordingly.	On March 17, 2019, we established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section for further details. As at the Latest Practicable Date, we had rectified this non-compliance. We have removed the Illegal Structure at our cost on December 14, 2018. On March 19, 2019, we paid the penalty of RMB12,640.

(E) *Failure to directly deposit pre-sale proceeds into specified control accounts*

Incident and entity involved	(i) Reasons for non-compliance (ii) Responsible persons within our Group	Legal consequences, potential maximum penalty and other financial impact	Rectification taken and current status
Under the relevant laws and regulations in Guangdong and Hefei, proceeds from properties sold off the parcel of land ("**Pre-sale Proceeds**") must be directly deposited into specified control accounts. During the Track Record Period, 8 members of our Group, namely, Dongguan Daxi, Dongguan Zhengyuan, Dongguan Jade, Dongguan Huijing Kailun Bay, Dongguan Wanfang, Heyuan Huijing Property, Dongjiang Village Long He and Hefei Fuhua ("**Relevant Project Companies**") did not directly deposit certain Pre-sale Proceeds to the relevant control accounts.	(i) As the relevant Pre-sale Proceeds had been deposited into the bank accounts of Relevant Project Companies before they were eventually transferred to the specified control accounts, we were technically in breach of the relevant laws and regulations. As evidenced by the interviews conducted with the Housing Security and Property Management Bureau (住房保障和房產管理局) of Dongguan, Heyuan, Dongyuan and Hefei, the non-compliance incidents were either due to: (a) practical difficulties — for example, during the Track Record Period, due to a change of the relevant policy leading to an inability for enterprises to deposit Pre-sale Proceeds to the specified control accounts; or (b) certain provinces did not require the Pre-sale Proceeds to be directly deposited into the specified control accounts and on the basis that no administrative action has been taken against us with respect to our non-compliance to the relevant laws and regulations, our staff has misunderstood that such requirements in relation to Pre-sale Proceeds would not be strictly imposed. (ii) In relation to developments in: (a) Dongguan: Mr. Mo, Manager, Finance Department, Huijing Group; (b) Heyuan: Mr. Wu, Manager, Finance Department, Heyuan Huijing Property; and (c) Hefei: Mr. Yang, Manager, Finance Department, Hefei Fuhua.	Under the relevant laws and regulations in the PRC, our PRC Legal Advisers advise that a misappropriation of Pre-sale Proceeds could result in: (i) in Dongguan and Heyuan, a penalty between 10% and 20% of the misappropriated pre-sale proceeds, as well as a downgrade of the infringing developer's Qualification Certification; and (ii) in Hefei, an administrative notice requiring rectification within a prescribed time, a suspension of pre-selling, and in serious breaches or where rectification was not made within the prescribed time, exposure of the incident through the media and registration on the List of Discredited Entities. Having conducted interviews with, as confirmed by our PRC Legal Advisers, competent personnel of relevant competent authorities in Dongguan and Heyuan, the relevant personnel has indicated that the relevant member(s) of our Group either (i) will not be held legally liable (including any downgrade of Qualification Certifications or penalties of up to 10% to 20% of the misappropriated pre-sale proceeds) in respect of such non-compliance; or (ii) is/are not in breach of relevant laws and regulations and no administrative action(s) will be taken against us in respect of such non-compliance. Based on (i) results of the interviews conducted; and (ii) our Directors' confirmation that we had not received any investigation notice and/or other notice requiring the Group to pay a penalty in relation to the Pre-sale Proceeds, our PRC Legal Advisers are of the view that the likelihood that we will be required to take the legal liabilities for our treatment of the Pre-Sale Proceeds is remote. Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us, and we have made no provision for it accordingly.	As soon as we were aware that such arrangements would not be considered compliant under the relevant laws and regulations in the PRC, our Directors have ensured that our staff are aware of the relevant requirements and imposed strengthened internal control measures. Please refer to the subsection headed "— Risk Management and Internal Control Systems — Internal Control Measures to Ensure Future Compliance" in this section for further details. As at the Latest Practicable Date, all pre-sale proceeds were held in the respective specified control accounts.

(F) Failure to obtain the requisite Qualification Certificate

Incident and entity involved	(i) Reasons for non-compliance (ii) Responsible person within our Group	Legal consequences, potential maximum penalty and other financial impact	Rectification taken and current status
Between May 12, 2016 and May 12, 2019, Dongguan Jade had a class 4 Qualification Certificate, which qualified it for developments with a total GFA of 250,000 sq.m.. However, Dongguan Jade had continued the development of Royal Spring Hill which had a GFA above the limit allowed under the Qualification Certificate. Between December 13, 2016 and December 12, 2019, Hunan Development had a class 3 Qualification Certificate, which qualified it for developments with a total GFA of 150,000 sq.m.. However, Hunan Development had continued the development of Huijing Global Centre which had a total GFA of approximately 296,614 sq.m., above the limit allowed under the Qualification Certificate.	(i): Prior to the commencement of construction by Dongguan Jade and Hunan Development, we had obtained the prerequisite construction work commencement permits from the Dongguan Property and Township Development Bureau (東莞市住房和城鄉建設局) and Changsha Property and Township Development Committee (長沙市住房和城鄉建設委員會) (as applicable), which were the relevant authorities that had issued Qualification Certificates to Dongguan Jade and Hunan Development respectively. Since the relevant construction work commencement permits issued had allowed the construction of the relevant projects, which had a GFA greater than that allowed under the Qualification Certificates at the material time, the staff responsible for the relevant projects had taken the view that each of Dongguan Jade and Hunan Development were permitted to develop their respective projects with the GFA as specified in the construction land planning permits. (ii): Mr. Liu, Manager of the Design Department at Huijing Group.	Under the Provisions on Administration of Qualifications, a property developer is required to apply for registration of its qualifications. Failure to obtain the necessary qualification classification certificate would result in the relevant government authority issuing a notice requesting rectification and a fine of between RMB50,000 and RMB100,000, or in cases of failure to rectify as requested, a revocation of the business license by the applicable Administration for Industry and Commerce. Dongguan Property and City Development Bureau (東莞市住房和城鄉建設局) ("**Dongguan PCD**") issued a written confirmation that confirmed that it does not have any record of penalty on Dongguan Jade between January 1, 2016 and September 26, 2018. According to the interviews with Dongguan PCD and Changsha PCD, their officials confirmed that they did not have any records of penalties imposed on Dongguan Jade and Hunan Development in relation to its construction of properties without the necessary qualification during the relevant period. Dongguan PCD further confirmed that it would not require Dongguan Jade to take any legal responsibility (including any penalty and fine as advised by our PRC Legal Advisers) in respect of the above matter and Dongguan Jade is not required to rectify the non-compliance incident on the basis that the project has been completed. As advised by our PRC Legal Advisers, Dongguan PCD and Changsha PCD are competent authorities for giving the confirmations above. Based on (i) the interviews with Dongguan PCD and Changsha PCD; (ii) confirmation issued by Dongguan PCD; (ii) searches over the official websites of Dongguan PCD and Changsha PCD; and (iv) our Director's confirmation that we had not received any notice or information from relevant government authorities seeking to investigate or enforce penalties or rectification against us in respect of such non-compliance as at the Latest Practicable Date, our PRC Legal Advisers are of the view that the risk that Dongguan Jade and Hunan Development will be held legally liable for such non-compliance is remote. Further, our PRC Legal Advisers advise that, given (i) the Urban Real Estate Development and Management Ordinance (城市房地產開發經營管理條例) does not provide for the confiscation of proceeds from sale of developments over the limit of the relevant qualification certificate, and (ii) none of the competent authorities had identified any proceeds of Dongguan Jade or Hunan Development as illegal gains pursuant to the legal process under the Administrative Penalty Law of the PRC (中華人民共和國行政處罰法), the proceeds from the sale of the GFA developed by Dongguan Jade and Hunan Development over their respective limits under the qualification certificate will not be considered as illegal gains. Based on the above legal advice and the confirmations given by the relevant authorities as set out above, our Directors consider that this non-compliance would not have a material operational or financial impact on us, and we have made no provision for it accordingly.	On March 18, 2019, we established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section for further details. On June 6, 2019, we made applications for the relevant Qualification Certificates with Changsha PCD, respectively. As at the Latest Practicable Date, we had not yet received any feedback from Changsha PCD. On September 19, 2019, we have obtain all the Completion Certificates for Royal Spring Hill and accordingly the Directors are of the view that the non-compliance incident regarding requisite qualification certificate for Dongguan Jade cannot be rectified, taking into considerations that Dongguan PCD confirmed that Dongguan Jade is not required to rectify the non-compliance incident on the basis that Royal Spring Hill has been completed.

(G) Failure to make adequate social security insurance and housing provident fund contribution

Incident and entity involved	**(i) Reasons for non-compliance** **(ii) Responsible persons within our Group**	**Legal consequences, potential maximum penalty and other financial impact**	**Rectification taken and current status**
Each of Dongguan Baorui, Dongguan Huijing Automobile, Huijing Group, Dongguan Zhengyun, Dongguan Wanfang, Dongguan Daxi, Dongguan Jade, Dongguan Huijing Kailun Bay, Heyuan Huijing Property, Hefei Huefu, Hunan Development, Hengyang Huijing, and Dongjiang Village Long He had employees in the PRC and did not fully make certain social security insurance and housing provident fund contributions for their employees during the Track Record Period. We estimated that the total outstanding amount of social security insurance and housing provident fund contributions during the Track Record Period was approximately RMB5.5 million as at June 30, 2019.	(i): This was primarily due to the inconsistent implementation or interpretation of the PRC laws and regulations by local authorities and lack of understanding by the administrative managers of the companies of the relevant PRC laws and regulations. (ii): Ms. Guo, Manager, Human Resources Department, Huijing Group; Mr. He, Manager, Human Resources Department, Huijing Group; Mr. He, Manager, Human Resources Department, Heyuan Huijing Property; Ms. Wu, Manager, Human Resources Department, Hefei Fuhua; Ms. Zhang, Chief of Human Resources Department, Hunan Development; Mr. Li, Manager, Human Resources Department, Hengyang Huijing.	According to the relevant PRC laws and regulations, we may be ordered to pay the social security insurance and housing provident fund contributions in arrears and be subject to an overdue penalty on delinquent payment of social security insurance contributions calculated at a daily rate of 0.5%, and penalty of housing provident fund ranging from RMB10,000 to RMB50,000. All those PRC subsidiaries that have outstanding contributions received written confirmations and/or oral confirmations from face-to-face interview with the relevant government authorities (the "**Relevant Authorities**") that they did not have any records of penalties imposed by the relevant government authorities in relation to social security insurance or housing provident fund contributions during the Track Record Period. The Relevant Authorities also verbally confirmed in the face-to-face interview that they would not take actions against such PRC subsidiaries referred to during the interview. As advised by our PRC Legal Advisers, the Relevant Authorities are competent authorities to issue the above confirmations. Based on the above legal advice, our Directors consider that this non-compliance would not have a material operational or financial impact on us. We have made provision of the arrears amount of RMB5.5 million as at June 30, 2019. Our Directors consider that such provision is adequate to cover the potential payment for this non-compliance.	On March 18, 2019, we established internal control measures to ensure that we will comply with the relevant laws and regulations in the future. Please refer to the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section for further details. We have rectified this non-compliance and will continue to do so by making social security insurance and housing provident fund contributions according to actual salary of our employees in accordance with the applicable PRC laws and regulations since April 2019.

Internal Control Measures to Ensure Future Compliance

In order to ensure future compliance with applicable laws and regulations and related policies in different operational aspects, we have adopted the following steps and measures to further enhance our corporate governance practices and the effectiveness of our internal control measures:

(i) our Directors have attended a training on February 18, 2019 conducted by our advisers as to Hong Kong laws in respect of the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the Listing Rules; and our Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;

(ii) since certain of the non-compliance incidents were mainly due to the inadvertent oversight or lack of understanding of the relevant legal requirements by the management or project managers at the individual project company level, our Company had arranged our Executive Directors and senior management, and the management and project managers at project companies to attend training sessions conducted by our PRC Legal Advisers in respect of applicable PRC laws, rules and regulations in relation to property development and project management and the relevant latest development thereof, in order to familiarise and update the relevant personnel on the laws and regulations applicable to our business operation;

(iii) we will continue to arrange trainings from time to time and at least annually after **[REDACTED]**, on applicable industry-related PRC laws, rules and regulations, to our Executive Directors, senior management, the management of each of the departments to refresh them with the relevant laws, rules and regulation and update them with any recent development thereof;

(iv) we have appointed TUS Corporate Finance Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;

(v) we have established the Audit Committee which comprises three Independent Non-executive Directors. The Audit Committee will review and report to our Board at least annually the adequacy and effectiveness of our internal controls. In particular, the Audit Committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters;

(vi) we have established a Legal Compliance Committee which comprises one Executive Director and two Independent Non-executive Directors. One of the Independent Non-executive Directors will be chairman of this committee. The Legal Compliance Committee will monitor the key compliance issues related to our Group's business. In particular, the Legal Compliance Committee will review and monitor compliance matters in relation to (a) all acquired land usage; (b) development construction process; (c) a development's sales related arrangements; and (d) other compliance issue that is identified by the committee or other parties. The Legal Compliance Committee will meet and review the compliance matters on a monthly basis;

(vii) we have employed a compliance officer with relevant PRC legal and regulatory background principally responsible for monitoring and supervising our Group's regulatory compliance, reporting to our Board and the Legal Compliance Committee on the status of our Group's regulatory compliance and liaising with external legal advisers;

(viii) our Board and senior management will continuously monitor our internal control measures, including the implementation of the internal control measures taken to avoid recurrence of the non-compliance incidents stated in the subsection headed "— Compliance with Laws and Regulations — Historical Non-compliance Incidents" in this section and will report findings and make appropriate recommendations to the Audit Committee of the Board half yearly;

(ix) we have retained external legal advisers to review and advise on the regulatory compliance in respect of all relevant PRC laws and regulations, and to provide legal advice and training to our Directors and members of our senior management in respect of all relevant PRC laws and regulations;

(x) we will provide trainings on our internal policies with respect to key operational aspects to our Directors, senior management and other key personnel of our Group on an as-needed basis; and

(xi) we will engage external internal control consultant to conduct regular internal control reviews annually to ensure that the governmental regulations and related policies in different operational aspects are fully complied with. Such review conducted by the external internal control consultant would include review of the implementation and effectiveness of internal control measures taken to avoid recurrence of the non-compliance incidents as set out above.

Specifically, we have engaged the Internal Control Consultant to review the key internal control procedures and system of our Group and based on the Internal Control Consultant's recommendations, we have adopted the following enhanced internal control measures ("**Specific Internal Control Measures**") and policies against each of our historical non-compliance incidents as set out above.

Matters of non-compliance	**Internal control measures**	**Time of implementation of internal control measures**
Delay in commencement or completion in construction/ Idle land	Our internal policy and procedure has been revised to implement internal control measures such that: (i) a key record of land acquired and under development will be created, and updated monthly. The account will be managed by our Development Department; (ii) commencement and completion date will be recorded and monitored by our Development Department; (iii) our Development Department will conduct monthly site visits to monitor actual progress of the construction; (iv) should a delay becomes likely, our Development Department would make application to relevant government authority in a timely manner; and (v) when considering an investment into a development, as part of the feasibility study, the project's development timeframe and likelihood of an issue of idle land arising will be considered and noted for discussion by the investment committee. Our Directors believe that the above measures can prevent the occurrence of this kind of incident because we will be able to observe and monitor the progress of transfer and development of the relevant land. If we foresee that the terms cannot be observed due to non-delivery, the management will be notified so that we can liaise with the government in these respects with a view to exploring solutions, for example, amending terms of the relevant land transfer agreement.	March 18, 2019
Failure to comply requirements in relation to civil air defense matters	Our internal control procedure for property construction has been revised and we have provided relevant training to our staff: (i) our Project Management Department will ensure that our development plans comply with relevant legal requirements, including the facilities required in a civil air defense development; and (ii) upon delivery of property from the constructors, our staff must ensure that the property follows the plans submitted upon the construction completion, and approval must be given by the project manager.	March 18, 2019

Matters of non-compliance	Internal control measures	Time of implementation of internal control measures
Failure to submit revised development plans for environmental approval/Development over land over which we have no rights	Our internal control procedure for property construction has been revised and we have provided relevant training session to our staff: (i) development plans must be reviewed by Design Department to ensure compliance with law; and (ii) any change in development plans must be submitted to our headquarters for approval.	March 18, 2019
Failure to directly deposit pre-sale proceeds into specified control accounts	Our internal control procedure for sales and marketing has been revised to have different checkpoints to ensure that the Pre-sale Proceeds will be directly deposited into the control accounts and we have provided relevant training session to our staff. **Control account** Our Finance Department must apply for and complete the registration of the control account with the relevant government authorities before pre-sale of a property. **Bank Transfer** (i) our Finance Department will provide the relevant control account details to our Legal Department after registration, our Legal Department will include the control account details and instructions to the property buyers to deposit the Pre-sale Proceeds directly into the control account in the relevant property sale and purchase agreement; (ii) our staff shall verify that the Pre-sale Proceeds are deposited into the appropriate control accounts by the property buyers and only issue official receipt to the property buyers upon confirmation of receipt of funds in the appropriate control account; (iii) our staff shall verify the account details entered for payments through the point of sale (POS) card machine to ensure the Pre-sale Proceeds are credited to the appropriate control account; (iv) for cheque payment, our staff shall verify the payee details before processing, and to only issue official receipt to the property buyers upon confirmation of receipt of Pre-sale Proceeds in the appropriate control account; and (v) our Finance Department and Sales Department will conduct reconciliation of the sales register with the bank statements of the control accounts on a daily basis to ensure all pre-sale proceeds are deposited into the appropriate control accounts.	March 18, 2019

Matters of non-compliance	Internal control measures	Time of implementation of internal control measures
Failure to obtain the requisite qualification certificate	Our internal control for property construction has been revised and: (i) our Project Management Department will compare the detail of the qualification certificate with the development plans and prepare written approvals to ensure that the development plans and any revisions thereof comply with the relevant qualification certificates held by the project company before adopting the development plans or the relevant revisions, otherwise arrangement will be made to apply for another qualification certificate suitable for the development plans; and (ii) the chief operating officer is assigned to supervise and monitor the project development plans and the progress of any application for a qualification classification certificate.	March 18, 2019
Failure to make adequate social security insurance and housing provident fund contribution	Mandatory participation of employees in social insurance and housing provident fund is required in our employment contract. Internal policy and procedure has been established to implement internal control measures such that: (i) we will continue to monitor contribution level and assess deficiency; (ii) our Human Resources Department will be responsible for escalating any deficiency for senior management's action; and (iii) our Human Resources Department will compile a list to measure any unexpected difference between contribution amount and wages actually paid.	March 18, 2019

Our Directors (including our Independent Non-executive Directors) are of the view that, (i) the above non-compliance incidents (the "**Non-compliance Incidents**") do not affect the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules or our Company's suitability for **[REDACTED]** and (ii) our Directors have the competency, integrity and willingness to operate the business in a law-abiding manner on the following grounds:

(a) based on the reasons as set out below, our Directors consider that the Non-compliance Incidents are not material non-compliances pursuant to the GL63-13 as it is unlikely that they will in the future, whether individually or in aggregate, have a material operational or financial impact on our Group:

(i) based on the interviews conducted with and the confirmations obtained from the relevant authorities and our PRC Legal Advisers' opinion as set out above, it is unlikely that we will be subject to any penalties, damages or other legal or administrative actions against us for the historical non-compliance incidents (except for Hefei Fuhua as set out under "(A) Delay in commencement and/or completion of construction within the prescribed period as stipulated in the relevant land grant contracts" below, details of which are set out above);

(ii) up to the Latest Practicable Date, except for payment of a penalty of RMB24.8 million in respect of Hefei Fuhua as mentioned above, payment of a penalty of RMB100,000 in respect of the non-compliance as set out in "(C) Failure to submit revised development plans for environmental approval" above and payment of a penalty of RMB12,640 in respect of the non-compliance as set out in "(D) Development over land over which we have no rights" above, we had not been required to pay any penalty and/or damages or subject to any other legal or administrative actions for any of the historical non-compliance incidents. For the abovementioned monetary penalties, we have settled such in a timely manner; and

(iii) to the extent possible and required, we have already rectified the historical non-compliance incidents. For example, for the Non-compliance Incidents of failure to submit revised development plans for environmental approval and development our land over which we have no rights, once our Directors were aware that there was a possibility of such Non-compliance Incidents, our Group took the initiative to communicate with the relevant government authorities and rectify the non-compliance in a timely manner. Such actions had demonstrated our Directors' willingness to rectify any potential non-compliance and to enhance our corporate governance.

(b) the Non-compliance Incidents did not materialize into any findings that involve fraud, dishonesty, gross negligence, recklessness against or concerns on integrity of our Directors or our Company and there is nothing to suggest that the Non-compliance Incidents were caused by the lack of the required standard of competence, experience and integrity of our Directors;

(c) as mentioned above, we have adopted additional internal control measures as set out in the subsection headed "— Compliance with Laws and Regulations — Internal Control Measures to Ensure Future Compliance" in this section to ensure future compliance with the relevant laws and regulations;

(d) our Executive Directors and the relevant staff members attended training sessions in relation to the relevant laws and regulations relating to our business and we will continue to provide trainings to our Directors and the relevant staff members from time to time when necessary;

(e) each of our Executive Directors confirmed that to his best knowledge, he will ensure compliance of our Group, together with our joint venture, with all applicable laws and regulations by timely seeking professional advice, from time to time when necessary;

(f) each of our Executive Directors and our Non-Executive Directors have considerable experience in the industry, Mr. Lun RX, our chairman and Non-executive Director, possesses over 15 years of experience in residential and commercial property development and business development and has substantial experience in monitoring the operations and management of our Group. Mr. Lun ZM, our Executive Director and chief executive officer, possesses over 15 years of experience in the property development industry and accumulated substantial experience in the management of property development companies. Mr. Lau, our Executive Director and chief financial officer, possesses over 12 years of financial control experience in property development industry and various listed group which are engaged in property-related business. Mr. Lu, our Executive Director, possesses over 25 years of experience in both financial institutions and property development business;

(g) in respect of our Independent Non-executive Directors, they possess abundant experiences in legal, corporate finance and management. Ms. Chiu, our Independent Non-Executive Director, is a qualified Chartered Accountant and a Hong Kong Certified Public Account and has over 25 years of experience in accounting, business management and operation. Mr. Hung, our Independent Non-Executive Director, is a solicitor of Hong Kong and has over 24 years of experience in legal practice. Ms. Lin, our Independent Non-Executive Director, has over 18 years of experience in business management and operation. For further details of the experience of our Directors, please refer to the subsection headed "Directors and Senior Management — Directors" in this document.

We will produce monthly reports on internal control matters for our Independent Non-executive Directors.

Our Independent Non-executive Directors will meet on a regular basis to discuss any potential and actual non-compliance incidents in relation to our operations and offer suggestions to the Board based on their experience.

Taken into account of our enhanced corporate governance after **[REDACTED]** and the additional training that is expected to be conducted on an on-going basis, we believe our Group will benefit significantly from their experience;

(h) we will engage internal control consultants after the **[REDACTED]** to ensure that our operations is in order and a compliant manner. For addition, we will also engages external legal advisers to advise us on legal compliance matters in respect of our operations as and when required;

(i) some of the Non-compliance Incidents were not caused by the deliberate act of our management team or our staff, rather, they are caused by the inherent risks from our operations. In respect of the delay in completion, some of the delays were caused by various external factors which are out of our Group's control such as the shortage of power supply; and

(j) our Directors had undergone directors' training sessions of listed company covering various topics including their responsibilities as directors of a listed company and the applicable rules of listed companies and had confirmed that they are aware of and will keep themselves abreast of the requirements and obligations of directors of a listed company under the Listing Rules to minimize the risks of future non-compliance and have undertaken to observe and comply with all the relevant rules and at the same time to discharge their responsibilities to act in the best interests of our Company and our Shareholders as a whole.

In view of the aforesaid, the Sole Sponsor concurs with our Directors' view that, (i) the Non-compliance Incidents do not affect the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules or our Company's suitability for **[REDACTED]**; and (ii) our Directors have competency, integrity and willingness to operate our Group's business in a law-abiding manner.

RISK MANAGEMENT AND INTERNAL CONTROL SYSTEMS

Risk Management Policies and Procedures

Our Internal Control Department is responsible for regularly auditing and evaluating the internal control procedures of the members of our Group, operational processes and their implementation, and providing recommendations to members of our Group, where necessary. As at the Latest Practicable Date, our Internal Control Department had 12 staff, including qualified accountants in the PRC and in Hong Kong.

Hedging Arrangements

Our business is principally denominated in RMB and most of our monetary assets and liabilities are denominated in RMB. As such, as at the Latest Practicable Date, we had not entered into any hedging transactions against foreign currency risks.

OVERVIEW

Immediately following the completion of the **[REDACTED]** and the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and without taking into account any Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes), our Company will be owned as to **[REDACTED]**% by Mr. Lun RX through Wui Ying and **[REDACTED]**% by Ms. Chan through Wui Shing. As Ms. Chan is the spouse of Mr. Lun RX, each of Mr. Lun RX and Ms. Chan is deemed to be interested in the Shares of each other. Given the aforesaid and for the purpose of the Listing Rules, Mr. Lun RX, Wui Ying, Ms. Chan and Wui Shing are regarded as a group of Controlling Shareholders pursuant to the Guidance Letter HKEX GL89-16 issued by the Stock Exchange.

Wui Ying and Wui Shing were both incorporated in the BVI on January 4, 2019. They are the investment vehicles of Mr. Lun RX and Ms. Chan, respectively and solely used for the purpose of holding their respective Shares and therefore do not have any business operations. Mr. Lun RX is the founder and Chairman of our Group and our Non-executive Director. Please refer to the section headed "Directors and Senior Management — Directors — Chairman and Non-executive Director" in this document for more details of the biographical information and experience of Mr. Lun RX.

Mr. Lun RX and Ms. Chan are also engaged directly or indirectly in other businesses (the "**Excluded Businesses**"), including but not limited to, (i) production of dairy products; (ii) overseas property investment; and (iii) landscape construction services. Apart from the aforesaid business, Mr. Lun RX and Ms. Chan are also engaged in businesses which may to a certain extent overlap with our Group's businesses, while we believe that such businesses do not pose a competitive thereat to our Group. Details of such businesses are set forth in the subsection headed "— No Competition and Clear Delineation of Business" in this section of this document.

NO COMPETITION AND CLEAR DELINEATION OF BUSINESS

The Hotel Development and Operation Business

Set forth below is a list of companies which engage in the development and operation of hotel projects (the "**Hotel Development and Operation Business**") which our Controlling Shareholders are beneficially interested in:

Company name	Interest held by our Controlling Shareholders	Name of hotel	Location of the hotel	Status of the hotel as at the Latest Practicable Date
Zhi Hai International Holdings Limited (智海國際控股有限公司) ("**Zhi Hai International**") *(Note 1)*	100% by Mr. Lun RX	Grand View Hotel (洪梅滙景酒店)	Dongguan	In operation

Company name	Interest held by our Controlling Shareholders	Name of hotel	Location of the hotel	Status of the hotel as at the Latest Practicable Date
Hai Ying International Holdings Limited (海盈國際控股有限公司) ("**Hai Ying International**") *(Note 2)*	99% by Mr. Lun RX 1% by Ms. Chan	DoubleTree by Hilton Hotel Heyuan (河源滙景希爾頓逸林酒店), a hotel operated by an international hotel operator	Heyuan city, Guangdong, Province	In operation
Dongguan Ruiying Hotel Investment Limited (東莞市瑞盈酒店投資有限公司) ("**Dongguan Ruiying Hotel**")	100% by Mr. Lun RX	N/A	Dongguan	Obtained completion certificate *(Note 3)*

Notes:

(1) As at the Latest Practicable Date, [Grand View Hotel (洪梅滙景酒店) was indirectly owned as to 90% by Zhi Hai International, which was in turn wholly held by Mr. Lun RX].

(2) As at the Latest Practicable Date, [the hotel was indirectly wholly-owned by Hong Kong Hui Qiang (Hong Kong) Holdings Limited (香港匯強控股有限公司), which was in turn held as to 100% by Mr. Lun RX].

(3) As at the Latest Practicable Date, the building had obtained Completion Certificate, and was undergoing interior decoration work, with certain floors the interior decoration work of which had been completed and occupied as the office for the hotel operations.

Based on the unaudited management accounts, the aggregate revenue of Zhi Hai International, Hai Ying International and Dongguan Ruiyin Hotel for each of the three years ended December 31, 2018 and the six months ended June 30, 2019 was approximately RMB201.3 million, RMB180.7 million, RMB130.6 million and RMB61.8 million, respectively, and the aggregate net loss of Zhi Hai International, Hai Ying International and Dongguan Ruiyin Hotel for the corresponding periods was approximately RMB30.8 million, RMB47.2 million, RMB67.0 million and RMB47.0 million, respectively.

Reasons for exclusion of the Hotel Development and Operation Business

Our Group is primarily engaged in the development of residential, integrated properties and properties promoting specific industries. Our Directors are of the view that it is commercially justifiable to exclude the Hotel Development and Operation Business from our Group given that our Group does not focus and has no intention to engage in the development and operation of hotels.

Further, there is currently one hotel in Hefei that is under development which forms part of our integrated developments (the "**Group's Hotel Project**"). It is expected that the Group's Hotel Project will have a GFA of 61,264.1 sq.m. and will have 390 rooms. It is expected that the revenue generated from the lease of the Group's Hotel Project to a corporate entities engaged in hotel management and operation will be the higher of (i) approximately RMB29.0 million; and (ii) the aggregate of 20% of the gross operating revenue and 20% of the gross operating profit. The expected sum is determined based on, among others, rental for commercial buildings of the surrounding areas and the lease term of the hotels in surrounding Asian countries. We have undertaken the development of the Group's Hotel Project due to the following reasons:

(a) at the time when we obtained the land parcels for the development of the commercial project on which the Group's Hotel Project is situated (the "**Relevant Portion**"), construction of hotel was a requirement under the relevant land grant contracts; and

(b) as confirmed by our PRC Legal Advisers, our Group is not able to dispose of the Group's Hotel Project because the title of the Relevant Portion cannot be separated from the entire piece of land due to restrictions in the relevant land grant contracts, and as such, the relevant project companies holding such land parcels cannot be demerged from disposal.

We plan to lease the hotel to hotel operator until when we have satisfied the conditions as required by the relevant laws and regulations and the conditions as set out under the subsection headed "No Competition and Clear Delineation of Business — The Hotel Development and Operation Business — Our confirmations" in this section and eventually sell such hotel and the related land use rights where the hotel is situated provided that it is in the interest of the Company and its shareholders to do so. Save as the Group's Hotel Project, we do not have any hotel under development or the future project pipeline.

Our Directors are of the view that the revenue derived/expected to be derived from Hotel Development and Operation Business and the business of the Group's Hotel Project as well as other characteristics are distinct and do not compete or are not likely to compete, either directly or indirectly with each other in light of the following:

(i) ***Business model:*** For the Hotel Development and Operation Business, the Controlling Shareholder acts as the hotel operator and generate income from operating the hotels. The Controlling Shareholder may choose to hire hotel management companies to manage its hotels. Income from the Hotel Development and Operation Business includes mainly room revenue, food and beverage service and other peripheral service incomes. On the other hand, we act as the landlord of the Group's Hotel Project whereby we intend to lease the Group's Hotel Project to the companies of our Controlling Shareholders which are engaged in the Hotel Development and Operation Business. We will not involve in the daily operation of the Group's Hotel Project but mainly looks for rental income which is based on a fixed minimum lease rental or a certain percentage of the gross operating revenue and gross operating profit of such hotel with a fixed minimum lease rental; and

(ii) ***Location:*** Currently, the hotels under the Hotel Development and Operation Business are located in Guangdong Province while the Group's Hotel Project is in Hefei, Anhui Province. Whilst the Hotel Development and Operation Business is restricted from development and operation of hotels in the locations where our Group has already developed hotel without the consent of our Group, there is no reciprocal restriction on our Group; and

(iii) ***Liabilities and risk exposure:*** The risk exposure and the potential liabilities of the Hotel Development and Operation Business and our Group are different. First, in respect of the fluctuation in revenue derived, the hotels under the Hotel Development and Operation Business, since the income is primarily generated through the rooms rates and revenue from food and beverages services, which depend on the room rates and occupancy rate as well as the table turnover in the relevant restaurants, they are exposed to fluctuations in income and profit as a result of the aforesaid factors. In contrast, our Group's operation model in hotels would enable our Group to derive a guaranteed minimum rental, as it is expected that the revenue from the lease of the Group's Hotel Project to a hotel management and operation company will be the higher of (i) approximately RMB29.0 million; and (ii) the aggregate of 20% of the gross operating revenue and 20% of the gross operating profit. The risk exposure of the Hotel Development and Operation Business is generally higher than that of the Group's Hotel Project as the revenue derived from former depends on various factors such as occupancy rate — while for the latter, stable revenue will be generated as the corporate entity who lease the property will pay as a guaranteed minimum rental regardless of the financial performance of the relevant hotel(s). Second, in respect of the potential liabilities and compliance with relevant laws in hotel operations, since our Group is only engaged in leasing of the Hotel to corporate entities, our Group would only have to comply with the relevant laws and regulations which are relevant to the leasing, which is considerably less than the liabilities and risks which may be borne by a hotel operator, as they are subject to a wider range of regulations relevant to hotel operations, including fire safety, hygiene and other relevant standards, and they may also face potential claims in case there are injuries suffered by the tenants or visitors.

(iv) ***Decision making and daily operation:*** The Hotel Development and Operation Business is involved in day-to-day decision of the hotels and it engaged an operator to operate one of the hotels; for the Group's Hotel Projects, we were not involved in day-to-day decision of the hotels and we only derived income as a lessor.

In addition, our Directors are of the view that the Hotel Development and Operation Business do not compete or are not likely to compete, either directly or indirectly, with our core business, i.e. integrated residential and commercial property development, in light of the following:

(i) our Directors are of the view that the Hotel Development and Operation Business are distinct from our Group's business on the following grounds:

(a) ***Customer base:*** In terms of customer base, the target customers for the Hotel Development and Operation Business are visitors who need temporary accommodation and they come from different geographical locations, including both local and overseas, while our Group's customers include mainly customers from surrounding areas who acquire or rent the commercial property either for self-use or acquire the property for investment purposes;

(b) ***Nature of revenue and income:*** In terms of revenue, the Hotel Development and Operation Business receives room rental and revenue from other ancillary services, while our Group receives revenue and income from the sales and rental of properties;

(c) ***Product classification:*** in terms of the product classification, the Hotel Development and Operation Business offers accommodation and services for customers without transferring the risks and ownership of the products to the customers, while our Group's business offers the commercial properties for sale and rental and residential units for sale;

(d) ***Management and board composition:*** Each of the Hotel Development and Operation Business and our Group's business had its own management teams at both the executive and operational levels;

(e) ***Staff:*** The staff of the Hotel Development and Operation Business mainly includes staff with experience and expertise in customer services and hotel management, while our Group's staff possess skills in various aspects of property development;

(f) ***Regulatory requirements and relevant governing laws:*** The Hotel Development and Operation Business and our Group's business are mainly governed by two distinct sets of laws and regulations; and

(ii) certain rights granted by our Controlling Shareholders to our Company under the Deed of Non-competition may serve to mitigate competition between Mr. Lun RX (and his close associates) and our Group. In order to further protect the interest of our Shareholders, Mr. Lun RX has also given certain undertakings in favor of our Group under the Deed of Non-competition, please refer to the subsection headed "Measures to Address Potential Competition and Conflict of Interest — Non-compete Undertakings" in this section for further details of the undertakings.

Our confirmations

Given the abovementioned restrictions, our Group intends to hold the Group's Hotel Project for investment purposes (without engaging in the operation of the hotels) and it is our intention to dispose of the Group's Hotel Project when it is practicable to do so. In this respect, we confirm that:

(i) after the abovementioned land grant contract restrictions are lifted and when we consider that the disposal of the Group's Hotel Projects are to the benefit of our Group, we will apply for separation of the title of the Relevant Portion and when the project companies holding the land parcels can be demerged into companies holding only the Relevant Portion (the "**Demerged Companies**"), we will then dispose of all our interests in the Demerged Companies within a reasonable time;

(ii) we will not participate in any future development or operations of hotels, unless the construction of the hotel is required as an undivided part of the project development under the land grant contracts of the land for our property projects in the future;

(iii) in cases where our Group develops and/or operates any other hotels in the future in circumstances where it is restricted by the relevant land grant contracts, once the relevant restrictions are lifted, we will apply for separation of the title of the land portion of such hotels and when the project companies holding the land parcels can be demerged into companies holding only such hotels (the "**Additional Demerged Companies**"), we will then dispose of our interest in the Additional Demerged Companies within a reasonable time.

In the event that we enter into any transactions with respect to the disposal of any of the Demerged Companies and the Additional Demerged Companies, we will comply with the relevant requirements under the applicable laws and regulations and the Listing Rules after the **[REDACTED]**.

Investment properties held by our Controlling Shareholders in the PRC

As at the Latest Practicable Date, four companies which our Controlling Shareholders had beneficial interests, namely, (i) Heyuan Huijing Property Limited (河源市滙景置業有限公司) ("**Heyuan Huijing**"); (ii) Dongguan Xianghong Trading Limited (東莞市祥虹貿易有限公司) ("**Dongguan Xianghong Trading**"); (iii) Dongguan Huijing Kailun Garden Property Development Limited (東莞市滙景凱倫花園房地產開發有限公司) ("**Dongguan Kailun Garden**"); and (iv) Dongguan Xingxiang Decoration Limited (東莞市興祥裝飾工程有限公司) ("**Dongguan Xingxiang**") held investment properties in the PRC.

The investment properties in the PRC held by Heyuan Huijing, Dongguan Xianghong Trading, Dongguan Kailun Garden and Dongguan Xingxiang, can be categorized as follows:

Categories of investment properties	Name of Company	Interest held by our Controlling Shareholders	Property projects	Property nature	Number of the properties involved	Total GFA of the properties involved
Unsold Properties *(Notes 1 & 5)*	• Heyuan Huijing	99% by Mr. Lun RX; 1% by Ms. Chan	— Huijing International Centre (滙景國際中心)	Commercial	58 shops	8,062.56 sq.m.
			— Huijing Star Mansion (滙景星薈公館)	Residential	20 shops and 225 residential units	10,868.48 sq.m.
	• Dongguan Kailun Garden	60% by Mr. Lun RX	— Kailun Garden (凱倫花園)	Commercial and parking	90 shops 610 car parks	11,938.20 sq.m. 8,151.00 sq.m.
Dormitory Properties *(Note 2)*	• Dongguan Xianghong Trading	100% by Mr. Lun RX	N/A	Commercial	One block of dormitory building	2,048.64 sq.m.
Ancillary Properties *(Note 3)*	• Dongguan Xianghong Trading	100% by Mr. Lun RX	N/A	Commercial	13 retail shops	3,080.95 sq.m.
	• Dongguan Xingxiang	70% by Mr. Lun RX; 30% by Ms. Chan	N/A	Commercial	25 retail shops	9,524.23 sq.m.
Outlet Property *(Note 4)*	• Dongguan Xianghong Trading	100% by Mr. Lun RX	N/A	Commercial	An outlet building	23,014.19 sq.m.

Notes:

(1) Each of Heyuan Huijing and Dongguan Kailun Garden had completed two and one property development projects, respectively prior to the Track Record Period and some of the units in these development projects which remained unsold were held as investment properties as at the Latest Practicable Date;

(2) Dongguan Xianghong Trading had developed a block of residential properties and after completion of such project, the properties were used as staff dormitories of the Excluded Businesses as at the Latest Practicable Date;

(3) Each of Dongguan Xianghong Trading and Dongguan Xingxiang held a number of retail shops which are located below and are ancillary to a residential estate and were held as investment properties;

(4) Dongguan Xianghong Trading hold a premises which our Controlling Shareholder intend to lease such premises to one of his companies he has interest in (which is not a company of our Group), for the operation of an outlet; and

(5) Given that the Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書) of each of Heyuan Huijing, Dongguan Kailun Garden and Dongguan Xianghong Trading had expired and were not renewed as at the Latest Practicable Date, these companies were no longer able to conduct real estate development business and sale of real estate, including the Unsold Properties. In addition, our Controlling Shareholders had no intention to renew and/or apply for licenses for property development and sale of real estate for Heyuan Huijing and Dongguan Kailun Garden.

Based on the unaudited management accounts, the aggregate revenue of Heyuan Huijing, Dongguan Xianghong Trading, Dongguan Kailun Garden and Dongguan Xingxiang in relation to their property investment business, for the three years ended December 31, 2018 and the six months ended June 30, 2019 was approximately RMB154.4 million, RMB80.2 million, RMB46.2 million and RMB12.9 million, respectively, and the aggregate net loss of Heyuan Huijing, Dongguan Xianghong Trading, Dongguan Kailun Garden and Dongguan Xingxiang for the corresponding periods was approximately RMB24.6 million, RMB35.5 million, RMB80.1 million and RMB43.1 million, respectively.

During the Track Record Period, our Group developed and operated Huijing City (滙景城) with a GFA of 25,780 sq.m., part of an integrated commercial development project of our Group and a shopping mall which is positioned as a fashion shopping centre and houses a cinema with a GFA of 3,853.3 sq.m. and international brands including restaurant chains and clothing retailers. As at the Latest Practicable Date, our Hefei Huijing City Centre (合肥滙景城中心), which comprises a shopping centre, a hotel, residential units and commercial office, was under construction and is expected to be completed in 2020. After completion, the shopping centre will be operated by our Group and will be our Group's investment properties. It is expected that the operation of the shopping centre in Hefei Huijing City Centre is similar to Huijing City but may sell part of the properties thereon. It is also the intention of our Group to focus on self-developed commercial properties with strategic value to our Group.

Reasons for exclusion of the investment properties held by our Controlling Shareholders in the PRC

Our Directors are of the view that the investment properties held by our Controlling Shareholders are distinct from our Group's property investment business based on the following grounds:

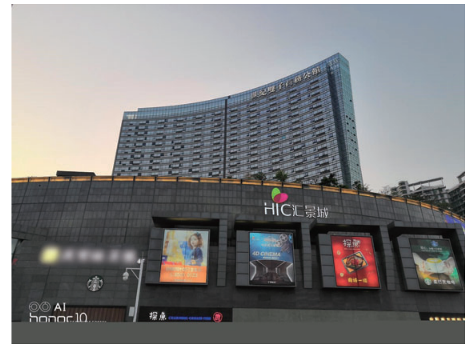
(a) **Ancillary Properties:** Our Directors are of the view that the Ancillary Properties and the investment properties under Huijing City are different in nature, in terms of (i) their respective market position and target customers; and (ii) operational model:

(i) ***Positioning of the investment properties:*** in terms of the positioning of the investment properties, the Ancillary Properties are leased to retailers and service providers for the provision of ancillary services and primarily to satisfy the daily needs of surrounding residential community. These ancillary services include convenience store, pharmacy and spa. On the other hand, Huijing City and Hefei Huijing City Centre are positioned as shopping centres which aim to attract visitors of a wider spectrum, including residents from both the neighbourhood and other locations farther away as well as guests of the adjacent hotels. The targeted customers are those looking for a wider range of products and services. For example, Huijing City houses both national and internationally renowned retail brands and a cinema which our Group had planned to develop as leisure attraction to families and visitors. Our Directors expect that, after the completion of the construction of the shopping centre in Hefei Huijing Centre, the positioning of the shopping centre will be similar to that of Huijing City with the aim to attract medium to high end tenants who provide products and services targeting at middle to higher end customers and aim for greater investment returns. As a result of the different positioning between the Ancillary Properties and the investment properties, i.e. Huijing City and Hefei Huijing Centre, the GFA of each of Huijing City, Hefei Huijing Centre is significantly larger. The aggregate GFA of the Ancillary Properties is 12,605 sq.m. while Huijing City alone has a GFA of 25,780 sq.m., and the total GFA of the commercial portion of Hefei Huijing Centre amounts to 32,924.3 sq.m. According to the Industry Consultant, there is a considerable difference in rent between retail shops which are ancillary to residential properties and in a shopping mall, and the latter can generate higher rental income in the PRC; and

(ii) ***Operations of the investment properties:*** The business model as well as the expertise and resources required for the operation of the investment properties in the shopping centres in Huijing City and Hefei Huijing City are distinct from that of the Ancillary Properties. In order to establish and maintain the positioning of the investment properties, our Group had put significant resources in the planning and development of the project including, among others, the location, tenant mix, layout and design as well as supporting facilities within the integrated development projects. In order to enhance the shopping experience in the investment properties of our Group, these shopping malls are also required to maintain a diverse and attractive tenant mix for shopping centres. A promotional area is designated in Huijing City where marketing activities such as performances or promotion campaign may be held to boost the foot traffic and consumption at these malls. However, as the Ancillary Properties serve the daily needs of substantially the residential communities, the factors including location, tenant mix and other supporting facilities to attract residents from surrounding neighborhoods were not of primary focus during the planning, development and ongoing operation of the Ancillary Properties. As such, no marketing activity is carried out at the Ancillary Properties. Based on the aforesaid, our Directors are of the view that the operations of the Ancillary Properties and Huijing City are not in direct competition.

Set out below are the appearances of the Ancillary Properties and our investment property, Huijing City:

The outlook of the Ancillary Properties has a humble design without lighting effects or large advertising signboards.



The outlook of Huijing City is featured with large advertising signboards with lighting effects at night and the entrance is also decorated with curtain walls.

Set out below are the interior of the Ancillary Properties and our investment property, Huijing City:

The interior of the Ancillary Properties.

The interior of Huijing City.

The below illustrates the differences of the shops in the Ancillary Properties and our investment property, Huijing City:

A local street tea shop in our Ancillary Properties.

An international brand cafe in Huijing City.

(b) **Dormitory Properties:** The Dormitory Properties held by Dongguan Xianghong Trading are currently used as the dormitory of the staff of the Excluded Business and such staff are not required to pay rent to Dongguan Xianghong Trading. To the best knowledge of our Directors after making all reasonable enquiries, our Controlling Shareholders intend to continue to use the Dormitory Properties as staff quarters and had no intention to sell and/or lease or sell them to third parties. Our Controlling Shareholders have undertaken to our Group that in the event that they wish to sell the Dormitory Properties, they would first offer to sell such properties to our Group.

As at the Latest Practicable Date, Dongguan Xianghong Trading was principally engaged in property investment business which is different from the core business of our Group.

Based on the above, our Directors are of the view that the nature of the Dormitory Properties is not in direct competition the investment properties held by our Group.

(c) **Outlet Property:** The Outlet Property is only intended to be leased to a company held by our Controlling Shareholders for the operation of an outlet for bulk supplies of hotel consumables, such as towels, pillows, blankets, etc., and is not intended to be leased to other parties for investment income. The operation model is also different between our Group's investment properties and the Outlet Property. The Outlet Property will be operated by our Controlling Shareholders, while our Group intends to engage management companies held by our Controlling Shareholders to provide shopping mall management services to our Group's investment properties. For details of the management services provided by connected persons, please refer to the section headed "Connected Transactions — Exempt Continuing Connected Transactions — (ii) Shopping mall management services provided by Dongguan Ruifeng". As such, our Directors are of the view that the Outlet Property is different from the investment properties held by our Group.

(d) **Unsold Properties:** The Unsold Properties comprise (i) the 58 shops held by Heyuan Huijing under Huijing International Centre property project (the "**Huijing International Centre Properties**"); (ii) the 20 shops and 225 residential units held by Heyuan Huijing under Huijing Star Mansion property project (the "**Huijing Star Mansion Properties**"); and (iii) the 90 shops and 610 car parks held by Dongguan Kailun Garden under Kailun Garden project (the "**Kailun Garden Properties**").

(i) Huijing International Centre Properties: they have been retained by the Controlling Shareholders for their own use. Due to the expanding needs of the adjacent hotel operated by Hai Ying International Holdings Limited, a company controlled by the Controlling Shareholders, the Controlling Shareholders intend to change their usage into the ancillary facilities of the hotel, such as fitness centre and exhibition hall.

(ii) Huijing Star Mansion Properties: they had been retained by the Controlling Shareholders for its own use. On September 12, 2019, the Controlling Shareholders entered into an agreement with an Independent Third Party, pursuant to which Heyuan Huasheng would acquire the Huijing Star Mansion Properties on an aggregate basis for a total consideration of RMB68.0 million, subject to the fulfilment of certain conditions. As at the Latest Practicable Date, (i) the name of Huiing Star Mansion was changed to Huasheng Star Mansion (華燊星薈公館); (ii) the application for a new immovable title certificate has been submitted to Heyuan Municipal Bureau of Land and House Administration (河源市房地產管理局) for approval; and (iii) the remaining consideration of RMB8.0 million is expected to be received after obtaining the new immovable title certificate.

(iii) Kailun Garden Properties: they had been developed and retained by the Controlling Shareholders for their own use. These unsold units and carparks targeted mainly at local residents in the surrounding areas, who are distinctly different from the targeted customers of Huijing City, which is held by our Group. The targeted customer of Huijing City are mid-high end retailers which lease the shopping mall to conduct business. Therefore, the Unsold Properties do not compete with our Group's business.

Further, our Controlling Shareholders confirm that, and to the best knowledge of our Directors after making all reasonable enquiries, (i) except Huijing Star Mansion Properties which will be disposed of, our Controlling Shareholders have no intention to lease or sell the remaining Unsold Properties to third parties and the relevant properties were utilized as a guarantee in kind for a bank loan granted to our Controlling Shareholders. As at the Latest Practicable Date, such bank loan had been fully repaid; (ii) as to Huijing International Centre Properties, our Controlling Shareholders intend to use the relevant properties to expand the operation of the Excluded Business. Our Controlling Shareholders currently have no intention to lease any of the Huijing International Centre Properties; and (iii) the Real Estate Development Enterprise Qualification Certificate (房地產開發企業資質證書) of Heyuan Huijing and Dongguan Kailun Garden had expired as at the Latest Practicable Date, and our Controlling Shareholders have no intention to renew the said qualification certificates as they do not intend to sell the Unsold Properties except Huijing Star Mansion Properties which will be disposed of. Given the aforesaid reasons, the Controlling Shareholders further confirm that they will not sell or lease the properties in future.

Based on the above, our Directors are of the view that the Unsold Properties is not in direct competition with the investment properties held by our Group.

As at the Latest Practicable Date, our Group owned seven shops on street level ("**Street Shops**") which are located in Dongguan. Pursuant to agreements dated April 6, 2019 entered into between Huijing Group and Dongguan Xingxiang Decoration Limited, we have agreed to sell the Street Shops to Mr. Lun RX (or his nominee) together with the tenancy thereon and completion of the transfers of the Street Shops is expected to take place before the **[REDACTED]**. Upon completion of the abovementioned transfer, our Group will only hold Huijing City and Hefei Huijing City Centre as our Group's investment properties which are distinctive to the Ancillary Properties and the Street Shops.

Given the above, our Directors consider that the investment properties held by our Controlling Shareholders in the PRC do not, whether, directly or indirectly, compete, and are not likely to compete with the investment properties held by our Group in terms of the target market, the mode of operation and use of the properties.

Property management services

Our Controlling Shareholders, Mr. Lun RX and Ms. Chan are beneficially interested in the entire equity interest in three companies, namely Dongguan Huijing Property Management Company Limited (東莞市滙景物業服務有限公司) ("**Dongguan Property Management**"), Hefei Huijing Property Management Company Limited (合肥滙景物業服務有限公司) ("**Hefei Property Management**") and Hengyang Huijing Property Management Company Limited (衡陽滙景物業服務有限公司) ("**Hengyang Property Management**"), which principally engage in the provision of property management services.

Based on the unaudited management accounts, the aggregate revenue of Dongguan Property Management, Hefei Property Management and Hengyang Property Management for the three years ended December 31, 2018 and the six months ended June 30, 2019 was approximately RMB42.1 million, RMB87.1 million, RMB136.0 million and RMB12.7 million, respectively, whereas the aggregate net profit was approximately RMB658,000, RMB1.5 million, RMB70,000 and RMB2.2 million, respectively.

Our Group's business focuses on the development of residential and commercial properties in the PRC, which does not include the provision of property management services. Unlike Dongguan Property Management, Hefei Property Management and Hengyang Property Management, our Group does not engage in the provision of property management service. As such, we are of the view that the property management services business of our Controlling Shareholders do not, whether, directly or indirectly compete and are not likely to compete with our Group's business.

Please refer to the section headed "Connected Transactions — Non-exempt Continuing Connected Transactions — (i) Property management services provided by Dongguan Property Management" in this document for further details of the property services.

Interior decoration services business

Our Controlling Shareholder, Mr. Lun RX is beneficially interested in the entire equity interest in Dongguan Huifeng Construction Limited (東莞市滙豐建築工程有限公司) ("**Dongguan Huifeng**") which principally engages in the provision of interior decoration services. For each of the three years ended December 31, 2018 and the six months ended June 30, 2019, Dongguan Huifeng generated revenue amounting to RMB150.2 million, RMB29.4 million, RMB20.0 million and RMB3.2 million, respectively, whereas the net profit was approximately RMB7.0 million, RMB1.6 million, RMB1.1 million for each of the three years ended December 31, 2018 and it recorded a net lost in the sum of RMB2.4 million for the six months ended June 30, 2019, respectively.

As previously mentioned, our Group's business focuses on the development of residential and commercial properties in the PRC, which does not include the provision of interior decoration services. Unlike Dongguan Huifeng, our Group does not engage in the provision of interior decoration service. As such, we are of the view that the interior decoration service business of our Controlling Shareholders do no, whether, directly or indirectly compete and are not likely to compete with our Group's business.

Please refer to the section headed "Connected Transactions — Non-exempt Continuing Connected Transactions — (ii) Provision of interior decoration services by connected persons" in this document for further details of the interior decoration services.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, our Directors are satisfied that we are capable of carrying business independently of our Controlling Shareholders and their respective close associates after the **[REDACTED]**.

Management Independence

The Board comprises one Non-executive Director, three Executive Directors and three Independent Non-executive Directors. For more details, please refer to the section headed "Directors and Senior Management" in this document. Amongst the members of our Board, only Mr. Lun RX, our Chairman and Non-executive Director is a Controlling Shareholder.

Each of our Directors is aware of his fiduciary duties as a Director which require, among other things, that he/she must act for the benefit of and in the best interests of our Company and not allow any conflict between his/her duties as a Director and his/her personal interests. In the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Company and our Directors or their respective close associates, the interested Director(s) shall abstain from voting on any Board resolutions approving any contract or arrangement or any other proposal in which he/she or any of his/her close associates has a material interest and shall not be counted in the quorum present at the relevant Board meeting. In addition, we believe that our Independent Non-executive Directors can bring independent judgment to the decision-making process of the Board.

The daily operation of our Group is carried out by an independent experienced management team. We have the capabilities and personnel to perform all essential administrative functions, including finance, accounting, human resources, business management, construction management/quality control and design on a standalone basis.

Based on the above, our Directors are satisfied that our Board as a whole, together with our senior management team, is able to perform the managerial role in our Group independently.

Operational independence

We have full rights to make all decisions on, and to carry out, our own business operation independently of our Controlling Shareholders and their respective close associates and will continue to do so after the **[REDACTED]**.

Operational facilities

On January 1, 2019, we have entered into two and one tenancy agreements with companies which our Controlling Shareholders have interest in, namely, Dongguan Xianghong Trading Limited (東莞市祥虹貿易有限公司) and Heyuan Huijing Property Limited (河源市滙景置業有限公司), respectively, for an aggregate GFA of 7,406 sq.m. which will be used as office space of our Group. Except the three lease agreements with companies which our Controlling Shareholders have interest in, all the properties and facilities necessary to our business operations are independent from our Controlling Shareholders and their respective close associates.

Employees

As at the Latest Practicable Date, our employees were recruited independently and through various channels including headhunters, advertising in the media, online advertising, on-site recruitment, recruitment firms, campus recruitment and through internal referrals.

Connected transactions with our Controlling Shareholders

Save for the one-off connected transaction and the continuing connection transactions set out in the section headed "Connected Transactions" in this document, our Directors do not expect there to be any other transactions between our Group and our Controlling Shareholders or their respective close associates upon or shortly after the **[REDACTED]**. Our Directors are of the view that, should the Controlling Shareholder ceases to provide the services as set out in the section headed "Connected Transactions" to our Group, there will be no material impact to the operations of our Group as there will be other comparable service providers readily available in the market to provide such relevant services to our Group. Thus, the existence of the said continuing connected transactions will not affect our operational independence from our Controlling Shareholders after the **[REDACTED]**.

Based on the above, our Directors are satisfied that we have been operating independently of our Controlling Shareholders and their respective close associates during the Track Record Period and will continue to maintain such operational independence.

Financial independence

We have established our own financial management team of staff, who are responsible for financial control, accounting, reporting, group credit and internal control function of our Company, independent from our Controlling Shareholders. We can make financial decisions independently and our Controlling Shareholders do not intervene with our use of funds. We have also established an independent audit system, a standardized financial and accounting system and a complete financial management system. In addition, we are capable of obtaining financing from Independent Third Parties without relying on any guarantee or security provided by our Controlling Shareholders or their respective close associates.

As at June 30, 2019, we had a total borrowing amounting to RMB1,926.7 million guaranteed by our Controlling Shareholder, Mr. Lun RX. Our Directors confirm that such guarantees provided by our Controlling Shareholder, Mr. Lun RX will be released before the **[REDACTED]**. Please see Note 29 to the Accountants' Report, which is set out in Appendix I to this document.

As at June 30, 2019, our Group had outstanding bank loans in the amount of approximately RMB1,926.7 million, which were guaranteed by our Controlling Shareholders or their respective close associates or connected persons. Our Directors confirm that (1) the guarantee by our Controlling Shareholders in respect of a loan in the amount of RMB1,725.2 million will be released before **[REDACTED]**; and (2) the remaining loan in the amount of RMB201.5 million (the "**Remaining Loans**") will be repaid by our Group before **[REDACTED]**. Taking into account the fact that the maturity dates of the one loan was all less than one year and the financial resources of our Group, our Directors are of the view that it would be in the commercial interest of our Company and our Shareholders to repay the Remaining Loans.

As at June 30, 2019, our Group had also provided guarantee to certain related parties and connected persons in respect of outstanding bank loans in the amount of approximately RMB199.8 million. Our Directors confirm that all these bank loans would be repaid or released before the **[REDACTED]**.

As at June 30, 2019, we had amounts due in the sum of RMB824.9 million from our Controlling Shareholders and their respective close associates. As at June 30, 2019, we also had amounts due in the sum of RMB890.6 million to the close associates of our Controlling Shareholders. As to such amount due to and from our Controlling Shareholders and their respective close associates, our Directors intend to net off such amounts and the balance of the amount due to our Controlling Shareholders will be settled before **[REDACTED]**. Our Directors confirm that any guarantees from and amounts due from/to our Controlling Shareholders will be fully released and repaid upon **[REDACTED]**.

Save as disclosed above, as at the Latest Practicable Date, there were no other loans, advances or balances due to or from our Controlling Shareholders or their respective close associates which had not been fully settled nor were there any pledges and guarantees provided by any of our Controlling Shareholders or their respective close associates on the Group's financing which had not been fully released or discharged. Based on the above, our Directors are satisfied that we are able to maintain financial independence from our Controlling Shareholders and their respective close associates.

MEASURES TO ADDRESS POTENTIAL COMPETITION AND CONFLICT OF INTEREST

Non-compete Undertakings

Pursuant to the Deed of Non-competition, each of our Controlling Shareholders has confirmed that none of them or their respective close associates is engaged in, or interested in any businesses (other than those of our Group), which, directly or indirectly, compete or may compete with our businesses. To protect our Group from any potential competition, our Controlling Shareholders (collectively, the "**Covenantors**") have given non-compete undertakings (the "**Non-Compete Undertakings**") in favour of our Company pursuant to which the Covenantors have, among other matters, irrevocably undertaken to us on a joint and several basis that at any time during the Relevant Period (as defined below), save for the businesses carried on by them as already disclosed in this document, each of the Covenantors shall, and shall procure that their respective close associates and/or companies controlled by them (other than our Group) shall:

(i) not, directly or indirectly, be interested or involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) in any business which is or is about to be engaged in any business or investment activities in the PRC and Hong Kong which is the same as, similar or in competition with the businesses carried on or contemplated to be carried or by any member of our Group (the "**Restricted Business**");

(ii) if there is any project or new business opportunity that relates to the Restricted Business ("**New Business Opportunities**" and each, a "**New Business Opportunity**"), refer such New Business Opportunity to our Group for consideration;

(iii) not invest or participate in any Restricted Business;

(iv) not to further expand the operations of the Hotel Development and Operation Business in locations where the Group's Hotel Projects are situated in;

(v) procure its/his close associates (excluding our Group) not to invest or participate in any project or business opportunity of the Restricted Business; and

(vi) if any of our Controlling Shareholders, their respective close associates and/or companies controlled by them (other than our Group) wishes to sell any interest in land to any third party (the "**Opportunity for Sale**"), each of our Controlling Shareholders will and will procure their associates that the Opportunity for Sale is offered to us and we shall have a first right of refusal in respect of such Opportunity for Sale.

The above undertakings are subject to the below exceptions:

(i) through acquiring or holding any investment or interest in units or shares of any company, investment funds, joint venture, partnership, or any other entity which engages in any Restricted Business, where such investment does not exceed 10% of the issued shares of such entity provided that (a) such investment or interest does not grant any of the Covenantors and their respective close associates any right to control the composition of the board of directors or managers of such entity; (b) none of the Covenantors (or their respective close associates) control the board of directors of such entity; and (c) such investment interest does not grant any of the Covenantors and their respective close associates any right to participate directly or indirectly in such entity; and

(ii) any of the close associates of the Covenantors (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Business or any project or business opportunity, regardless of value, which has been offered or made available to our Group, provided always that information about the principal terms thereof has been disclosed to our Company and our Directors, and our Company shall have, after review and approval by our Directors (including our Independent Non-executive Directors) without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of the Independent Non-executive Directors, confirmed its rejection to be involved or engaged, or to participate, in the relevant Restricted Business and provided also that the principal terms on which that relevant close associate of the Covenantor(s) invests, participates or engages in the Restricted Business are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant close associate of the Covenantor(s) decides to be involved, engaged, or participate in the relevant Restricted Business, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and our Directors as soon as practicable.

Should there be any New Business Opportunities, the Covenantors shall refer to us in the following manner:

(i) As soon as he/she/it becomes aware of any New Business Opportunity, he/she/it gives written notice (the "**Offer Notice**") to us identifying the target company (if relevant) and the nature of the New Opportunity, detailing all information available to him/her/it for us to consider whether to pursue such New Business Opportunity (including details of any investment or acquisition costs and the contact details of the third parties offering, proposing or presenting the New Business Opportunity to him/her/it).

(ii) Our Company shall, as soon as practicable and in any case within 30 Business Days from the receipt of the Offer Notice (the "**Offer Notice Period**") notify the relevant Covenantor in writing of its intention to pursue or decline the New Business Opportunity. During the Offer Notice Period, our Company may negotiate with the third party offering him/her/it, proposing or presenting the New Business Opportunity and the relevant Covenantor shall use his/her/its best endeavors to assist us in obtaining such New Business Opportunity on the same or more favorable terms.

(iii) Our Company is required to seek approval from our Independent Non-executive Directors who do not have a material interest in the matter for consideration as to whether to pursue or decline the New Business Opportunity, and that the appointment of an independent financial adviser to advise on the terms of the transaction in the subject matter of such New Business Opportunity may be required.

(iv) The relevant Covenantor may, at his/her/its absolute discretion, consider extending the Offer Notice Period as appropriate.

(v) The relevant Covenantor shall be entitled to but shall not be obliged to carry on, engage, invest, participate or be interested (economically or otherwise) in the New Business Opportunity (whether individually or jointly with another person and whether directly or indirectly or on behalf of or to assist any other person) on the same, or less favorable, terms and conditions in all material respects as set out in the Offer Notice if:

    (a) he/she/it has received a written notice from us declining the New Business Opportunity; or

    (b) he/she/it has not received any written notice from us of our intention to pursue or decline the New Business Opportunity within 30 Business Days from our receipt of the Offer Notice, or if he/she/it has extended the Offer Notice Period, within such other period as agreed by it, in which case our Company shall be deemed to have declined the New Business Opportunity.

(vi) If there is a change in the nature or proposal of the New Business Opportunity pursued by the relevant Covenantor, he/she/it shall refer the New Business Opportunity as revised and shall provide to us details of all available information for us to consider whether to pursue the New Business Opportunity as revised.

When considering whether or not to pursue any New Business Opportunities, our Independent Non-executive Directors will form their views based on a range of factors, including but not limited to, the estimated profitability, investment value and permits and approval requirements. The Covenantors, for themselves and on behalf of their close associates (except any members of our Group), have also acknowledged that our Company may be required by the relevant laws, regulations and rules and regulatory bodies to disclose, from time to time, information on the New Business Opportunities, including but not limited to disclosure in announcements to the public or annual reports of our Company our decisions to pursue or decline the New Business Opportunities, and have agreed to disclose to the extent necessary to comply with any such requirements.

Under the Deed of Non-competition, each of the Covenantors has further irrevocably and unconditionally undertaken jointly and severally, with us the following:

(i) the Covenantors shall provide, and shall procure their close associates (other than members of our Group) to provide, during the Relevant Period (as defined below), where necessary and at least on an annual basis, all information necessary for the review by our Independent Non-executive Directors, subject to any relevant laws, rules and regulations or any contractual obligations, to enable them to review the Covenantors' and their close associates' (other than members of our Group) compliance with the Deed of Non-competition, and to enable the Independent Non-executive Directors to enforce the Deed of Non-competition;

(ii) without prejudicing the generality of paragraph (i) above, the Covenantors shall provide to us with an annual declaration for inclusion in our annual report, in respect of their compliance with the terms of the Deed of Non-competition;

(iii) the Covenantors have agreed and authorized us to disclose decisions on matters reviewed by the Independent Non-executive Directors relating to the compliance and enforcement of the Deed of Non-competition, either through our annual reports or by way of announcements to the public; and

(iv) each of the Covenantors agrees to indemnify us from and against any and all losses, damages, claims, liabilities, costs and expenses (including legal costs and expenses) where we may suffer or incur as a result of any failure to comply with the terms of the Deed of Non-competition by the Covenantors or any of their respective close associates.

Our Company will disclose the decisions with basis on matters reviewed by our Independent Non-executive Directors relating to the compliance with and enforcement of the Deed of Non-competition either in the annual report of our Company or by way of announcements to the public.

For the purposes of the above, the "Relevant Period" means the period commencing from the **[REDACTED]** Date and shall expire on the earlier of (i) the date when the Covenantors and, as the case may be, any of their close associates, cease to hold, or otherwise control or be interested in, beneficially in aggregate whether directly or indirectly, 30% or more (or such other percentage of shareholding as stipulated in the Listing Rules to constitute a controlling shareholder) of the issued share capital of our Company; or (ii) the date on which our Shares cease to be **[REDACTED]** on the Stock Exchange (except for temporary suspension of trading of our Shares).

The Non-Compete Undertakings will become effective conditional on (i) the Stock Exchange granting **[REDACTED]**, and **[REDACTED]**, all our Shares in issue and to be **[REDACTED]** under the **[REDACTED]**; and (ii) the obligations of the **[REDACTED]** under the **[REDACTED]** becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the **[REDACTED]**) and that the **[REDACTED]** not being terminated in accordance with their respective terms or otherwise. For the above purpose, the "Relevant Period" means the period commencing from the **[REDACTED]** Date and shall expire on the earlier of the dates below:

(i) the date on which the Covenantors and their close associates (whether individually or taken as a whole) cease to hold 30% or more of the then issued share capital of our Company (whether directly or indirectly) or cease to be our Controlling Shareholders; and

(ii) the date on which our Shares cease to be **[REDACTED]** on the Stock Exchange or (if applicable) other stock exchange.

CORPORATE GOVERNANCE MEASURES

Our Company has adopted the corporate governance measures with the following principles to avoid potential conflict of interests and safeguard the interests of our Shareholders:

(i) our Controlling Shareholders have undertaken to provide to us and our Directors (including our Independent Non-executive Directors) from time to time all information necessary for the annual review by our Independent Non-executive Directors with regard to compliance with the terms of the Non-Compete Undertakings by the Controlling Shareholders. Each of our Controlling Shareholders will also make an annual declaration of compliance with the Deed of Non-competition in the annual reports of our Company;

(ii) the Independent Non-executive Directors will review, on an annual basis, the compliance of our Controlling Shareholders with the Non-Compete Undertakings (in particular, the right of first refusal relating to any New Business Opportunity or Opportunity for Sale) and our Company will disclose decisions on matters reviewed by the Independent Non-executive Directors relating to compliance with the enforcement of Non-Compete Undertakings in our annual report or by way of announcement to the public;

(iii) in the event that a New Business Opportunity or Opportunity for Sale or otherwise is identified by the Controlling Shareholders, they shall refer such New Business Opportunity to our Group and shall not pursue such New Business Opportunity or Opportunity for Sale unless the Independent Non-executive Directors have resolved to decline such New Business Opportunity or Opportunity for Sale on a case-by-case basis and have notified in writing of their decisions with relevant reasons;

(iv) we have appointed three Independent Non-executive Directors to ensure the effective exercise of independent judgment on the decision-making process of our Board and provide independent advice to our Shareholders;

(v) we have appointed TUS Corporate Finance Limited as our compliance adviser, which will provide advice and guidance to us with respect to compliance with the applicable laws and the Listing Rules, including but not limited to various requirements relating to Directors' duties and internal controls;

(vi) our Controlling Shareholders will abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests and shall not be counted towards the quorum for voting pursuant to the Articles and/or the Listing Rules; and

(vii) the management structure of our Group includes our Audit Committee, our Remuneration Committee, and our Nomination Committee, the terms of reference of each of which will require them to be alert to prospective conflict of interest and to formulate their proposals accordingly.

CONNECTED TRANSACTIONS

The following transactions will constitute one-off and continuing connected transactions of our Company under the Listing Rules:

CONNECTED PERSONS

The relevant connected persons, with whom our subsidiaries entered into the continuing connected transactions, are as follows:

(i) Hoeslandt (HK) Dairy Limited ("Hoeslandt (HK) Dairy")

Hoeslandt (HK) Dairy is owned as to 58% by Mr. Lun RX, our Non-executive Director, Chairman of our Board and Controlling Shareholder, and is therefore an associate of Mr. Lun RX and our connected person under the Listing Rules upon **[REDACTED]**. Hoeslandt (HK) Dairy is principally engaged in distribution of milk powder.

(ii) Dongguan Ruifeng Commercial Management Limited (東莞市瑞豐商業管理有限公司) ("Dongguan Ruifeng")

Dongguan Ruifeng is beneficially owned by Mr. Lun RX. Dongguan Ruifeng is therefore an associate of Mr. Lun RX and our connected person under the Listing Rules upon **[REDACTED]**. Dongguan Ruifeng is principally engaged in the provision of shopping mall operation services.

(iii) Dongguan Huijing Property Management Company Limited (東莞市滙景物業服務有限公司) ("Dongguan Property Management")

Dongguan Property Management is beneficially owned as to 60% by Ms. Chan and as to 40% by Mr. Lun RX. Dongguan Property Management is therefore an associate of Mr. Lun RX and Ms. Chan and our connected person under the Listing Rules upon **[REDACTED]**. Dongguan Property Management is principally engaged in provision of property management services.

(iv) Hefei Huijing Property Management Company Limited (合肥市滙景物業服務有限公司) ("Hefei Property Management")

Hefei Property Management is wholly-owned by Dongguan Property Management which is in turn beneficially owned as to 60% by Ms. Chan and as to 40% by Mr. Lun RX. Hefei Property Management is therefore an associate of Ms. Chan and Mr. Lun RX and our connected person under the Listing Rules upon **[REDACTED]**. Hefei Property Management is principally engaged in the provision of property management services.

(v) Hengyang Huijing Property Management Company Limited (衡陽滙景物業服務有限公司) ("Hengyang Property Management")

Hengyang Property Management is wholly-owned by Dongguan Property Management which is in turn beneficially owned as to 60% by Ms. Chan and as to 40% by Mr. Lun RX. Hengyang Property Management is therefore an associate of Ms. Chan and Mr. Lun RX and our connected person under the Listing Rules upon **[REDACTED]**. Hangyang Property Management is principally engaged in the provision of property management services.

(vi) Dongguan Huifeng Construction Limited (東莞市滙豐建築工程有限公司) ("Dongguan Huifeng")

Dongguan Huifeng is beneficially owned by Mr. Lun RX. Dongguan Huifeng is therefore an associate of Mr. Lun RX and our connected person under the Listing Rules upon **[REDACTED]**. Dongguan Huifeng is principally engaged in the provision of building decoration services.

ONE-OFF CONNECTED TRANSACTION

Set out below is a summary of the one-off connected transaction of our Company, which is fully exempt from the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Sharing of office space with Hoeslandt (HK) Dairy

Background

Office sharing between our Group and Hoeslandt (HK) Dairy

During the Track Record Period, Hoeslandt (HK) Dairy did not have its own office and shared the office with our Group, and in return Hoeslandt (HK) Dairy paid rental to our Group ("**Hoeslandt Office Sharing**"). Our Directors consider that the sharing of office with Hoeslandt (HK) is beneficial to our Group and our Shareholders as a whole. On [●], 2019, we entered into an office space sharing agreement (the "**Hoeslandt Office Sharing Agreement**") with Hoeslandt (HK) Dairy in respect of the sharing of a property (the "**Shared Premises**") which we leased from an Independent Third Party as set out below:

Date of the Hoeslandt Office Sharing Agreement	Party	Shared Premises	Term	Use of property	Monthly fees
[●], 2019	Hoeslandt (HK) Diary	Unit 2403–2408, 24/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong	[●], 2019 to December 31, 2021	Office premises	HK$40,000

Historical transaction amounts

The historical transaction amounts for the Hoeslandt Administrative Office Sharing and Heyuan Huijing Office Sharing for the three years ended December 31, 2018 are set forth in the tables below:

Amount received in relation to the Hoeslandt Office Sharing

	For the year ended December 31,			For the six months ended June 30,
	2016	**2017**	**2018**	**2019**
	RMB	*RMB*	*RMB*	*RMB*
Amount received in relation to the Hoeslandt Office Sharing	410,783	414,754	420,576	210,288

Implication under the Listing Rules

Given that the transactions contemplated under the Hoeslandt Office Sharing is entered into between our Group and connected person, namely, Hoeslandt (HK) Dairy, the Hoeslandt Office Sharing Agreement constitute a connected transaction of our Company under Chapter 14A of the Listing Rules.

Our Group had adopted HKFRS 16 "Leases" which came into effect on January 1, 2019. In accordance with HKFRS 16 "Leases", our Group recognized right-of-use assets and lease liabilities on its balance sheet in connection with the Hoeslandt Office Sharing Agreement, previously classified as operating leases under the principles of HKAS 17 "Leases". As the highest applicable percentage ratio in respect of the Hoeslandt Office Sharing Agreement is less than 5%, and the annual administrative management services fee will not exceed HK$3,000,000, upon **[REDACTED]**, the one-off transaction contemplated under the Hoeslandt Office Sharing Agreement will constitute de minimis connected transaction for our Company pursuant to Rule 14A.76(1) of the Listing Rules, which will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that the Hoeslandt Office Sharing Agreement was entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

Set out below is a summary of the continuing connected transaction of our Company, which is fully exempt from the relevant reporting, annual review, announcement and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Shopping mall management services provided by Dongguan Ruifeng

Background

Huijing City (滙景城) was developed by Huijing Group as a shopping mall which is positioned as a fashion shopping centre. For details of Huijing City, please refer to the subsection headed "Business — Our Properties — Our Property Developments in Dongguan — 7. Huijing City (滙景城)" in this document. The mall commenced operations on June 1, 2018. In preparation of the opening of the mall and up to December 31, 2018, Huijing Group engaged Dongguan Ruifeng for the provision of (a) branding, marketing and tenant management services, and (b) property management services such as cleaning and security services.

On January 1, 2019, Huijing Group and Dongguan Ruifeng entered into a management services agreement (the "**Management Services Agreement**"), pursuant to which, Dongguan Ruifeng agreed to provide management services to Huijing Group, including but not limited to, liaising with various tenants of Huijing City, for a term of three years from January 1, 2019 to December 31, 2021 at an annual fee of approximately RMB2.4 million. As the rental performance of Huijing City was not satisfactory from June 1, 2018 to December 31, 2018, and given that our Group is looking to build a portfolio of investment properties for a stable and recurring source of income, our Directors are of the view that it is in the interests of our Group to accumulate experience and expertise in branding, marketing and tenant management in the long run. Accordingly, Dongguan Ruifeng, as agreed with our Group, would only be responsible for property management services such as cleaning and security services from January 1, 2019.

Historical transaction amounts

Since the Management Services Agreement was entered into on January 1, 2019, payment of management and operation fees to Dongguan Ruifeng by our Group will only be recorded commencing the year ending December 31, 2019. For each of the three years ended December 31, 2018 and the six months ended June 30, 2019, the total amount of management services fees incurred amounted to nil, nil, nil and RMB1.2 million, respectively.

Implication under the Listing Rules

Given that the transactions contemplated under the Management Services Agreement is entered into between our Group and its connected person, namely, Dongguan Ruifeng, the Management Services Agreement constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules.

The highest applicable percentage ratio (as defined in Rule 14.07 of the Listing Rules) calculated with reference to the maximum aggregate annual rental involved under the Management Services Agreement for each of the three years ending December 31, 2021 is less than 5%, and such annual management and operation services fees will not exceed HK$3,000,000. Therefore, upon **[REDACTED]**, the transactions contemplated under the Management Services Agreement constitute de minimis continuing connected transactions for our Company pursuant to Rule 14A.76(1) of the Listing Rules, which will be fully exempt from the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules. Our Directors are of the view that the Management Services Agreement was entered into in the ordinary and usual course of our Group's business on normal commercial terms and that the terms therein are fair and reasonable and in the interest of our Company and our Shareholders as a whole.

NON-EXEMPT CONTINUING CONNECTED TRANSACTIONS

(i) Property management services provided by Dongguan Property Management

Background

Before newly developed properties are delivered to our customers, i.e. future property owners, a property developer usually seeks to engage a property management company by entering into a pre-delivery property management agreement. The purpose is primarily to ensure availability of property management services before the property owners' association could be lawfully established and contract with the property management company directly. The pre-delivery property management services agreement are usually effective until the establishment of the property owners' associations for the relevant property projects. During the Track Record Period, we had engaged Dongguan Property Management, Hefei Property Management and Hengyang Property Management for the provision of management services in relation to the pre-delivered properties of an aggregate of seven of our property development projects prior to the delivery to subsequent property owners. Each of Hefei Property Management and Hengyang Property Management is wholly-owned by Dongguan Property Management which is in turn beneficially owned as to 60% by Ms. Chan and as to 40% by Mr. Lun.

On [●], 2019, we entered into a framework agreement with Dongguan Property Management, to regulate our transactions with Dongguan Property Management and its subsidiaries in relation to the provision of pre-delivery property management services for the unsold properties only (i) before the completion; (ii) after completion and until the incorporation of the owners association of the relevant properties are set up; and (iii) our engagement of the initial property management services provided had been renewed upon expiry of the initial term (the "**Framework Management Services Agreement**"). The Framework Management Services Agreement shall become effective from the **[REDACTED]** and up to and including December 31, 2021 and the term may be renewed as the parties may mutually agree, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations. The principal terms of the Framework Management Services Agreement are set forth below:

(a) Dongguan Property Management or its subsidiaries shall, where it is selected following the relevant tender processes, provide management and related services to our Group's properties according to the tender documents and definitive management services agreements to be entered into between Dongguan Property Management and members of our Group from time to time;

(b) the management fees payable by our Group in relation to the unsold properties shall be based on the fee quotes to be submitted by Dongguan Property Management under the relevant tender bids which will be subject to the selection procedures set out under the subsection headed "Non-exempt Continuing Connected Transactions — Pricing terms and tender process of relevant management services and internal decoration services after the **[REDACTED]**" in this section; and

(c) the definitive management services agreement to be signed between Dongguan Property Management and members of our Group in relation to the properties shall only contain provisions which are, in all material aspects, consistent with the binding principles, guidelines, terms and conditions set out in the Framework Management Services Agreement.

Historical transaction amounts

For each of the three years ended December 31, 2018 and the six months ended June 30, 2019, the total amount of management fees incurred by us in relation to the provision of property management services amounted to nil, nil, nil and RMB3.8 million, respectively.

Proposed annual caps

We expect that the maximum aggregate annual property management fees to be paid by us to Dongguan Property Management in relation to the property management services for each of the three years ending December 31, 2021 will be approximately RMB2.9 million, RMB5.2 million and RMB8.1 million, respectively. We expect that there will be an increase in the proposed annual caps for each of the two years ending December 31, 2021, as there will be more properties to be completed in each of the two years ending December 31, 2021 and thus an expected increase in the property management fees to be paid by us as a result of an increase in the GFA for the properties management services to be provided by Dongguan Property Management.

The above annual caps are derived based on (i) the number of the existing unsold properties of the completed development for the three years ending December 31, 2021; (ii) the expected aggregate GFA to be developed by our Group for the three years ending December 31, 2021; (iii) the anticipated number of unsold units for the three years ending December 31, 2021 with reference to the relevant historical unsold rate of our properties; (iv) the prescribed property management fees guidance under the applicable regulations of the PRC; and (v) the property management fees charged for comparable developments.

Implications under the Listing Rules

The property management services provided by Dongguan Property Management are for the purpose of classification of connected transactions in accordance with Rule 14A.81 of the Listing Rules. As one or more of the applicable percentage ratios of the proposed annual caps in respect of the relevant management and related services under the Framework Management Services Agreement exceed 0.1% but are all less than 5% on an annual basis for the three years ending December 31, 2021, the management services under the Framework Management Services Agreement and the proposed annual caps for each of the three years ending December 31, 2021 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

(ii) Provision of interior decoration services by connected persons

Background

During the Track Record Period, our Group had engaged Dongguan Huifeng for the provision of interior decoration services to five of our property projects.

On [●], 2019, we entered into a framework interior decoration services agreement with Dongguan Huifeng to govern the terms and conditions of the transactions between our Group and Dongguan Huifeng in connection with the provision of interior decoration services to our Group (the "**Framework Decoration Services Agreement**"). Pursuant to the Framework Decoration Services Agreement, where Dongguan Huifeng shall be selected following the relevant selection process, to provide interior decoration services to our Group according to the definitive building decoration services agreement to be signed by our Group with Dongguan Huifeng from time to time. The Framework Decoration Services Agreement will take effect upon the **[REDACTED]** and will be valid until December 31, 2021, subject to compliance with the requirements under Chapter 14A of the Listing Rules and all other applicable laws and regulations.

Pursuant to the Framework Decoration Services Agreement, the provision of interior decoration services by Dongguan Huifeng will be subject to a selection process overseen by our review panel. Please refer to the paragraph headed "— Non-exempt Continuing Connected Transactions — Pricing terms and tender process of relevant management services and internal decoration services after the **[REDACTED]**" in this section with respect to the pricing terms and tender process.

Historical transaction amounts

For each of the three years ended December 31, 2018 and the six months ended June 30, 2019, the total amount of interior decoration services fees incurred by us in relation to the provision of interior decoration services by Dongguan Huifeng amounted to approximately RMB78.1 million, RMB17.9 million, RMB3.3 million and RMB13.5 million, respectively.

Proposed annual caps

We expect the maximum aggregate annual interior decoration services fees to be paid by us to Dongguan Huifeng in respect of the provision of interior decoration services for each of the three years ending December 31, 2021 will be approximately RMB33.0 million, RMB18.2 million and RMB33.0 million, respectively. We expect that the proposed annual cap for the year ending December 31, 2020 will significantly decrease mainly because of our planned diversification of the supplier base, which will result in the reduction in the proportion of interior decoration services to be provided by Dongguan Huifeng, together with the expected decrease in the demand for interior decoration services for the year ending December 31, 2020, and thus, there will be an expected decrease in the interior decoration services fees to be paid by us. The decreasing trend in the proportion of interior decoration services to be provided by Dongguan Huifeng is expected to continue for the year ending December 31, 2021, yet the absolute amount would be increased as a result of the expected increase in the demand for interior decoration services which would have outweighed the extent of diversification of suppliers.

The proposed annual caps for the three years ending December 31, 2021, being the estimated total amounts payable by our Group as set out above are determined with reference to (a) our estimation on the demand for the relevant interior decoration services, projected with reference to the aggregate GFA under development for our existing property projects; (b) the historical amounts paid to Dongguan Huifeng by our Group for building decoration services during the Track Record Period; and (c) our effort to diversify our supplier base in connection with the building decoration services.

Implications under the Listing Rules

As one or more of the applicable percentage ratios of the proposed annual caps in respect of the relevant interior decoration services under the Framework Decoration Services Agreement exceed 0.1% but are all less than 5% on an annual basis for the three years ending December 31, 2021, the building decoration services under the Framework Decoration Services Agreement and the proposed annual caps for each of the three years ending December 31, 2021 are subject to the reporting, annual review and announcement requirements but are exempt from the independent Shareholders' approval requirement under Chapter 14A of the Listing Rules.

Pricing terms and tender process of relevant property management services and interior decoration services after the [REDACTED]

We do not engage in the provision of relevant property management services and interior decoration services as set forth above and therefore such related services have been provided by the connected persons.

To ensure that the prices and terms of services offered by our connected persons (together, the "**Connected Suppliers**") are fair and no less favourable than those offered by independent third parties, we will form an evaluation committee to oversee the selection of suppliers in our procurement of services.

The evaluation committee will comprise three members, including our head of procurement department, an Executive Director and an Independent Non-executive Director.

The fee quotes submitted by the Connected Suppliers will be subject to the tender process set out below.

After the **[REDACTED]**, we will adopt an independent mechanism with the following features to govern and monitor the tender process and selection mechanism for our potential bidders:

(a) we shall publish a tender announcement on the newspaper and/or information network designated by the competent authorities to invite unspecified potential bidders or issue tender invitations to potential bidders, at least three of whom should be Independent Third Parties;

(b) where the Connected Suppliers are among the potential bidders, our procurement department will conduct an in-depth evaluation on all potential suppliers who will each be assessed on areas including but not limited to, service fees, service quality and quality control system; and

(c) the evaluation assessment report will be submitted to our evaluation committee for final review. The Connected Suppliers will only be selected if they are considered to have competitive advantages in the provision of the relevant services.

Notwithstanding the above, in light of the potential service providers participated in the contractual negotiations with us in the market, it is expected that in the event that the Connected Suppliers ceases to provide such relevant services to us, there will also be other comparable service providers readily available in the market for the provision of management and interior decoration services to our Group.

OPINION OF OUR DIRECTORS

Our Directors (including our Non-executive Director and Independent Non-executive Directors) are of the view that (i) each of the continuing connected transactions as set out above has been entered into, and will be carried out, during the ordinary and usual course of business and on normal commercial terms or better; (ii) each of the continuing connected transactions is fair and reasonable and is in the interest of our Company and our Shareholders as a whole; and (iii) the proposed annual caps for the non-exempt continuing connected transactions are fair and reasonable and are in the interest of our Shareholders as a whole.

CONFIRMATION FROM THE SOLE SPONSOR

The Sole Sponsor having reviewed the relevant information and historical figures relating to the non-exempt continuing connected transactions, and conducted due diligence of such transactions with our Company, is of the view that (i) the entering into of the non-exempt continuing connected transactions has been and will be in the ordinary and usual course of business of our Group; (ii) the non-exempt continuing connected transactions including the respective proposed annual caps were entered into on normal commercial terms; and (iii) the terms of the non-exempt continuing connected transactions including the respective annual caps are fair and reasonable and are in the interest of our Shareholders as a whole.

APPLICATION FOR WAIVERS

We expect the non-exempt continuing connected transactions disclosed above will be carried out on a continuing basis and will extend over a period of time, and our Directors consider that strict compliance with the announcement requirement under the Listing Rules would be impractical, unduly burdensome and would impose unnecessary administrative costs on our Company. Accordingly, pursuant to Rule 14A.105 of the Listing Rules, we have applied for, and the Stock Exchange [has granted] to us, a waiver from strict compliance with the announcement requirement under Rule 14A.35 of the Listing Rules once the Shares are **[REDACTED]** on the Stock Exchange, in respect of such non-exempt continuing connected transactions. We will, however, comply at all times with the other applicable provisions under Chapter 14A of the Listing Rules in respect of such non-exempt continuing connected transaction.

OVERVIEW

The Board currently consists of seven Directors, comprising three Executive Directors, one Non-executive Director and three Independent Non-executive Directors.

The following table sets out certain information of our Directors and senior management:

Name	Age	Position(s)	Date of appointment as Director	Date of joining our Group	Roles and Responsibilities in our Group
Directors					
Mr. Lun Ruixiang (倫瑞祥)	[51]	Chairman and Non-executive Director	January 9, 2019	April 2004	Formulating the overall strategies, development and directions as well as monitoring the operations and management of our Group
Mr. Lun Zhao Ming (倫照明)	[55]	Executive Director and chief executive officer	March 25, 2019	June 2005	Overall management and strategic planning
Mr. Lau Kam Kwok Dickson (劉金國)	[52]	Executive Director, chief financial officer and company secretary	March 25, 2019	February 2016	Handling corporate governance and company secretarial matters, as well as overseeing the financial affairs of our Group
Mr. Lu Peijun (盧沛軍)	[46]	Executive Director	March 25, 2019	March 2005	Managing the financial and legal departments and assisting in monitoring project implementation and progress
Ms. Chiu Lai Kuen Susanna (趙麗娟)	[59]	Independent Non-executive Director	[●]	[●]	Providing independent advice on the operations and management of our Group
Mr. Hung Wan Shun Stephen (熊運信)	[59]	Independent Non-executive Director	[●]	[●]	Providing independent advice on the operations and management of our Group
Ms. Lin Yanna (林燕娜)	[56]	Independent Non-executive Director	[●]	[●]	Providing independent advice on the operations and management of our Group
Senior management					
Mr. Wang Bo (王波)	[49]	Chief operating officer	—	October 2017	Overall project implementation, supervision and quality control
Mr. Chen Shaobin (陳少斌)	[51]	Vice president	—	April 2004	Assisting chief operating officer in outreaching affairs
Mr. Lin Shugen (林樹根)	[57]	Chairman assistant	—	July 2003	Assisting in project financing related matters
Mr. Long Bo (龍波)	[55]	Chairman assistant	—	November 2010	Overall management of contract bidding and cost budgets and reviews

DIRECTORS

Chairman and Non-Executive Director

Mr. Lun Ruixiang (倫瑞祥), aged [51], was appointed as a Director of our Group on January 9, 2019 and was appointed as chairman of the Board and redesignated as a Non-executive Director on March 25, 2019. He is also the chairman of the Nomination Committee of the Board. Mr. Lun RX is responsible for formulating the overall strategies, development and directions, as well as monitoring the operations and management of the Group. Mr. Lun RX founded our Group in 2004 and has over 15 years of experience in residential and commercial property development and business development. Mr. Lun RX has since January 1995 been engaging in the automobile industry in Dongguan.

Mr. Lun RX is a relative of Mr. Lun ZM, an Executive Director and the chief executive officer of our Group.

Executive Directors

Mr. Lun Zhao Ming (倫照明), aged [55], is the chief executive officer of our Group. He was appointed as a Director and redesignated as our Executive Director on March 25, 2019. Mr. Lun ZM first joined our Group in June 2005 as a Chairman assistant and was primarily responsible for human resources and administration affairs. He was promoted as our vice president in November 2009, during which time he was engaged on overseeing the daily operation of our Group as well as management affairs. Mr. Lun ZM was promoted as our senior vice president in January 2015, and was promoted as the chief executive officer of our Group in January 2018. In addition to monitoring our daily operation and management, he is also in charge of formulating our business strategies and directions.

Prior to joining our Group, Mr. Lun worked at Dongguan Humen Port Mayong Xinsha Development Co., Ltd. (東莞市虎門港麻涌新沙開發有限公司) ("**Mayong Xinsha**"), a company primarily engaged in industrial park development, from September 2003 to May 2005.

Mr. Lun ZM graduated from Sun Yat-Sen University in the PRC with a bachelor's degree in science in July 1984.

Mr. Lun ZM is a relative of Mr. Lun RX, our Non-executive Director and Chairman of our Board.

Mr. Lau Kam Kwok Dickson (劉金國), aged [52], has been the chief financial officer of Haifeng Holdings since February 2016 and has been appointed as a Director and redesignated as our Executive Director since on March 25, 2019. Mr. Lau is primarily responsible for handling corporate governance and company secretarial matters, as well as overseeing the financial affairs of our Group. Mr. Lau has over 12 years of financial control experience in property development industry and has various experiences with listed groups: Mr. Lau worked at New Heritage Holdings Ltd (Stock Exchange stock code: 95), focusing on property development and property investment business in the PRC since the early 80's, as the financial controller from October 2006 to April 2010; Soundwill Group (Stock Exchange stock code: 878), a Hong Kong-based investment holding company principally engaged in property-related businesses, as the financial controller since May 2010 and promoted to and appointed as executive director in December 2011 until May 2013; and Wang On Group (Stock Exchange stock code: 1222), a company engaged in property development business in Hong Kong, as their chief financial officer from June 2013 to November 2014.

Mr. Lau is admitted as a Certified Public Accountant in Hong Kong in July 2003 and became a fellow of the Hong Kong Institute of Certified Public Accountants in June 2010. Mr. Lau obtained a degree of Bachelor of Arts from City University of Hong Kong in Hong Kong (formerly known as City Polytechnic of Hong Kong) in November 1993.

Mr. Lu Peijun (盧沛軍), aged [46], joined our Group as the financial controller in March 2005 and became our vice president in May 2015. He was appointed as a Director and redesignated as an Executive Director on March 25, 2019. Mr. Lu is mainly responsible for the management of the financial department and the legal department of our Company and assisting in monitoring project implementation and progress. He has more than 11 years of finance-related experience before joining our Group. He worked at Dongguan Branch of Guangdong Development Bank (廣東發展銀行) (now known as China Guangfa Bank (廣發銀行)) from January 1994 to March 2005.

Mr. Lu graduated from South China Normal University with a bachelor's degree in legal studies through online education in February 2005.

Independent Non-Executive Directors

Ms. Chiu Lai Kuen Susanna (趙麗娟), aged [59], was appointed as our Independent Non-executive Director on [●] 2019. Ms. Chiu is also the chairlady of the Audit Committee of the Board.

Ms. Chiu has over 25 years of experience in accounting, business management and operations. From 2000 to 2006, Ms. Chiu joined DVN Holdings Company Limited (currently known as Frontier Services Group) (Stock Exchange stock code: 0500), a company specializing in development and sales of digital broadcasting systems, where she was the chief operating officer and the senior vice president of the Business Development and Corporate Affairs. She has been a director of Li & Fung Development (China) Limited, which engaged in trading, distribution, logistics and retailing businesses, since February 2006.

Ms. Chiu was awarded the Medal of Honor by the Hong Kong Government in 2013 for her achievement and dedication in public services especially in relations to the accounting profession. She was also awarded the "Outstanding Women Professionals" Award in 2014, "Distinguished Alumni" Award from Sheffield University and was also awarded "2017 Outstanding Business Women" by Hong Kong Commercial Daily in 2017. In 2017, Ms. Chiu was awarded the "Justice of Peace" by the Hong Kong Government for her contribution to the community. Ms. Chiu has been a member of the Women's Commission since January 2017. She was also a member of the Equal Opportunities Commission from May 2009 to May 2017, as well as the Energy Advisory Committee from July 2014 to July 2018.

Ms. Chiu graduated with Honors in Economics from the University of Sheffield in the United Kingdom in 1982 and holds an Executive MBA degree from the Chinese University of Hong Kong in Hong Kong in 1997. Ms. Chiu was the President of the Council of the Hong Kong Institute of Certified Public Accountants in 2013, and the president of the Information Systems Audit and Control Association (China Hong Kong Chapter) from 2001 to 2005. She is a qualified Chartered Accountant from England, and a Hong Kong Certified Public Accountant.

Mr. Hung Wan Shun Stephen (熊運信), aged [59], was appointed as our Independent Non-executive Director on [●] 2019. He is also a member of the Audit Committee, Remuneration Committee and Nomination Committee of the Board.

Mr. Hung is a solicitor in Hong Kong and has over 24 years of experience in legal practice. Mr. Hung was admitted as a solicitor in Hong Kong in May 1995. Mr. Hung is currently with Li & Partners, a Hong Kong based law firm and has been a partner of the firm since December 2014.

Mr. Hung has been a member of the Council of the Law Society of Hong Kong (the "**Law Society**") since October 2003. He was elected as vice-president of the Law Society from May 2012 to August 2014 and president from August 2014 to June 2016. Mr. Hung has also been the representative for Law Society in the Judicial Officers Recommendation Commission since July 2015 and the Duty Lawyer Service Council since February 2018. Mr. Hung has been serving various appointments including the Financial Reporting Council since December 2018; Communications Authority since April 2017; Professional Services Advancement Support Scheme Vetting Committee since January 2017; Hong Kong Examinations and Assessment Authority since September 2013; and Sub-committee on Causing or Allowing the Death of a Child of the Law Reform Commission since February 2007 and Lump Sum Grant Steering Committee since April 2015.

Mr. Hung received his degree of Bachelor of Arts from University of Winnipeg in Canada in May 1982. He later received his degree of Bachelor of Laws in December 1992 and Post Certificate of Laws in September 1993 from the University of Hong Kong in Hong Kong.

Ms. Lin Yanna (林燕娜), aged [56], was appointed as our Independent Non-executive Director on [●] 2019. Ms. Lin is also the chairlady of the Remuneration Committee, and a member of Audit Committee and Nomination Committee of the Board.

Ms. Lin has over 18 years of experience in business management and operation. From January 2001 to August 2008, Ms. Lin worked as the general manager of Shanghai Bus Financial Management Company Limited (上海巴士財務管理有限公司), a company focusing on financial management and providing accounting services, and was responsible for the overall operational management, construction of operational structure and formulation of overall management and risk management policies. She was the director of and a member of the investment decision committee of Shanghai Stonecapital Co., Ltd (上海磐石投資有限公司), an investment management company in China, from September 2008 to September 2018. At Shanghai Stonecapital Co., Ltd, she was mainly responsible for overseeing private equity investment and managing assets of Shanghai Stonecapital Co., Ltd.

Ms. Lin graduated from Shanghai University of Finance and Economics in the PRC in January 1999, with a master's degree in management. Ms. Lin also completed a master's programme jointly organized by the Shanghai National Accounting Institute and the Chinese University of Hong Kong in the PRC and received a degree of Master in Accounting for Senior Management in December 2004.

SENIOR MANAGEMENT

Mr. Wang Bo (王波), aged [49], has been the chief operating officer of our Group since January 2018. Mr. Wang joined our Group as our executive vice president in October 2017. Mr. Wang is responsible for the overall implementation of projects, project progress and quality control and supervision of project progress and implementation. He has over nine years of experience in operation management in property development industry. Before joining our Group, he worked as the general vice president of Guangzhou Huahai Group (廣州華海集團), a property developer, from March 2015 to October 2017; the president assistant of Guangdong Nimble Investment Company Limited (廣東敏捷投資有限公司), which is a property development and property management company, from October 2012 to November 2013; vice president of Guangdong Chuang Hong Property Development Company Limited (廣東創鴻房地產開發有限公司) from October 2011 to November 2012; and the general manager of development department and project supervisor of Guangdong L'Sea Group Company Limited (廣東利海集團有限公司) from April 2010 to December 2011.

Mr. Wang graduated from Wuhan University of Technology in the PRC with a bachelor's degree in industrial and residential architecture engineering in June 1992.

Mr. Chen Shaobin (陳少斌), aged [51], is the vice president of our Group. He first joined as the deputy general manager of Real Estate Development Department in our Group in April 2004 and became our vice president in May 2016. Mr. Chen is responsible for assisting the Group's outreaching affairs.

Mr. Lin Shugen (林樹根), aged [57], is the Chairman assistant of our Group. He has been with our Group since July 2003 and became our vice president in January 2018. He is mainly responsible for assisting in project financing related matters. Mr. Lin has over 25 years of experience in financing. Prior to joining our Group, Mr. Lin served client manager of Dongguan Houjie Branch of Agriculture Bank of China (中國農業銀行厚街支行) from March 1993 to July 2003.

Mr. Lin obtained a bachelor's degree in economic management from Hubei School of Planning and Management Department (湖北省計劃管理幹部學院) (now known as Hubei University of Economics (湖北經濟學院)) in July 2002.

Mr. Long Bo (龍波), aged [55], is a Chairman assistant of our Group. He is primarily responsible for the overall management of contract bidding and preparing and reviewing cost budgets. He joined our Group in November 2010 as a general financing manager and was promoted to Chairman assistant in March 2015. Mr. Long has over 24 years of experience in project management and financing. Prior to serving our Group, he worked at Guangdong Guanyi Investment Group Limited (廣東冠益投資(集團)有限公司), an investment management company in the PRC, as a standing deputy general manager and financial controller from May 2003 to October 2010; Shenzhen Galaxy Securities Co., Ltd (深圳銀河證券股份有限公司) as a senior project manager from May 1998 to March 2003; and Shenzhen Nanyou (Holdings) Ltd. (深圳南油(集團)股份有限公司) as a manager at the financing department from May 1994 to May 1998.

Mr. Long graduated with a master's degree in business management from the Business School of Jilin University (吉林大學商學院) in July 2001. Before that, he obtained a bachelor's degree in business administration and management from Shanghai University of Finance and Economics (上海財經大學) in June 1984.

Each of our Directors confirms with respect to him or her that save as disclosed in this section, (i) he or she has not held any directorships in any companies the securities of which are or have been listed on any securities market in Hong Kong or overseas in the last three years immediately preceding the date of this document; (ii) he or she does not have any relationship with any other Directors, senior management or substantial or controlling shareholders (as defined under the Listing Rules) of our Company; (iii) as at the Latest Practicable Date, save as disclosed in the subsection headed "C. Further Information About our Directors and Chief Executive and Substantial Shareholders — 1. Disclosure of interests" in Appendix VI to this document, he or she does not have any interests in our Shares within the meaning of Part XV of SFO; (iv) there is no other information that should be disclosed for him or her pursuant to the requirements under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules; and (v) to the best of his or her knowledge, information and belief having made all reasonable enquiries, there are no other matters with respect to his or her appointment as Director that need to be brought to the attention of our Shareholders.

COMPANY SECRETARY

Mr. Lau Kam Kwok Dickson (劉金國) was appointed as the company secretary of our Company on March 25, 2019. For further information regarding Mr. Lau, please refer to the subsection headed "— Directors — Executive Directors" in this section.

BOARD COMMITTEES

Audit Committee

Our Company established an audit committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The audit committee has three members, namely Mr. Hung Wan Shun Stephen, Ms. Lin Yanna and Ms. Chiu Lai Kuen Susanna, all being our Independent Non-executive Directors. Ms. Chiu Lai Kuen Susanna has been appointed as the chairlady of the audit committee, and is our Independent Non-executive Director possessing the relevant professional qualifications. The primary duties of the audit committee include, among other things, making responsibilities to the Board on the appointment, reappointment and removal of the external auditor, reviewing our Group's financial information, overseeing our Group's financial reporting system, risk management and internal control systems.

Remuneration Committee

Our Company established a remuneration committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The remuneration committee has three members, namely Mr. Lun RX, Mr. Hung Wan Shun Stephen and Ms. Liu Yanna. Ms. Liu Yanna has been appointed as the chairlady of the remuneration committee. The primary duties of the remuneration committee include, among other things, making recommendations to the Board on our Group's policy and structure for all Directors' and senior management's remuneration and on the establishment of a formal and transparent procedure for developing remuneration policy and on the remuneration packages of individual Executive Directors and senior management.

Nomination Committee

Our Company established a nomination committee with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The nomination committee has three members, namely, Mr. Lun RX, Mr. Hung Wan Shun Stephen and Ms. Lin Yanna. Mr. Lun RX has been appointed as the chairman of the nomination committee. The primary duties of the nomination committee include, among other things, making recommendations on any proposed changes to the Board to complement our Company's corporate strategy.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

Our Directors and senior management receive remuneration from our Group in the form of salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances, equity-settled share option expense and other benefits in kind) paid to our Directors for each of the three years ended December 31, 2018 and the six months ended June 30, 2019 were approximately RMB2.5 million, RMB3.2 million, RMB4.2 million and RMB8.1 million, respectively. None of the Directors had waived any remuneration during the same period.

The aggregate amounts of remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances, equity-settled share option expense and other benefits in kind) paid to our Group's five highest paid individuals, excluding Directors, for each of the three years ended December 31, 2018 and the six months ended June 30, 2019 were approximately RMB1.7 million, RMB3.0 million, RMB2.2 million and RMB3.6 million, respectively.

No payment was made by our Group to our Directors or the five highest paid individuals as an inducement to join or upon joining our Group or as a compensation for loss of office in respect of the Track Record Period.

Save as disclosed above, no other payments have been made or are payable in respect of the Track Record Period by any of member of our Group to any of our Directors.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of our Directors for the year ending December 31, 2019 to be approximately HK$5.6 million.

SHARE OPTION SCHEMES

Our Company has conditionally approved and adopted the **[REDACTED]** and the **[REDACTED]**. The principal terms of the **[REDACTED]** and the **[REDACTED]** are summarized in "D. Share Option Schemes" in Appendix VI to this document.

COMPLIANCE ADVISER

We have appointed TUS Corporate Finance Limited as our compliance adviser in compliance with Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and seek advice from our compliance adviser under the following circumstances:

(i) before the publication of any regulatory announcement, circular or financial report;

(ii) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(iii) where we propose to use the **[REDACTED]** of the **[REDACTED]** in a manner different from that detailed in this document or where its business activities, developments or results deviate from any forecast, estimate, or other information in this document; and

(iv) where the Stock Exchange makes an inquiry of our Company regarding unusual movements in the price or trading volume of the securities of our Company, the possible development of a false market in the securities of our Company or any other matters.

The term of the appointment shall commence on the **[REDACTED]** and end on the date which our Company distributes its annual report in respect of its financial results for the first full financial year commencing after the **[REDACTED]**.

SHARE CAPITAL

AUTHORIZED AND ISSUED SHARE CAPITAL

The following is a description of the authorized and issued share capital of our Company and the share capital of our Company to be **[REDACTED]** as fully paid or credited as fully paid immediately before and after completion of the **[REDACTED]** and the **[REDACTED]**:

As at the date of this document

Number		Aggregate nominal value *HK$*
Authorized share capital:		
[38,000,000]	Shares	[380,000]
Issued share capital:		
100	Shares	1

Assuming the **[REDACTED]** is not exercised and without taking into account any Share which may be **[REDACTED]** pursuant to exercise of any options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes, the share capital of our Company immediately following completion of the **[REDACTED]** and **[REDACTED]** will be as follows:

*Shares in issue or to be **[REDACTED]**, fully paid or credited as fully paid:*		*HK$*
100	Shares in issue immediately prior to the **[REDACTED]**	1
[REDACTED]	Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares in total	**[REDACTED]**

Assuming the **[REDACTED]** is exercised in full and without taking into account any Share which may be **[REDACTED]** pursuant to exercise of any options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes, the share capital of our Company immediately following completion of the **[REDACTED]** and **[REDACTED]** will be as follows:

*Shares in issue or to be **[REDACTED]**, fully paid or credited as fully paid:*		*HK$*
100	Shares in issue immediately prior to the **[REDACTED]**	1
[REDACTED]	Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be **[REDACTED]** upon exercise of the **[REDACTED]** is full	**[REDACTED]**
[REDACTED]	Shares in total	**[REDACTED]**

Assuming that the **[REDACTED]** is exercised in full and taking into account all the Shares that are **[REDACTED]** pursuant to the full exercise of the options granted under the Share Options Schemes, the share capital of our Company immediately following completion of the **[REDACTED]** and **[REDACTED]** will be as follows:

*Shares in issue or to be **[REDACTED]**, fully paid or credited as fully paid:*		*HK$*
100	Shares in issue immediately prior to the **[REDACTED]**	1
[REDACTED]	Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be **[REDACTED]** under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be **[REDACTED]** pursuant to the full exercise of options granted under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be **[REDACTED]** pursuant to the full exercise of options granted under the **[REDACTED]**	**[REDACTED]**
[REDACTED]	Shares to be **[REDACTED]** upon exercise of the **[REDACTED]** in full	**[REDACTED]**
[REDACTED]	Shares in total	**[REDACTED]**

ASSUMPTIONS

The above table assumes that the **[REDACTED]** has become unconditional and the Shares are **[REDACTED]** pursuant to the **[REDACTED]**. It does not take into account any Share which may be **[REDACTED]** pursuant to the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes or which may be issued or bought back by our Company under the general mandates of any Shares referred to below.

RANKING

The **[REDACTED]** will rank pari passu with all Shares in issue or to be issued as mentioned in this document and will qualify for all dividends or other distributions declared, made or paid after the date of this document save for the entitlement under the **[REDACTED]**.

SHARE OPTION SCHEMES

On April 6, 2019, our Company has adopted the **[REDACTED]** and on [●] has conditionally adopted the **[REDACTED]**. Summaries of the principal terms of the Share Option Schemes are set out in "Statutory and General Information — D. Share Option Schemes" in Appendix VI to this document.

GENERAL MANDATE TO [REDACTED] NEW SHARES

Subject to the **[REDACTED]** becoming unconditional, the Directors have been granted a general unconditional mandate to allot or **[REDACTED]** and deal with unissued Shares with an aggregate nominal value of not more than:

(i) **[REDACTED]** of the number of Shares in issue immediately following completion of the **[REDACTED]** and **[REDACTED]**; and

(ii) the number of Shares bought back by our Company (if any) under the mandate referred to in "— General mandate to buy back Shares".

This mandate will expire until the earliest of:

- the conclusion of our next annual general meeting;
- the expiration of the period within which we are required by the Articles of Association or any applicable laws to hold our next annual general meeting; or
- the date on which the authority given to our Directors is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Particulars of this general mandate are set out in "Statutory and General Information — A. Further Information about our Group — 3. Extraordinary general meeting of our Shareholders held on [●]" in Appendix VI to this document.

GENERAL MANDATE TO BUY BACK SHARES

Subject to the **[REDACTED]** becoming unconditional, the Directors have been granted a general mandate to exercise all the powers of our Company to buy back Shares with a total of not more than 10% of the total number of Shares in issue immediately following completion of the **[REDACTED]** and **[REDACTED]** (without taking into account any Shares which may be **[REDACTED]** pursuant to exercise of the **[REDACTED]** and options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes).

This mandate only relates to buy-backs made on the Main Board, or on any other stock exchange on which the Shares are **[REDACTED]** (and which are recognized by the SFC and the Stock Exchange for this purpose), and which are in accordance with the Listing Rules. A summary of the relevant Listing Rules are set out in "Statutory and General Information — A. Further information about our Group" in Appendix VI to this document.

This mandate will expire until the earliest of:

- the conclusion of our next annual general meeting;
- the expiration of the period within which we are is required by its Articles of Association or any applicable laws to hold our next annual general meeting; or
- the date on which the authority given to our Directors varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Particulars of this general mandate are set out in "Statutory and General Information — A. Further Information about our Group — 3. Extraordinary general meeting of our Shareholders held on [●]" in Appendix VI to this document.

So far as is known to any Director or the chief executive of our Company as the Latest Practicable Date, immediately following completion of the **[REDACTED]** and **[REDACTED]** and taking no account of any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]** or any Shares to be **[REDACTED]** upon the exercise of options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes, the persons (other than a Director or the chief executive of our Company) who will have interests and/or short positions in our Shares, underlying Shares or debentures of our Company which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares are **[REDACTED]** on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group are as follows:

LONG POSITION IN THE SHARES

Name of substantial shareholders	Type of interests	Shares held immediately prior to the [REDACTED] and [REDACTED]		Immediately following completion of the [REDACTED] and [REDACTED] (without taking into account any Shares which may be allotted and [REDACTED] pursuant to the exercise of the [REDACTED] or any Shares to be [REDACTED] upon the exercise of option which may be granted under the Share Option Schemes)	
		Number of Shares	Shareholding percentage	Number of Shares (Note 1)	Shareholding percentage
Wui Ying	Beneficial owner (Note 2)	[99]	99.0%	**[REDACTED]** (L)	**[REDACTED]**%
Wui Shing	Beneficial owner (Note 2)	[1]	1.0%	**[REDACTED]** (L)	**[REDACTED]**%
Mr. Lun RX	Interest in a controlled corporation and interest of spouse (Note 3)	[99]	99.0%	**[REDACTED]** (L)	**[REDACTED]**%
Ms. Chan	Interest in a controlled corporation and interest of spouse (Note 4)	[1]	1.0%	**[REDACTED]** (L)	**[REDACTED]**%

Notes:

(1) The letter "L" denotes the entity/person's "long position (as defined under Part XV of the SFO) in such Shares.

(2) Our Company will be directly owned as to **[REDACTED]**% and **[REDACTED]**% by Wui Ying and Wui Shing, respectively immediately after the completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any the Shares to be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**, and any options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes). Each of Wui Ying and Wui Shing is beneficially wholly-owned by Mr. Lun RX and Ms. Chan, respectively.

(3) Wui Ying is beneficially wholly-owned by Mr. Lun RX and Mr. Lun RX is deemed to be interested in the same number of Shares held by Wui Ying by virtue of the SFO. Since Mr. Lun RX is the spouse of Ms. Chan, he is also deemed to be interested in the same number of Shares which are held by Ms. Chan and Wui Shing by virtue of the SFO. As such, each of

Mr. Lun RX and Wui Ying was interested in 100 Shares, representing 100.0% of the total number of Shares of the Company prior to the **[REDACTED]** and the **[REDACTED]**, and was **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total number of Shares of the Company immediately following the completion of the **[REDACTED]** and **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**).

(4) Wui Shing is beneficially wholly-owned by Ms. Chan and Ms. Chan is deemed to be interested in the same number of Shares held by Wui Shing by virtue of the SFO. Since Ms. Chan is the spouse of Mr. Lun RX, she is also deemed to be interested in the same number of Shares which are held by Mr. Lun RX and Wui Ying by virtue of the SFO. As such, each of Ms. Chan and Wui Shing was interested in 100 Shares, representing 100.0% of the total number of Shares of the Company prior to the **[REDACTED]** and the **[REDACTED]**, and was **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total number of Shares of the Company immediately following the completion of the **[REDACTED]** and **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**).

Save as disclosed in this above and in the section headed "Statutory and General Information — C. Further Information about our Directors and Chief Executive and Substantial Shareholders" of this document, so far as is known to any Directors or the chief executive of our Company as at the Latest Practicable Date, immediately following completion of the **[REDACTED]** and **[REDACTED]** and taking no account of any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]** or any Shares to be **[REDACTED]** upon the exercise of options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes, there are no other person (other than a Director or the chief executive of our Company) who will have interests and/or short positions in the Shares, the underlying Shares or debentures of our Company which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares are **[REDACTED]** on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

We are not aware of any arrangement which may result in any change of control in our Company at any subsequent date.

You should read this section in conjunction with the audited consolidated financial information as at and for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019 and, in each case, the related notes set out in the Accountants' Report set out in Appendix I to this document. The consolidated financial information has been prepared in accordance with HKFRS, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain certain forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors that we believe are appropriate under the circumstances. However, whether the actual outcome and developments will meet our expectations and predictions depends on a number of risks and uncertainties over which we do not have control. You should review the section headed "Risk Factors" for a discussion of important factors that could cause our actual results to differ materially from the results described in or implied by the forward-looking statements.

OVERVIEW

We are an established integrated residential and commercial property developer in the PRC focusing in the Guangdong and Hunan provinces. Started with property projects in Dongguan, we have gradually spread to Heyuan, the Yangtze River Delta Urban Cluster (which includes Anhui Province, Jiangsu Province and Zhejiang Province) and the Yangtze Mid-stream Urban Cluster (which includes Hubei Province, Hunan Province and Jiangxi Province). According to JLL, in 2018, the total contracted sales of our Group, together with our joint venture, achieved a 58.6% year-on-year growth and amounted to RMB2,055 million. In terms of contracted sales among the top 100 local property developers, our Group, together with our joint venture, ranked 31st in Dongguan (with market share of 0.5%), 63rd in Changsha (with market share of 0.4%) and 57th in Hefei (with market share of 0.3%), and accounted for 1.3% and 0.8% of the market share in Heyuan and Hengyang respectively. Having been recognized by the market, we are dedicated to offering quality integrated properties to our customers. We also offer properties promoting specific industry(ies) encouraged by local government authorities.

Our property projects comprise residential property projects, integrated property projects and property projects promoting specific industry(ies). Our integrated property project typically consist of a combination of residential and commercial properties. Our residential properties primarily include apartments, townhouses, mansions and villas. Our commercial properties primarily include retail outlets, shopping malls, offices, and where required by the relevant land grant contract, hotels. Our properties promoting specific industry(ies) comprise of our "tourism-healthy living" property projects ("旅遊康養生活" 項目) and innovative technologies industry property projects ("科創產業"項目).

For each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, our contracted sales, together with our joint venture, amounted to RMB1,999.5 million, RMB1,296.1 million, RMB2,562.4 million and RMB1,598.4 million, with contracted sales GFA of 187,192 sq.m., 138,440 sq.m., 214,264 sq.m. and 121,238 sq.m., respectively, and we have developed and delivered properties with a total GFA of 260,356 sq.m., 107,576 sq.m., 211,429 sq.m. and 130,467 sq.m., respectively.

We assess different opportunities to acquire land to maintain land reserves for our operations. As at September 30, 2019, our Group, together with our joint venture, had acquired or were in the process of acquiring the following property projects:

	Projects over which construction has commenced or completed	**Land reserves**
Acquired during the period from December 2004 to June 2019	16 property projects in five cities with an aggregate site area of 2.0 million sq.m. with an expected total GFA of 4.5 million sq.m. when completed, the GFA of which: • 1.8 million sq.m. had been completed • 1.2 million sq.m. is under development; and • 1.5 million sq.m. is planned for later development.	All parcels of three future developments with an aggregate site area of 162,211 sq.m., and land for a portion of another development with a site area of 266,353 sq.m.
In the process of acquiring	One property project in Dongguan with a planned GFA of 18,894 sq.m..	Land parcels for 12 future developments with an aggregate site area of 578,408 sq.m.

We believe that our strong brand recognition, in particular in Dongguan, together with our land sourcing strategy and cost control measures, have contributed to our growth. For each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, we delivered properties with an aggregate GFA of 260,356 sq.m., 107,576 sq.m., 211,429 sq.m. and 130,467 sq.m. respectively, and recorded a revenue generated from the sale of properties of approximately RMB2,092.7 million, RMB1,197.8 million, RMB2,238.5 million and RMB1,314.7 million, for the respective periods.

Urban renewal developments has been one of our main focus. During the Track Record Period, we had commenced pre-selling properties developed from a urban renewal project with a total site area of 37,407 sq.m. and total planned GFA of 121,556 sq.m., in relation to which we had commenced pre-sale of GFA of 61,796 sq.m.. In addition, we have three urban renewal projects for which we have initiated the urban renewal process with the relevant government authorities, or have otherwise begun official discussion with the relevant government authority in respect of the proposed application for urban renewal. We also held parcels of or interests in land for seven projects with a total site area of 379,425 sq.m., which we view as having potential to develop into urban renewal projects after obtaining the required government approvals or obtaining land use rights over a sufficiently large redevelopment area. Please refer to the subsection headed "Business — Our Property Development Operation and Management" for further details.

BASIS OF PRESENTATION

Pursuant to the Reorganization, as fully illustrated in the section headed "History, Reorganization and Group Structure" in this document, our Company became the holding company of the companies now comprising the Group on March 25, 2019. The companies now comprising our Group were under the common control of Mr. Lun RX, our Controlling Shareholder, before and after the Reorganization. Accordingly, for the purpose of this report, the historical financial information has been prepared on a consolidated basis by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Track Record Period.

The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of our Group for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, include the results and cash flows of all companies now comprising our Group from the earliest date presented or since the date when the subsidiaries first came under the common control of our Controlling Shareholder, where this is a shorter period. The consolidated statements of financial position of our Group as at December 31, 2016, 2017, 2018 and June 30, 2019, have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from our Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognize any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries held by parties other than our Controlling Shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on combination.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL PERFORMANCE

Our results of operations and financial performance have been, and are expected to continue to be, affected by a number of factors, many of which are beyond our control, including those set forth below. The following section should be read in conjunction with section headed "Risk Factors" in this document.

Economic Growth, Speed of Urbanization and Demand for Real Estate Properties in the PRC

The economic growth, urbanization and rising standards of living in the PRC have been the main driving forces behind the increasing market demand for properties. The real estate industry in the PRC is significantly dependent on the PRC's overall economic growth, including the increase in the purchasing power of the consumers in the PRC and the resulting demand for properties. Since we focus on residential and commercial property development and have expanded our business throughout the PRC, we believe that the PRC's overall economic growth and the rate of urbanization in these cities are considerably important to the continued growth of our operations. The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC Government. If (i) there is a downturn in the global economy, the PRC economy, or any of property markets in which we have operation, or a decrease in the pace of urbanization, and (ii) we fail to respond to such changes in a timely manner, there may be a material adverse effect on our business, results of operations and financial performance.

The Regulatory Environment and Measures Affecting the Real Estate Industry in the PRC

Our business and operating results have been, and will continue to be, significantly affected by the regulatory environment and governmental policies in the PRC, in particular by those relating to property market. In the past few years, the PRC Government implemented a series of measures to control the overheated property market, which aimed to discourage speculative investments and increase the supply of affordable residential properties. Therefore, the central and local governments, from time to time, adjust or introduce policies and regulations relating to land grants, pre-sale of properties, bank financing and taxation, planning and zoning, building design and construction, which have significantly impacted the availability and cost of financing for property developers. In addition, restrictive regulations may also affect the availability and cost of financing for potential property buyers, such as higher minimum down payment requirements, higher mortgage rates provided by commercial banks and restrictions on the number of properties which local residents may purchase. If we cannot successfully respond to the changes in regulatory environment and governmental policies, the results of operations and financial position will be negatively affected.

Furthermore, our continuing growth depends, to a certain extent, on our ability to expand into new regions and cities of the PRC. However, we may have insufficient familiarity with local regulatory environment, local economic conditions, local contractors, business practices, customs and customer tastes, behavior and preference. If we fail to leverage our experience or understand the property market in any other cities which we target for expansion, the results of operations and financial position will be adversely affected.

Ability to Acquire Land at Competitive Price

Our continued growth and profitability depends on a large extent on our ability to continue to acquire quality land at reasonable cost to replenish our land reserves, since land acquisition costs are one of the primary components of our cost of sales for properties, which accounted for 19.2%, 19.5%, 19.4% and 23.1% of cost of sales incurred by the sale of properties for each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019 respectively. Based on our current development plans, we believe we have sufficient land reserves for our property developments in the near future. However, land premium in the PRC have generally increased as a result of the rapidly growing PRC economy in recent years and we believe it will remain on an upward trend. If we are unable to sell our properties at increased prices sufficient to offset increases in costs of sales for properties, our profitability will be adversely affected.

Access to Financing at Reasonable Costs

Property development requires substantial capital investment for land acquisition and construction, and it may take years before breakeven on the investment is achieved. During the Track Record Period, we financed our operations primarily through internally generated cash flow including proceeds from the pre-sale of our properties as well as external financings, such as borrowings from commercial banks and trust financing. However, monetary regulations imposed by the PRC Government from time to time may affect our access to capital and cost of financing. Also, we are highly susceptible to any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of property developers to obtain bank financing, since all commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC. We believe any increase in the benchmark lending rates will increase our financing costs. For further information, please refer to "Risk Factors — Risks Relating to Our Business and Industry — Our financing costs are subject to change in interest rates".

In addition to bank borrowing, we also funded our business expansion through trust financing, which we believe have a greater flexibility in terms of fund availability and repayment requirements than commercial banks. While trust financing providers generally do not link their interest rates to the PBOC benchmark lending rates, they typically charge higher interest rates than those charged by commercial banks. The PRC Government may implement more stringent measures to control risks in loan growth, which may include more stringent review procedures that trust financing providers are required to adopt when considering applications for trust financing and remedial actions that they are required to take in the event of any non-compliance with applicable laws and regulations. Any such further measures that the PRC Government may implement could limit the amount that trust financing providers can make available for PRC property developers. As such, any adoption of more stringent measures by the PRC Government may significantly impact our real estate development business.

Price Volatility of Construction Materials and Labor Costs

Construction costs represented approximately 68.8%, 68.0%, 68.2% and 61.5% of our cost of sales incurred by the sale of properties during the Track Record Period, respectively, of which, construction materials and labor cost are the two major components. Construction costs fluctuate as a result of changes in the price of certain key construction materials, such as steel and cement. Even though we engage third-party contractors to carry out construction works and do not directly procure construction materials, in certain case, our payments to contractors may be subject to contractual adjustments for any material fluctuation in the price of construction materials. If the increase in the cost of construction materials exceeds the specified thresholds in the relevant contracts we have with construction contractor, we may be required to reimburse our contractors for the shortfall. Our profitability may suffer if we cannot pass on any resulting increases in construction costs to our customers. Furthermore, as we typically pre-sell our properties prior to their completion, we may be unable to pass on any increases in costs to our customers if construction costs increase subsequent to such pre-sale.

Pre-sale

Pre-sale provides a significant source of our operating cash inflow during the course of property development. PRC laws allow us to pre-sell properties before their completion upon obtaining a pre-sale permit from the relevant governmental authorities with the requirement that we use the proceeds from pre-sale to develop the pre-sold property projects. However, we do not recognize revenue from the pre-sale of a property until the property is completed and delivered to the buyer. The timing of pre-sale is dependent upon the progress of property development, since the issuance of a pre-sale permit is subject to specified criteria on the degree of completeness of the construction works. The progress of property development, which can be affected by many factors out of our control, may therefore affect our ability to commence pre-sale or deliver properties to our customers within the specified time limit and in turn affect the amount and timing of cash inflows from pre-sale or revenue we can recognize upon delivery of properties. We also time the launch of our pre-sale depending on the location, type of property and public holidays. Any reduced cash inflow from pre-selling of our properties will increase our reliance on external financing and will impact our ability to finance our continuing property developments.

LAT

We are required to pay LAT for the appreciated value of the properties we sold. We incurred LAT expenses of RMB129.5 million, RMB198.6 million, RMB328.4 million and RMB178.4 million for the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, respectively. We also had a provision for LAT of RMB80.4 million, RMB237.8 million, RMB361.5 million and RMB507.2 million as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. However, the provision for LAT substantially relies on the judgment and estimate of our management and exclusively subject to determination by the tax authorities upon the sale of the properties which may differ from the amounts that we initially calculated. Our financial position may be adversely affected if our LAT liabilities calculated by the relevant tax authorities are substantially higher than our LAT provisions.

Fair Value of Our Investment Properties

Gains or losses arising from changes in the fair value of our investment properties may have a substantial effect on our profits. During the Track Record Period, we had fair value gains on investment properties of RMB153.8 million, RMB61.1 million, RMB90.8 million and RMB8.4 million, respectively, accounting for 26.1%, 13.7%, 9.7% and 1.6% of the profit before tax for each respective period.

Fair value of investment properties is affected by, among other factors, supply of and demand for comparable properties, the rate of economic growth, interest rates, inflation, political and economic developments, construction costs and the timing of the development of properties.

Additionally, property valuation involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may be higher or lower if the valuer adopts a different set of bases and assumptions or if the valuation is conducted by another qualified independent professional valuer using different set of bases and assumptions.

Furthermore, increases in the fair value of investment properties are unrealised and do not generate any cash inflow for us until such investment properties are disposed of at considerations similar to the valuations. We may therefore experience higher profitability through increases in the fair value of investment properties without corresponding improvement to our liquidity position.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of financial information in conformity with HKFRS requires us to adopt accounting policies and make judgments, estimates and assumptions that affect amounts reported in our financial information. In applying these accounting policies, we make subjective judgments, based on experience and other factors that may be complex and frequently require estimates about matters that are inherently uncertain. Many of these policies, estimates and related judgments are common in the real estate industry, while others are specific to our business and operations. Actual results may differ from those estimates and assumptions. The following section discusses the accounting policies and estimates applied in preparing our financial information that we believe are most important. Our significant accounting policies are set forth in details in note 2.4 to the Accountants' Report set out in Appendix I to this document.

Revenue Recognition

Sales of Properties

Revenues are recognized when or as the control of the asset is transferred to the customer. For sales contracts for which the control of the property is transferred at a point in time, revenue is recognized when the customer obtains the physical possession and our Group has present right to payment and the collection of the consideration is probable.

Contract Assets and Contract Liabilities

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If our Group performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognized for the earned consideration that is conditional.

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognized when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognized as revenue when the Group performs under the contract.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest held by a lessee as a right-of-use asset) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each of the report dates.

Key Quantitative Assumptions and Estimates for Our Valuation

Our Property Valuer has used methods of valuation which involve, inter alia, certain assumptions and estimates including current market transaction prices for comparable properties, appropriate yield rates and expected current market rents. The key quantitative assumptions and estimates are:

For retail or commercial properties:

- in respect of Huijing City only, the discount rate at which the future net cash flow of property in the mall is discounted to the present, JLL's estimate being 8%, determined on the basis of the rate of return required by a third party investor for a property similar to Huijing City;

- capitalization rate to account for the value of the reversionary rental income (or in the case of Huijing City, net income) of the property, being 5% for Huijing City and 5.5% for Hefei Huijing City Centre; and

- the expected rental value per sq.m. per month, which was RMB109 for Huijing City and RMB104 for Hefei Huijing City Centre.

In respect of hotel properties:

- the discount rate at which the future net cash flow of the hotel property is discounted to the present, JLL's estimate being 8%, determined on the basis of the rate of return required by a third party investor for a similar type of property;

- capitalization rate of 5%, to account for the value of the reversionary net income of the property; and

- the average daily room (ADR) rate, which is an estimate of the room charge per room per day of the hotel, being RMB950 for our hotel property in Hefei.

Favorable or unfavorable changes to the assumptions and estimates above would result in changes in the estimated fair value of our investment properties. The data that we had assumed and estimated had remained stable during the Track Record Period. For further details of the methods of valuation used and their inputs, please refer to the Property Valuation Report.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise. Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

Fair Value Measurement

We measure our investment properties at fair value as at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by our Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

We use valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured are categorized within the fair value hierarchy as described below, based on the lowest level input that is significant to the fair value measurement as a whole:

level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized on a recurring basis, our Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting date.

Borrowing Costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets (i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale), are capitalized as part of the cost of those assets. Capitalization of borrowing costs ceases when assets are substantially ready for the intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets offsets the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Please refer to subsection headed "Risk factors — "Risks relating to our business and industry — Our financing cost are subject to change in interest rates''.

Land Held for Development for Sale

The land held for future development for sale represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and not amortized. It is transferred to properties under development upon commencement of the related construction work of the property development project.

Properties under Development

Properties under development are intended to be held for sale after completion, which are stated at the lower of cost comprising land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period and net realizable value. Properties under development are classified as current assets unless those will not be realized in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

Completed properties held for sale are stated in the consolidated statements of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Short-term leases and leases of low-value assets

The Group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ("**short-term leases**") or lease contracts for which the underlying asset is of low value. In such cases, the lease payments made associated with them are recognised as an expense, and no right-of-use asset and lease liability are recognised.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Group the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. The Group reassesses the lease terms if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Right-of-use Assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on the straight-line basis over the shorter of the estimated useful life and the lease term. The principal annual rate used for this purpose is as follows:

Office premises	Over the lease term

Lease Liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

APPLICATIONS OF HKFRS 9 AND HKFRS 15

Our historical consolidated financial information has been prepared based on our underlying financial statements, in which HKFRS 9, "Financial instruments" ("**HKFRS 9**") and HKFRS 15, "Revenue from contracts with customers" ("**HKFRS 15**") in lieu of HKAS 18 'Revenue' ("**HKAS 18**") and HKAS 39 "Financial Instruments: Recognition and Measurement" ("**HKAS 39**") have been adopted and applied consistently since the beginning of, and throughout, the Track Record Period in the preparation of our financial statements, such that our historical consolidated financial information prepared under HKFRS 9 and HKFRS 15 is comparable on a period-to-period basis. Nonetheless, we have carried out an internal assessment with our best efforts based on the principles set out in HKAS 18 and HKAS 39, and based on such internal assessment, we consider that the impact on our financial position and performance during the Track Record Period would be insignificant if HKAS 18 and HKAS 39, instead of HKFRS 9 and HKFRS 15 had been applied.

ADOPTION OF HKFRS 16

Our Group has adopted HKFRS 16 "Leases" ("**HKFRS 16**"), and our historical consolidated financial information has been prepared based on our underlying financial statements, in which HKFRS 16 have been adopted and applied consistently since the beginning of, and throughout, the Track Record Period.

Pursuant to HKFRS 16, our Group recognized right-of-use assets and lease liabilities in relation to leases, except for short-term leases, previously classified as 'operating leases' under the principles of HKAS 17 "Leases".

The adoption of HKFRS 16 does not have a significant impact on our Group's financial position, performance and key financial ratios including net gearing ratio and current ratio when compared to HKAS 17.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

The table below sets out the consolidated statements of profit or loss for the years/periods indicated, which is extracted from the Accountants' Report set out in the Appendix I to this document:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Revenue	2,092,663	1,197,774	2,238,462	1,375,253	1,316,210
Cost of sales	(1,461,542)	(547,674)	(1,045,469)	(697,236)	(633,427)
Gross profit	631,121	650,100	1,192,993	678,017	682,783
Other income and gains	16,502	14,527	16,109	6,275	15,177
Selling and distribution expenses	(89,891)	(72,927)	(71,332)	(40,347)	(31,410)
Administrative expenses	(74,693)	(136,207)	(180,629)	(93,537)	(109,010)
Other expenses	(4,509)	(11,584)	(12,694)	(1,341)	(3,083)
[REDACTED] expenses	—	—	**[REDACTED]**	—	**[REDACTED]**
Fair value gains on investment properties	153,799	61,105	90,830	21,245	8,387
Share of loss of a joint venture	(9,776)	(9,622)	(10,311)	(4,994)	(6,012)
Finance costs	(34,177)	(50,647)	(77,539)	(27,075)	(34,287)
Profit before tax	588,376	444,745	937,350	538,243	508,642
Income tax expenses	(249,986)	(286,813)	(536,382)	(297,952)	(295,341)
Profit for the year/period	338,390	157,932	400,968	240,291	213,301
Attributable to:					
Owners of the parent	338,509	158,070	403,188	242,630	213,925
Non-controlling interests	(119)	(138)	(2,220)	(2,339)	(624)
	338,390	157,932	400,968	240,291	213,301

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF PROFIT OR LOSS ITEMS

Revenue

The table below sets out the breakdown of the revenue for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sale of properties	2,092,663	1,197,774	2,238,462	1,375,253	1,314,733
Lease of investment properties	—	—	—	—	1,477
	2,092,663	1,197,774	2,238,462	1,375,253	1,316,210

Our revenue during the Track Record Period mainly comprised the revenue derived from the sale of properties, which depends on two key factors, GFA delivered for the period of time and the recognized ASP during the same period.

During the Track Record Period, our GFA delivered fluctuated from year to year depending on the size of the property projects and the property development schedules. Consistent with industry practice, we typically enter into sales and purchase contracts with customers while the properties are still under development but after satisfying the conditions for pre-sale in accordance with PRC laws and regulations. In general, there is a time difference between the time we commence the pre-selling properties under development and the completion of the construction of such properties, which, depending on the location of properties, generally varies from 12 to 18 months. We do not recognize any revenue from the pre-sale of the properties until such properties are completed and the title of such properties has been transferred to the customers. Therefore, periods in which we pre-sell a large amount of aggregate GFA may not be periods in which we generate correspondingly high level of revenue, given that the properties pre-sold are not completed within the same period. As a result, our revenue from sale of properties may fluctuate due to property development schedules. For more information related to the risk involving our pre-sale, please refer to subsection headed "— Key Factors Affecting Our Results of Operations and Financial Performance — Pre-sale" in this section.

The recognized ASP of properties sold also fluctuated from period to period due to market demand, and the types and location of the properties. Additionally, the ASP has been and will continue to be affected by economic conditions of the properties market in which we operate and by the pricing policies adopted by local governments which may stipulate the range of selling price of our properties.

During the Track Record Period, one of our investment properties, Huijing City, was in operation and for the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, it generated a rental income of nil, nil, nil and RMB1.5 million, respectively.

The table below sets out the revenue generated from the sale of properties by geographical region, property type and project type for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Total revenue	2,092,663	1,197,774	2,238,462	1,375,253	1,314,733
By geographical region					
Dongguan	2,092,663	1,197,774	1,204,202	901,093	467,788
Heyuan	—	—	481,628	474,160	651,844
Hefei	—	—	552,632	—	195,101
By property type					
Residential					
Apartment	1,477,859	1,135,257	2,015,830	1,280,325	1,148,357
Villa	594,996	39,700	42,091	33,445	10,905
Commercial					
Retail	3,206	9,013	98,719	44,717	105,769
Carpark	16,602	13,804	81,822	16,766	49,702
By project type					
Residential property project	2,092,663	690,475	1,248,566	1,142,806	909,065
Integrated property project	—	507,299	989,896	232,447	405,668

The revenue generated from sale of properties in Dongguan amounted to RMB2,092.7 million, RMB1,197.8 million, RMB1,204.2 million and RMB467.8 million for the year ended December 31, 2016, 2017 and 2018, and six months ended June 30, 2019, respectively, representing 100.0%, 100.0%, 53.8% and 35.6% of the total revenue for the respective period. We generated a certain portion of revenue from sale of properties in Heyuan and Hefei, which in aggregate contributed 46.2% and 64.4% of the total revenue for the year ended December 31, 2018, and the six months ended June 30, 2019, respectively.

Since October 2017, we commenced the pre-sale of Huijing Yanhu International Resort (衡陽滙景•雁湖生態文旅小鎮), and the relevant proceeds were recorded as contract liabilities and will be recognized as revenue upon the delivery of the properties, which is expected to take place in December 2020. Please refer to the subsection headed "Indebtedness — Contract Liabilities" in this section for more information relevant to our contract liabilities.

During the Track Record Period, we did not recognize any revenue in connection with Huijing Global Centre (滙景發展環球中心), since it is held by Hunan Development, our joint venture, the financial statements of which were not consolidated into financial statements of the Group. Please refer to subsection headed "Business — Our properties — Our Completed Properties and Properties under Development — Our Property Project in Changsha" in this document for more information relevant to Huijing Global Centre.

The following table sets forth our revenue generated from the sale of properties, the recognized GFA and ASP per sq.m. for the years/periods indicated:

	For the year ended December 31,									For the six months ended June 30,					
	2016			2017			2018			2018			2019		
	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue
	sq.m.	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000* (Unaudited)	*sq.m.*	*RMB per sq.m.*	*RMB'000*
Huijing Riverside Villa (御海藍岸)															
Residential															
Apartment	83,824	6,783	568,579	56,065	10,957	614,289	49,166	12,527	615,913	47,958	12,363	592,895	3,107	15,723	48,850
Villa	36,968	12,280	453,951	2,866	12,424	35,607	2,940	14,317	42,091	2,330	14,354	33,445	315	16,175	5,095
Commercial															
Retail	180	17,811	3,206	50	14,760	738	1,371	18,125	24,849	764	17,648	13,483	597	15,628	9,330
Car parking space															
Car parks	—	—	—	—	—	—	3,156	8,054	25,419	—	—	—	384	7,633	2,931
Subtotal	120,972	8,479	1,025,736	58,981	11,031	650,634	56,633	12,506	708,272	51,052	12,533	639,823	4,403	15,037	66,206
City Valley (城市山谷) and Royal Spring Hill (御泉香山)															
Residential															
Apartment	118,664	7,022	833,288	1,144	7,635	8,734	—	—	—	—	—	—	—	—	—
Villa	12,692	11,113	141,045	391	10,468	4,093	—	—	—	—	—	—	445	13,056	5,810
Commercial															
Retail	—	—	—	414	19,988	8,275	1,116	18,341	20,469	606	19,896	12,057	58	21,103	1,224
Car parking space															
Car parks	699	7,426	5,191	—	—	—	961	9,606	9,231	—	—	—	5,335	7,398	39,468
Subtotal	132,055	7,418	979,524	1,949	10,827	21,102	2,077	14,299	29,700	606	19,896	12,057	5,838	7,965	46,502
Emperor View Peak (帝景峰), Century Gemini (世紀雙子), Huijing Palace (滙景華府), Huijing Ginza (滙景銀座) and Central Palace (中央華府)															
Residential															
Apartment	5,846	12,999	75,992	431	11,450	4,935	—	—	—	—	—	—	—	—	—
Car parking space															
Car parks	1,483	7,695	11,411	1,641	8,412	13,804	3,468	8,352	28,966	2,096	7,999	16,766	666	7,333	4,884
Subtotal	7,329	11,926	87,403	2,072	9,044	18,739	3,468	8,352	28,966	2,096	7,999	16,766	666	7,333	4,884
Huijing City Centre (滙景城市中心)															
Residential															
Apartment	—	—	—	44,574	11,381	507,299	29,348	13,629	399,993	17,085	13,605	232,447	13,592	12,407	168,635
Commercial															
Retail	—	—	—	—	—	—	649	29,376	19,065	—	—	—	1,430	27,631	39,513
Car parking space															
Car parks	—	—	—	—	—	—	2,677	6,801	18,206	—	—	—	338	7,157	2,419
Subtotal	—	—	—	44,574	11,381	507,299	32,674	13,383	437,264	17,085	13,605	232,447	15,360	13,709	210,567
Bund No. 8 (外灘8號)															
Residential															
Apartment	—	—	—	—	—	—	78,711	5,683	447,292	77,719	5,854	454,983	76,947	7,986	614,520
Commercial															
Retail	—	—	—	—	—	—	2,241	15,322	34,336	1,274	15,053	19,177	3,041	12,274	37,324
Subtotal	—	—	—	—	—	—	80,952	5,950	481,628	78,993	6,003	474,160	79,988	8,149	651,844
Hefei Huijing City Centre (合肥滙景城市中心)															
Residential															
Apartment	—	—	—	—	—	—	35,625	15,512	552,632	—	—	—	15,353	12,708	195,101
Subtotal	—	—	—	—	—	—	35,625	15,512	552,632	—	—	—	15,353	12,708	195,101

	December 31,									June 30,					
	2016			2017			2018			2018			2019		
	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue	GFA delivered	ASP	Revenue
	sq.m.	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000*	*sq.m.*	*RMB per sq.m.*	*RMB'000* (Unaudited)	*sq.m.*	*RMB per sq.m.*	*RMB'000*
Huijing Riverside Villa — Perfection (御海藍岸·臻品)															
Residential															
Apartment	–	–	–	–	–	–	–	–	–	–	–	–	8,028	15,104	121,251
Commercial															
Retail	–	–	–	–	–	–	–	–	–	–	–	–	831	22,116	18,378
Subtotal	–		–	–		–	–		–	–		–	8,859	15,761	139,629
Total	260,356	8,038	2,092,663	107,576	11,134	1,197,774	211,429	10,587	2,238,462	149,832	9,179	1,375,253	130,467	10,077	1,314,733

For illustrative purpose only, the following table illustrates the effects of hypothetical fluctuations in ASP on our profit before income tax during the Track Record Period, given that other factors remain unchanged. Based on the historical fluctuation of the ASP during the Track Record Period, hypothetical fluctuations are assumed to be 5%, 22% and 39% during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Hypothetical changes in ASP					
+/– 5%	±104,633	±59,889	±111,923	±68,763	±65,737
+/– 22%	±460,386	±263,510	±492,462	±302,556	±289,241
+/– 39%	±816,139	±467,132	±873,000	±536,349	±512,746

For illustrative purpose only, the following table illustrates the effects of hypothetical fluctuations in GFA delivered on our profit before income tax during the Track Record Period, given that other factors remain unchanged. Based on the historical fluctuation of GFA delivered during the Track Record Period, hypothetical fluctuations are assumed to be 13%, 55% and 97% during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Hypothetical changes in GFA delivered					
+/– 13%	±272,046	±155,711	±291,000	±178,783	±170,915
+/– 55%	±1,150,965	±658,776	±1,231,154	±756,389	±723,103
+/– 97%	±2,029,883	±1,161,841	±2,171,308	±1,333,995	±1,275,291

For information regarding the fluctuations of our revenue during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Cost of Sales

The table below sets out the breakdown of the cost of sales for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Sale of properties	1,461,542	547,674	1,045,469	697,236	632,227
Lease of investment properties	—	—	—	—	1,200
	1,461,542	547,674	1,045,469	697,236	633,427

During the Track Record Period, the cost of sales incurred by the sale of properties included construction cost, land acquisition cost and finance cost. The table below sets forth our cost of properties sold for the years/periods indicated:

	For the year ended December 31,									For the six months ended June 30,					
	2016			2017			2018			2018			2019		
	Unit cost	Total cost	Percentage of total cost	Unit cost	Total cost	Percentage of total cost	Unit cost	Total cost	Percentage of total cost	Unit cost	Total cost	Percentage of total cost	Unit cost	Total cost	Percentage of total cost
	RMB per sq.m.	*RMB'000*	*%*	*RMB per sq.m.*	*RMB'000*	*%*	*RMB per sq.m.*	*RMB'000*	*%*	*RMB per sq.m.*	*RMB'000* (Unaudited)	*%*	*RMB per sq.m.*	*RMB'000*	*%*
Construction cost	3,861	1,005,238	68.8	3,460	372,227	68.0	3,374	713,278	68.2	2,996	448,931	64.4	2,981	388,874	61.5
Land cost	1,077	280,320	19.2	994	106,966	19.5	957	202,332	19.4	1,050	157,311	22.6	1,118	145,916	23.1
Finance cost	676	175,984	12.0	637	68,481	12.5	614	129,859	12.4	607	90,994	13.0	747	97,437	15.4
	5,614	1,461,542	100.0	5,091	547,674	100.0	4,945	1,045,469	100.0	4,653	697,236	100.0	4,846	632,227	100.0

The table below sets forth a breakdown of cost of sales incurred by the sale of properties by regions for the years/periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2016		**2017**		**2018**		**2018**		**2019**	
	Unit cost	**Total cost**	**Unit cost**	**Total cost**	**Unit cost**	**Total cost**	**Unit cost**	**Total cost**	**Unit cost**	**Total cost**
	RMB per sq.m.	*RMB'000*	*RMB per sq.m.*	*RMB'000*	*RMB per sq.m.*	*RMB'000*	*RMB per sq.m.*	*RMB'000* (Unaudited)	*RMB per sq.m.*	*RMB'000*
Dongguan	5,614	1,461,542	5,091	547,674	5,690	539,731	5,410	383,207	7,039	247,247
Heyuan	—	—	—	—	3,909	316,405	3,975	314,029	3,682	294,511
Hefei	—	—	—	—	5,315	189,333	—	—	5,893	90,469
	5,614	1,461,542	5,091	547,674	4,945	1,045,469	4,653	697,236	4,846	632,227

Construction Costs

Construction costs of properties sold during Track Record Period included all costs incurred for construction of properties, primarily including costs incurred for (i) the engagement of third-party contractors which typically cover the cost of labor and construction materials, (ii) the engagement of third-party designers, and (iii) purchase of other services and goods through third party suppliers, such as built-in furniture, kitchen appliances, lighting, sculptures, graphic designing, air conditioner servicing and geological surveying. Our construction costs are affected by a number of factors such as changes in prices of construction labor costs and construction materials costs (particularly steel and cement), location and types of properties, selection of materials, landscaping and development of ancillary facilities.

For illustrative purpose only, the following table illustrates the effects of hypothetical fluctuations in construction costs on our profit before income tax during the Track Record Period, given that other factors remain unchanged. Based on the historical fluctuation of the construction costs during the Track Record Period, hypothetical fluctuations are assumed to be 13%, 53% and 92% during the Track Record Period.

	For the year ended December 31,			**For the six months ended June 30,**	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Hypothetical changes in construction costs					
+/– 13%	∓130,681	∓48,390	∓92,726	∓58,361	∓50,554
+/– 53%	∓532,776	∓197,280	∓378,037	∓237,933	∓206,103
+/– 92%	∓924,819	∓342,449	∓656,216	∓413,017	∓357,764

Land Cost

Land costs during Track Record Period represented the costs relating to the acquisition of land use rights. Our land acquisition costs are influenced by a number of factors, including location of property projects, timing of acquisitions, plot ratios of property projects, and changes in PRC Government policies and regulations. We primarily acquire land for our developments through third parties and through urban renewal developments but we may also acquire land through auctions or public tendering processes.

For illustrative purpose only, the following table illustrates the effects of hypothetical fluctuations in land costs on our profit before income tax during the Track Record Period, given that other factors remain unchanged. Based on the historical fluctuation of the land costs during the Track Record Period, hypothetical fluctuations are assumed to be 7%, 48% and 89% during the Track Record Period.

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Hypothetical changes in land costs					
+/– 7%	∓19,622	∓7,488	∓14,163	∓11,012	∓10,214
+/– 48%	∓134,544	∓51,344	∓97,119	∓75,510	∓70,039
+/– 89%	∓249,485	∓95,200	∓180,075	∓140,007	∓129,865

Finance cost

During Track Record Period, we capitalize interest arising from our interest-bearing borrowings, to the extent that such interest was directly attributable to the construction of a particular property project. Interest that was not qualified for capitalization was expensed and recorded as finance costs in our consolidated statements of profit or loss in the period in which it was incurred. The amount of capitalized interest is largely dependent on the amount of the borrowings, the interest rate and the length of time of a particular property project.

For information regarding the fluctuations of our cost of sales during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Gross Profit and Gross Profit Margin

The table below sets out the breakdown of the gross profit and gross profit margin for the years/ periods indicated:

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (Unaudited)	%	*RMB'000*	%
Sale of properties	631,121	30.2	650,100	54.3	1,192,993	53.3	678,017	49.3	682,506	51.9
Lease of investment properties	—	—	—	—	—	—	—	—	277	18.8
	631,121	30.2	650,100	54.3	1,192,993	53.3	678,017	49.3	682,783	51.9

The following tables set forth breakdowns of gross profit and gross profit margin of the sale of properties for the years/periods indicated:

	For the year ended December 31,									For the six months ended June 30,					
	2016			2017			2018			2018			2019		
	Unit gross profit	Gross profit	Gross profit margin	Unit gross profit	Gross profit	Gross profit margin	Unit gross profit	Gross profit	Gross profit margin	Unit Gross profit	Gross profit	Gross profit margin	Unit Gross profit	Gross profit	Gross profit margin
	RMB per sq.m.	*RMB'000*	*%*	*RMB per sq.m.*	*RMB'000*	*%*	*RMB per sq.m.*	*RMB'000*	*%*	*RMB per sq.m.*	*RMB'000* (Unaudited)	*%*	*RMB per sq.m.*	*RMB'000*	*%*
By geographical region															
Dongguan	2,424	631,121	30.2	6,043	650,100	54.3	7,005	664,471	55.2	7,311	517,886	57.5	6,279	220,541	47.1
Heyuan	—	—	—	—	—	—	2,041	165,223	34.3	2,027	160,131	33.8	4,467	357,333	54.8
Hefei	—	—	—	—	—	—	10,198	363,299	65.7	—	—	—	6,815	104,632	53.6
	2,424	631,121	30.2	6,043	650,100	54.3	5,643	1,192,993	53.3	4,525	678,017	49.3	5,231	682,506	51.9
By property type															
Residential															
Apartment	1,865	388,504	26.3	6,112	624,735	55.0	5,566	1,073,311	53.2	4,395	627,404	49.0	4,984	583,217	50.8
Villa	4,749	235,822	39.6	4,749	15,468	39.0	6,087	17,895	42.5	7,187	16,745	50.1	6,895	5,240	48.1
Retail	10,378	1,868	58.3	14,595	6,772	75.1	12,541	67,431	68.3	12,169	32,176	72.0	11,556	68,840	65.1
Carpark	2,258	4,927	29.7	1,904	3,125	22.6	3,348	34,356	42.0	807	1,692	10.1	3,750	25,209	50.7
By project type															
Residential property project	2,424	631,121	30.2	5,707	359,552	52.1	4,064	581,718	46.6	4,003	531,426	46.5	5,022	500,971	55.1
Integrated property project	—	—	—	6,518	290,548	57.3	8,950	611,275	61.8	8,580	146,591	63.1	5,911	181,535	44.7
	2,424	631,121	30.2	6,043	650,100	54.3	5,643	1,192,993	53.3	4,525	678,017	49.3	5,231	682,506	51.9

We recorded higher gross profit margin for the year ended December 31, 2017 and 2018 and the six months ended June 30, 2019, compared to that for the year ended December 31, 2016. For the year ended December 31, 2017 and 2018, Huijing Riverside Villa (御海藍岸) generated higher gross profit margins, being 52.8% and 54.7%, respectively, as compared to its gross profit margin of 29.6% for the year ended December 31, 2016. Such increase in gross profit margin was due to the 30.1% increase in ASP of Huijing Riverside Villa (御海藍岸) from RMB8,479 per sq.m. for the year ended December 31, 2016 to RMB11,031 per sq.m. for the year ended December 31, 2017, while its unit cost remained stable during these two periods.

Additionally, a portion of Huijing City Centre (滙景城市中心) was completed in 2017 with gross profit margin of 57.3% and 56.7% for the year ended December 31, 2017 and 2018, respectively, which was higher than the properties delivered in 2016.

Furthermore, we completed and delivered the residential portion of Hefei Huijing City Centre (合肥滙景城市中心) in 2018, which carried gross profit margin of 65.7% for the year ended December 31, 2018, being higher than the properties delivered in 2016, because we acquired the relevant land parcels at a relatively competitive price. Please refer to the subsection headed "Description of Selected Consolidated Statements of Financial Position Items — Investment Properties" in this section.

For information regarding the fluctuations of our gross profit and gross profit margin during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Other Income and Gains

During the Track Record Period, our other income and gains primarily consisted of interest income, forfeited deposits and interest income from the receivable from Hunan Development, our joint venture. Interest income primarily consists of interest income on bank deposits. Forfeited deposits represents the funds received from certain potential customers who subsequently failed to enter into sales contracts with us. Others included a small amount of income from the lease of certain unsold properties, while the rental income generated from the lease of our investment properties was recorded as revenue. The following table sets forth a breakdown of other income and gains for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Bank interest income	6,725	2,293	874	512	1,421
Interest income from receivable from a joint venture	1,593	4,908	14,405	4,933	6,621
Forfeiture of deposits	4,618	5,287	415	415	624
Foreign exchange differences, net	2,391	—	—	—	144
Others	1,175	2,039	415	415	6,367
	16,502	14,527	16,109	6,275	15,177

For information regarding the fluctuations of other income and gains during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Selling and Distribution Expenses

During the Track Record Period, selling and distribution expenses primarily comprised (i) advertisement expense representing the marketing activities we conducted for the sale of our properties, (ii) staff costs representing all costs incurred in relation to our sales employees which were expensed for the year they were incurred and (iii) commission expenses representing the commissions to the sales agents we engaged, which would be expensed upon the recognition of relevant revenue from sale of properties.

The following table sets forth our selling and distribution expenses for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Advertisement expense	33,311	27,043	29,004	17,078	16,626
Staff costs*(Note 1)*	25,123	19,755	20,241	6,896	8,103
Commission expense	22,177	14,517	18,587	13,887	3,028
Sales offices expense	6,723	10,620	2,552	2,011	3,075
Others*(Note 2)*	2,557	992	948	475	578
	89,891	72,927	71,332	40,347	31,410

Notes:

(1) Includes salaries, employees benefits and social insurance.

(2) Primarily includes transportation and travelling expenses and depreciation and amortisation expenses.

During the Track Record Period, we primarily relied on our own employees for the sale of our properties. The table below sets out breakdown of revenue contributed by our own employees and sales agents for the years/periods indicated.

	For the year ended December 31,						For the six months ended June 30,			
	2016		2017		2018		2018		2019	
	Revenue	Of total revenue	Revenue	Of total revenue	Revenue	Of total revenue	Revenue	Of total revenue	Revenue	Of total revenue
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (Unaudited)	*%*	*RMB'000*	*%*
By our own employees	1,783,986	85.2	714,584	59.7	1,527,553	68.2	1,115,517	81.1	1,225,981	93.2
By sales agents	308,677	14.8	483,190	40.3	710,909	31.8	259,736	18.9	88,752	6.8
	2,092,663	100.0	1,197,774	100.0	2,238,462	100.0	1,375,253	100.0	1,314,733	100.0

Commission expense decreased from RMB22.2 million for the year ended December 31, 2016 to RMB14.5 million for the year ended December 31, 2017, although the revenue contributed by the sales agents experienced an increase from RMB308.7 million for the year ended December 31, 2016 to RMB483.2 million for the year ended December 31, 2017, primarily because during 2016 we offered one-off special bonuses to certain agents which over-fulfilled the sales targets. Such bonus scheme has not been offered since 2017. Commission expense has further decreased to RMB3.0 million for the six months ended June 30, 2019 from RMB13.9 million for the same period in 2018, and this corresponded with the decrease in the revenue generated by sales agents, which had decreased from RMB259.7 million for the six months ended June 30, 2018 to RMB88.8 million for the same period in 2019, as our Group has largely relied on our own employees for the sale of our properties during the six months ended June 30, 2019.

For information regarding the fluctuations of the selling and distribution expenses during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Administrative Expenses

Administrative expenses during the Track Record Period primarily consisted of staff costs and business development expenses. The administrative expenses are generally affected by the expansion of our business, which further results in increases in staff costs and business development expenses.

The following table sets forth our administrative expenses for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Staff costs*(Note 1)*	23,623	56,587	84,499	45,350	46,351
Business development expenses	10,065	23,005	36,663	18,477	15,018
Legal and professional fee	5,304	11,285	12,987	8,435	9,902
Other tax expenses*(Note 2)*	16,707	11,418	12,080	3,422	2,799
Rental expenses	1,017	2,073	1,104	992	207
Depreciation and amortization	7,365	9,134	10,507	4,988	5,749
Office expenses	3,981	6,134	4,034	3,596	5,397
Security guard expenses	2,207	3,850	3,776	2,555	5,044
Equity-settled share option expenses	—	—	—	—	16,310
Exchange differences, net	—	3,480	6,917	3,452	—
Others*(Note 3)*	4,424	9,241	8,062	2,270	2,233
	74,693	136,207	180,629	93,537	109,010

Notes:

(1) Includes salaries, employees benefits and social insurance.

(2) Includes all tax expenses (except CIT and LAT) relevant to our business operation.

(3) Primarily includes recruitment expense, audit fees, and bank charges expenses.

For information regarding the fluctuations of our administrative expenses during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Other Expenses

Other expenses primarily consisted of charity donation expenses, forfeiture of a deposit in relation to the termination of an acquisition of a property project in 2017, and the provision for delay in completion of construction of certain properties in 2018. The following table sets forth the breakdown of other expenses for the years/periods indicated:

	For the year ended December 31			For the six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Charity donation	3,010	650	884	—	130
Surcharge for overdue tax payment	838	228	470	—	194
Others	661	10,706	11,340	1,341	2,759
	4,509	11,584	12,694	1,341	3,083

For information regarding the fluctuations of other expenses during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Share of Loss of a Joint Venture

Share of loss of a joint venture represented the portion assumed by the Group of loss incurred by Hunan Development, a joint venture company, on a pro rata basis with reference to the Group's equity interest in this company.

Hunan Development was owned as to 49% by the Group, 35.7% by Hunan Development Assets Management Group Limited (湖南發展資產管理集團有限公司) and 15.3% by Hunan Gaoxin Venture Investment Limited (湖南高新創業投資集團有限公司), both being Independent Third Parties. For further details on our joint venture partners of Hunan Development, please refer to the subsection headed "History — Reorganization" in this document.

Huijing Global Centre (滙景發展環球中心) is situated in the district of Tianxin in Changsha, along the shores of the Xiangjiang River. This property project occupies a total site area of 27,081 sq.m. with a planned GFA of 296,614 sq.m., comprising high-rise apartments, commercial offices and retail commercial spaces.

As at June 30, 2019, Huijing Global Centre (滙景發展環球中心) had incurred development costs of RMB1,174.1 million, and is expected to incur a further RMB533.8 million before completion.

As at Latest Practicable Date, Huijing Global Centre was still under construction. We expect the development to be completed in December 2019. For further details on the development of Huijing Global Centre, please refer to the subsection headed "Business — Our Properties — Our Property Project in Changsha — 16. Huijing Global Centre (滙景發展環球中心)" in this document.

As at the Latest Practicable Date, our Group did not expect to make further investments into Hunan Development for the purposes of completing the development of Huijing Global Centre.

Finance Costs

During the Track Record Period, we capitalized most of the interest in relation to our interest-bearing borrowings, to the extent that such interest was directly attributable to the construction of a particular property project. Interest that was not qualified for capitalization was expensed as finance costs in our consolidated statements of profit or loss in the period in which it was incurred. The table below sets out the breakdown of our financial costs and interest capitalized for the years/periods indicated:

	Year ended December 31,			**For the six months ended June 30,**	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on bank and other borrowings	135,732	150,909	206,872	88,829	122,239
Interest portion of lease liabilities	413	473	445	267	236
Interest expense arising from revenue contracts	18,246	53,140	34,645	5,783	2,556
Less: Interest capitalised	(120,214)	(153,875)	(164,423)	(67,804)	(90,744)
Finance costs	34,177	50,647	77,539	27,075	34,287

For illustrative purpose only, the following table illustrates the effects of hypothetical fluctuations in capitalization rate on our profit before income tax during the Track Record Period, given that other factors remain unchanged. Based on the historical fluctuation of the capitalization rate during the Track Record Period, hypothetical fluctuations are assumed to be 2%, 6% and 10% during the Track Record Period.

	For the year ended December 31,			**For the six months ended June 30,**	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Hypothetical changes in capitalization rate					
+/– 2%	±3,088	±4,090	±4,839	±1,898	±2,501
+/– 6%	±9,263	±12,271	±14,518	±5,693	±7,502
+/– 10%	±15,439	±20,452	±24,196	±9,488	±12,503

For information regarding the fluctuations of our financial costs during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

Income Tax Expenses

Our income tax expenses comprises provisions made for LAT and CIT in the PRC during the Track Record Period. The following table sets forth our income tax expenses for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
CIT	125,521	135,357	202,350	139,854	152,325
LAT	129,502	198,627	328,410	183,021	178,371
Deferred tax	(5,037)	(47,171)	5,622	(24,923)	(35,355)
	249,986	286,813	536,382	297,952	295,341
Effective income tax rate(Note 1)	42.5%	64.5%	57.2%	55.4%	58.1%

Note:

(1) Calculated by dividing income tax expenses for the year/period by profit before tax for the year/period.

CIT

Pursuant to the CIT Law, all of our subsidiaries incorporated in the PRC are subject to an uniform enterprise income tax rate of 25% and we are not entitled to any preferential income tax rate. The Directors consider that the current provision for CIT as at December 31, 2016, 2017 and 2018 and June 30, 2019, being RMB94.6 million, RMB131.7 million, RMB317.5 million and RMB452.5 million, respectively, were sufficient.

LAT

Under PRC tax laws and regulations, the sale of properties is subject to LAT in respect of the appreciated value of the related land and improvements on such land at progressive rates. The appreciated value is calculated by the revenue generated from sale of properties minus deductible expenditures including land costs and relevant property development expenditures incurred for the sale of properties while the applicable LAT rate was dependent on the appreciation rate which is calculated by appreciated value divided by deductible expenditures. LAT is exempted when the appreciation rate of ordinary residential units is less than 20% in aggregate. Our Group had made a provision for LAT based on management's understanding of the requirements set out in the relevant tax rules in the PRC.

During the Track Record Period, our Group prepaid LAT at a rate of 2% to 3% of the sales proceeds in accordance with the relevant tax regulations. Our Group will finalize the LAT of a project with the relevant tax bureau upon the earlier of (i) when 85% of the saleable GFA has been sold; (ii) the date being three years from when the pre-sale permit was issued; and (iii) any other date upon the tax authority's request.

For information regarding the fluctuations of our income tax expenses during the Track Record Period, please refer to the subsection headed "Results of Operation" in this section.

RESULTS OF OPERATIONS

For the Six Months ended June 30, 2018 Compared to the Six Months Ended June 30, 2019

Revenue

Revenue remained stable for the six months ended June 30, 2018 and 2019, being RMB1,375.3 million and RMB1,316.2 million, respectively. The GFA delivered decreased from 149,832 sq.m. during the six months ended June 30, 2018 to 130,467 sq.m. for the six months ended June 30, 2019, while the ASP increased from RMB9,179 per sq.m. to RMB10,077 per sq.m. resulting from the delivery of Huijing Riverside Villa — Perfection (御海藍岸 • 臻品) and Hefei Huijing City Centre (合肥滙景城市中心) during the first half of 2019, which had ASP of RMB15,761 per sq.m. and RMB12,708 per sq.m., respectively.

Cost of sales

Corresponding to the minor decrease in revenue, the cost of sales slightly decreased from RMB697.2 million for the six months ended June 30, 2018 to RMB633.4 million for the six months ended June 30, 2019, which resulted from the decrease in GFA delivered during the six months ended June 30, 2019 as compared to the same period in 2018, while the unit cost increased slightly.

We recorded a comparatively lower proportion of construction cost to total cost for the six months ended June 30, 2019 compared to the proportions recorded in the year ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2018, due to the increases in the unit land cost and finance cost during the six months ended June 30, 2019.

Gross Profit and Gross Profit Margin

Gross profit remained stable at RMB678.0 million and RMB682.8 million for the six months ended June 30, 2018 and 2019, respectively, with gross profit margin being 49.3% and 51.9%, respectively.

Other Income and Gains

Other income and gains increased by RMB8.9 million from RMB6.3 million to RMB15.2 million for the six months ended June 30, 2018 and 2019, respectively. Such increase was due to (i) the increases in income from lease of unsold properties and car parking spaces, both of which were categorized under "others" during the six months ended June 30, 2019, and (ii) the increase in interest income in connection with the receivable from a joint venture.

Selling and Distribution Expenses

Selling and distribution expenses decreased from RMB40.3 million for the six months ended June 30, 2018 to RMB31.4 million for the six months ended June 30, 2019, primarily because commission expenses decreased by RMB10.9 million for the six months ended June 30, 2019 as compared to the same period in 2018. The decrease in selling and distribution expenses were partially offset by the increase in staff costs from RMB6.9 million to RMB8.1 million over the same periods respectively.

Administrative Expenses

Administrative expenses increased from RMB93.5 million to RMB109.0 million for the six months ended June 30, 2018 and 2019, respectively, primarily because we incurred expenses of RMB16.3 million for equity-settled share option during the six months ended June 30, 2019. The share option was granted to provide incentives to certain contributors to the operation and business operation of our Group.

Other Expenses

Other expenses increased from RMB1.3 million to RMB3.1 million for the six months ended June 30, 2018 and 2019, respectively, primarily due to the increase in miscellaneous expenses.

[REDACTED] Expenses

We incurred **[REDACTED]** expenses of RMB13.9 million for the six months ended June 30, 2019, while no such expenses were recorded during the same period in 2018. For more information related to the **[REDACTED]** expense, please refer to the subsection headed "**[REDACTED]** Expenses" in this section.

Fair Value Gains on Investment Properties

Fair value gains on investment properties decreased significantly from RMB21.2 million to RMB8.4 million for the six months ended June 30, 2018 and 2019, respectively, as our Property Valuer is of the view that the fair value of our investment projects remained relatively stable during the six months ended June 30, 2019.

Share of Loss of a Joint Venture

Share of loss of a joint venture increased from RMB5.0 million for the six months ended June 30, 2018 to RMB6.0 million for the six months ended June 30, 2019.

Finance Costs

Finance cost increased from RMB27.1 million for the six months ended June 30, 2018 to RMB34.3 million for the six months ended June 30, 2019, primarily due to the increase in bank borrowings during the six months ended June 30, 2019.

Income Tax Expenses

Income tax expenses remained stable at RMB298.0 million and RMB295.3 million for the six months ended June 30, 2018 and 2019, respectively, with effective income tax rate of 55.4% and 58.1% for the respective periods. The increase in effective income tax rate was primarily due to the increases in tax losses not recognized in connection with certain loss-making subsidiaries in the PRC.

Net Profit and Net Profit Margin

Net profit decreased from RMB240.3 million for the six months ended June 30, 2018 to RMB213.3 million for the six months ended June 30, 2019, respectively, with net profit margin decreased from 17.5% to 16.2% for the respective periods. The decrease in net profit margin was primarily due to the higher administrative expenses and **[REDACTED]** expenses and lower fair value gains on investment properties for the six month ended June 30, 2019.

For the Year Ended December 31, 2017 Compared to the Year Ended December 31, 2018

Revenue

Revenue increased by 86.9% from RMB1,197.8 million to RMB2,238.5 million for the year ended December 31, 2017 and 2018, respectively, due to a 96.5% increase in GFA delivered during 2018, as we started recognizing revenue from our projects in Heyuan and Hefei.

GFA increased by 96.5% from 107,576 sq.m. to 211,429 sq.m. for the year ended December 31, 2017 and 2018, respectively, primarily due to the delivery of properties of phase one of Bund No. 8 (外灘8號) in Heyuan and the residential part of Hefei Huijing City Centre (合肥滙景城市中心), which in aggregate contributed 55.1% of total GFA delivered for the year ended December 31, 2018.

ASP slightly decreased by 4.9% from RMB11,134 to RMB10,587 for the year ended December 31, 2017 and 2018, respectively, primarily due to the delivery of phase one of Bund No. 8 (外灘8號) in 2018 which has ASP of RMB5,950 per sq.m. and contributed 38.3% of the total GFA delivered for the year ended December 31, 2018. Such decrease in ASP was partially offset by (i) 13.4% increase in ASP of Huijing Riverside Villa (御海藍岸) from RMB11,031 to RMB12,506 over the same period and a 17.6% increase in ASP of the phase one of Huijing City Centre (滙景城市中心) from RMB11,381 to RMB13,383 over the same period, which in aggregated contributed 42.2% of total GFA delivered for the same period in 2018, and (ii) the delivery of Hefei Huijing City Centre (合肥滙景城市中心) with ASP of RMB15,512 per sq.m., which contributed 16.8% of the total GFA delivered for the year ended December 31, 2018.

Hefei Huijing City Centre (合肥滙景城市中心) is an integrated property, which comprises (i) the residential part for sale and (ii) the commercial part we held for rental income and capital appreciation. For further details on the commercial part of Hefei Huijing City Centre, please refer to the subsection headed "— Description of Selected Consolidated Statements of Financial Position Items — Investment Properties" in this section.

Cost of sales

Corresponding to 86.9% increase in revenue, our cost of sales increased by 90.9% from RMB547.7 million to RMB1,045.5 million in the same period in 2018, primarily due to the significant increase in the scale of our operation as evidenced by the increase in 96.5% increase in GFA sold in 2018 as compared to 2017, being partially offset by 2.9% decrease in unit costs in 2018 compared to 2017 from RMB5,091 per sq.m. to RMB4,945 per sq.m..

Gross Profit and Gross Profit Margin

For the foregoing reasons, the gross profit increased by 83.5% from RMB650.1 million to RMB1,193.0 million. Over the same period, the gross profit margin remained steady at 54.3% and 53.3% for the years ended December 31, 2017 and 2018, respectively.

Other Income and Gains

We generated other income and gains of RMB14.5 million and RMB16.1 million for the years ended December 31, 2017 and 2018, respectively, among which, (i) interest income from a loan we granted to Hunan Development increased by 193.9% from RMB4.9 million to RMB14.4 million, corresponding to the increase in loan we granted to it and (ii) deposits forfeited decreased from RMB5.3 million to RMB0.4 million.

Selling and Distribution Expenses

Selling and distribution expenses slightly decreased by 2.2% from RMB72.9 million to RMB71.3 million for the years ended December 31, 2017 and 2018, respectively, among which, (i) sales offices expenses decreased by RMB8.0 million from RMB10.6 million to RMB2.6 million for the years ended December 31, 2017 and 2018, respectively, primarily due to the establishments of sales offices in Heyuan and Hefei in 2017, and (ii) commission expenses increased by 28.3% from RMB14.5 million to RMB18.6 million for the year ended December 31, 2017 and 2018, respectively, partially corresponding to the increase in revenue during such period. During the Track Record Period, our fluctuation of commission expenses did not fully correspond to the movement of the revenue, since a certain portion of our properties was sold by our sales employees, the costs in relation to whom were expensed for the year they are incurred.

Administrative Expenses

Administrative expenses increased significantly by 32.6% from RMB136.2 million to RMB180.6 million for the years ended December 31, 2017 and 2018, respectively, primarily due to the expansion of our business as evidenced by the increase in our construction activities in 2018, which resulted in increases in our staff costs, legal professional fee, business development expenses and other miscellaneous expenses.

Other Expenses

Other expenses increased from RMB11.6 million to RMB12.7 million for the years ended December 31, 2017 and 2018, respectively due to the provision of RMB8.0 million made in 2018 on a provision basis for the delay in completion of construction of Hefei Huijing City Centre (合肥滙景城市中心). Up to the Latest Practicable Date, we had not been required to pay any damages for such delay except the RMB24.8 million as set out in the subsection headed "Business — Compliance with Laws and Regulations — Historical Non-compliance Incidents — (A) Delay in commencement and/or completion in construction" in this document, which was fully settled in January 2017.

Fair Value Gain on Investment Properties

Fair value gain on investment properties increased from RMB61.1 million to RMB90.8 million for the years ended December 31, 2017 and 2018, respectively. For further details related to the investment properties, please refer to subsection headed "— Description of Selected Consolidated Statements of Financial Position Items — Investment Properties" in this section.

Share of Loss of a Joint Venture

Share of loss of a joint venture slightly increased from RMB9.6 million to RMB10.3 million for the years ended December 31, 2017 and 2018, respectively, due to the increase in operating expenses of Huijing Global Centre (滙景發展環球中心) held by Hunan Development. During the same period, the operating expenses of Hunan Development increased as it incurred increased selling expenses from the commencement of property pre-selling after obtaining the pre-sale permits for Huijing Global Centre in December 2017 but no properties were delivered to customers during the Track Record Period.

Finance Costs

Finance cost increased by 53.2% from RMB50.6 million to RMB77.5 million primarily for the years ended December 31, 2017 and 2018, respectively, primarily due to 42.0% increase in bank and other borrowings from RMB1,748.3 million as at December 31, 2017 to RMB2,483.4 million as at December 31, 2018, being partially offset by the interests capitalized for the respective periods. For further details regarding to the our borrowings during the Track Record Period, please refer to the subsection headed "— Indebtedness" in this section.

Income Tax Expenses

Due to 110.8% increase in profit before tax from RMB444.7 million to RMB937.4 million for the years ended December 31, 2017 and 2018, respectively, income tax expense increased by 87.0% from RMB286.8 million to RMB536.4 million over the same period, and effective income tax rate decreased from 64.5% to 57.2% for the same period, primarily due to the decrease in our overall LAT rate over the same period.

Net Profit and Net Profit Margin

For the foregoing reasons, net profit increased by 154.0% from RMB157.9 million to RMB401.0 million for the years ended December 31, 2017 and 2018, respectively, and the net profit margin increased from 13.2% to 17.9% over the same period.

For the Year Ended December 31, 2016 Compared to the Year Ended December 31, 2017

Revenue

Our revenue decreased by 42.8% from RMB2,092.7 million to RMB1,197.8 million for the years ended December 31, 2016 and 2017, respectively, primarily due to 58.7% decrease in GFA delivered from 260,356 sq.m. to 107,576 sq.m., during such period, being partially offset by 38.5% increase in ASP per sq.m. from RMB8,038 to RMB11,134 over the same period.

Cost of Sales

Partially corresponding to 42.8% decrease in revenue, cost of sales decreased by 62.5% from RMB1,461.5 million to RMB547.7 million during the same period, due to a (i) 58.7% decrease in GFA delivered during such period and (ii) 9.3% decrease in unit cost per sq.m. from to RMB5,614 to RMB5,091 during the same period.

The 9.3% decrease in unit cost was primarily attributable to a decrease in GFA of villa delivered from 49,660 sq.m. to 3,257 sq.m. for the years ended December 31, 2016 and 2017. Historically, villa-type properties had higher unit land cost than apartment-type properties.

Gross Profit and Gross Profit Margin

For the foregoing reasons, the gross profit increased by 3.0% from RMB631.1 million to RMB650.1 million for the years ended December 31, 2016 and 2017, respectively. During the same period, gross profit margin increased significantly from 30.2% to 54.3%, due to the 38.5% increase in ASP over the same period as well as simultaneous 9.3% decrease in unit cost.

Other Income and Gains

We generated other income and gains of RMB16.5 million and RMB14.5 million for the years ended December 31, 2016 and 2017, respectively, among which, (i) interest income from a loan from Hunan Development increased from RMB1.6 million to RMB4.9 million due to an increase in loan we granted to Hunan Development and (ii) bank interest income decreased from RMB6.7 million to RMB2.3 million.

Selling and Distribution Expenses

Selling and distribution expenses decreased by 18.9% from RMB89.9 million for the year ended December 31, 2016 to RMB72.9 million for the year ended December 31, 2017, primarily due to 18.9% decrease in advertisement expenses from RMB33.3 million to RMB27.0 million as we believe that we have built up certain market reputation in Dongguan and therefore conducted less marketing activities for then existing properties during 2017. Furthermore, sales commission expenses decreased by 34.7% from RMB22.2 million for the year ended December 31, 2016 to RMB14.5 million for the year ended December 31, 2017, partially corresponding to the decrease in the revenue over the same period.

Administrative Expenses

Administrative expenses increased significantly by 82.3% from RMB74.7 million for the year ended December 31, 2016 to RMB136.2 million for the year ended December 31, 2017, primarily due to the increases in (i) staff costs and (ii) business development expenses.

Staff cost increased from RMB23.6 million for the year ended December 31, 2016 to RMB56.6 million for the year ended December 31, 2017, primarily because during 2017 some of our employees for property development function were relocated to carry out certain management functions, as a result of which the relevant staff costs were recorded as administrative expenses, whereas previously the staff costs incurred by these employees were capitalized as costs of properties under development and completed properties held for sale.

Business development expenses increased from RMB10.1 million for the year ended December 31, 2016 to RMB23.0 million for the year ended December 31, 2017, primarily because we incurred more business development expenses in 2017 to seek opportunities to invest in potential urban renewal projects, for example, during the same year we entered into several contracts to acquire land parcels, including Qingxi Sanxing Area No. 1 (清溪三星第一片區), Qingxi Sanxing Area No. 2 (清溪三星第一片區) and Qingxi Sanzhong Area (清溪三中片區).

Other Expenses

Other expenses increased from RMB4.5 million for the year ended December 31, 2016 to RMB11.6 million for the year ended December 31, 2017, primarily due to an increase of RMB10.0 million in forfeiture of a deposit during such period as a result of an arbitration award made against us.

Fair Value Gain on Investment Properties

We generated fair value gain of RMB153.8 million and RMB61.1 million on investment properties for the years ended December 31, 2016 and 2017, respectively. For further details on the investment properties, please refer to subsection headed "— Description of Selected Consolidated Statements of Financial Position Items — Investment Properties" in this section.

Share of Loss of a Joint Venture

Share of loss of a joint venture remained stable at RMB9.8 million and RMB9.6 million for the years ended December 31, 2016 and 2017, respectively, as Huijing Global Centre (滙景發展環球中心) held by Hunan Development was under development during the Track Record Period.

Finance Costs

Finance costs increased by 48.0% from RMB34.2 million for the year ended December 31, 2016 to RMB50.6 million for the year ended December 31, 2017, corresponding to 59.1% increase in interest-bearing borrowings from RMB1,099.2 million as at December 31, 2016 to RMB1,748.3 million as at December 31, 2017.

Income Tax Expenses

Income tax expenses increased by 14.7% from RMB250.0 million for the year ended December 31, 2016 to RMB286.8 million for the year ended December 31, 2017, although the profit before tax decreased from RMB588.4 million to RMB444.7 million over the same periods, primarily due to (i) 53.4% increase in LAT from RMB129.5 million to RMB198.6 million during such period, and (ii) the increase of RMB42.2 million in deferred tax from RMB5.0 million for the year ended December 31, 2016 to RMB47.2 million for the year ended December 31, 2017, which arose from increase in tax losses not recognised.

Although revenue generated from sale of properties experienced 42.8% decrease for the year ended December 31, 2017 as compared to the same period in 2016, LAT increased by 53.4%, primarily due to the increase in the appreciation rate of the properties delivered.

For the foregoing reasons, our effective income tax rate increased from 42.5% to 64.5% for the years ended December 31, 2016 and 2017, respectively.

Net Profit and Net Profit Margin

The profit for the year decreased by 53.3% from RMB338.4 million to RMB157.9 million for the years ended December 31, 2016 and 2017, respectively, primary due to (i) the decrease in fair value gains on investment properties of RMB92.7 million for the year ended December 31, 2017 and (ii) the increase in administrative expenses of RMB61.5 million for the year ended December 31, 2017. For the similar reasons, the net profit margin decreased from 16.2% for the year ended December 31, 2016 to 13.2% for the year ended December 31, 2017.

DESCRIPTION OF SELECTED CONSOLIDATED STATEMENTS OF FINANCIAL POSITION ITEMS

The table below sets out the consolidated statements of financial position as at December 31, 2016, 2017 and 2018 and June 30, 2019, which is extracted from the Accountants' Report set out in the Appendix I to this document:

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets				
Property, plant and equipment	14,691	11,262	20,026	18,551
Right-of-use assets	8,798	8,968	4,897	6,543
Investment properties	566,700	732,100	932,300	956,300
Intangible assets	3,160	3,747	4,544	5,589
Investment in a joint venture	94,968	80,630	56,479	44,106
Land held for development for sale	23,701	23,701	23,701	261,238
Receivable from a joint venture	128,273	277,897	458,841	471,823
Deferred tax assets	34,532	94,339	111,425	148,877
	874,823	1,232,644	1,612,213	1,913,027
Current assets				
Land held for development for sale	406,174	1,002,265	1,385,367	1,386,633
Properties under development	1,483,957	1,516,400	2,312,033	2,040,320
Completed properties held for sale	509,133	980,753	805,669	1,242,580
Trade receivables	950	2,560	3,368	2,393
Prepayments, other receivables and other assets	413,599	1,051,626	944,854	1,461,183
Amounts due from directors	21,895	33,654	157,989	824,879
Amounts due from related parties	1,235,922	1,546,289	2,303,327	—
Prepaid corporate income tax	6,797	680	—	8,252
Prepaid land appreciation tax	18,907	16,240	3,577	16,378
Restricted cash	154,546	223,593	285,769	511,733
Cash and cash equivalents	175,351	97,936	158,662	214,660
	4,427,231	6,471,996	8,360,615	7,709,011

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Current liabilities				
Trade payables	779,701	939,292	917,714	1,081,536
Other payables, deposits received and accruals	189,324	348,829	692,075	428,751
Lease liabilities	2,832	4,723	3,645	4,123
Contract liabilities	1,423,879	1,986,516	1,618,240	1,873,375
Amounts due to directors	184,106	185,078	383,935	—
Amounts due to related parties	253,879	654,486	1,427,197	—
Loans from related parties	743,700	657,600	601,700	890,550
Interest-bearing bank and other borrowings	579,210	796,298	897,095	1,109,270
Provision for corporate income tax	94,558	131,739	317,516	452,483
Provision for land appreciation tax	80,397	237,826	361,522	507,249
	4,331,586	5,942,387	7,220,639	6,347,337
Non-current liabilities				
Interest-bearing bank and other borrowings	520,000	952,035	1,586,265	1,880,078
Lease liabilities	6,141	4,398	1,148	1,662
Deferred tax liabilities	41,462	54,098	76,806	78,903
Total non-current liabilities	567,603	1,010,531	1,664,219	1,960,643
Net assets	402,865	751,722	1,087,970	1,314,058
Equity attributable to owners of the parent				
Issued capital	—	—	—	—
Reserves	397,361	556,512	958,176	1,184,888
	397,361	556,512	958,176	1,184,888
Non-controlling interests	5,504	195,210	129,794	129,170
Total equity	402,865	751,722	1,087,970	1,314,058

* Less than RMB500.

Investment Properties

In addition to offering our properties for sale, depending on our needs, we may selectively choose to retain ownership of some self-developed commercial properties with strategic value as investment properties, in order to generate a stable and recurring source of income. Investment properties during the

Track Record Period represented Huijing City (滙景城) completed in June 2018 and the commercial part of Hefei Huijing City Centre (合肥滙景城市中心) expected to be completed in February 2020, both of which are held for rental income and capital appreciation.

The table below sets forth a breakdown of investment properties as at the dates indicated:

	Completed investment properties	Investment properties under construction	Total
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1, 2016	—	234,700	234,700
Additions	—	85,401	85,401
Acquisition of subsidiaries	—	92,800	92,800
Gain from fair value adjustments	—	153,799	153,799
Carrying amount at December 31, 2016 and January 1, 2017	—	566,700	566,700
Additions	—	104,295	104,295
Gains from fair value adjustments	—	61,105	61,105
Carrying amount at December 31, 2017 and January 1, 2018	—	732,100	732,100
Additions	—	109,370	109,370
Transfers from investment properties under construction to completed investment properties	309,080	(309,080)	—
Gains from fair value adjustments	30,520	60,310	90,830
Carrying amount at December 31, 2018 and January 1, 2019	339,600	592,700	932,300
Additions	—	15,613	15,613
Gains from fair value adjustments	—	8,387	8,387
Carrying amount at June 30, 2019	339,600	616,700	956,300

During the Track Record Period, we measured our investment properties at fair value, and recorded an increase of RMB153.8 million, RMB61.1 million, RMB90.8 million and RMB8.4 million for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, respectively. This was mainly due to the development of our investment properties, including Hefei Huijing City Centre and Huijing City, which were both investment properties under construction, except that Huijing City was completed in June 2018.

As investment properties are developed, development costs incurred on them, including but not limited to construction costs, agency fees, financing costs, taxes, and the expected sales profits of the constructed portions, would tend to increase the amount in fair value recorded, which is indicative of the valuation of such properties.

Therefore, when there is significant progress on the construction of such investment properties, the fair value of the newly constructed portions would be reflected in our books accordingly.

Further, another factor for the increase in fair value is the fact that, in the year of its acquisition, the land for Hefei Huijing City Centre was acquired at a relatively competitive price compared to the transacted prices of land sold by public auction and tendering, and listing for sale within the region. This is particularly applicable to the first year end, being the year end of 2016, after the acquisition of the relevant land for Heifei Huijing City Centre ("**Hefei Land**") through the acquisition of Hefei Fuhua in 2016.

We were able to acquire the land for Hefei Huijing City Centre at a relatively competitive price because prior to our acquisition, two sellers which together indirectly held the majority of shares in Hefei Fuhua (which held Hefei Land) were unwilling to commit further funds for the development over the Hefei Land due to their own commercial considerations and considered that they would already be making profits from selling the Hefei Land to the Group given their very low land acquisition cost.

The above-mentioned selling counterparties to our contract to acquire Hefei Fuhua were:

Counterparty	Background
BVI Company	Holding company which is ultimately held by three Independent Third Parties, being, to the best of our Directors' knowledge, (i) a director of a certain company engaged in consultancy business in Hong Kong; (ii) a director of a certain company engaged in trading business in Hong Kong; and (iii) a director of a corporation licensed to carry out regulated activities under the SFO and a chamber of commerce in Hong Kong, respectively
PRC Company	A company involved in the manufacturing and sale of apparel, accessories, fire resistant clothing and electrostatic discharge safe garments, wholly owns Huizhou Fushen Investment Management Co., Ltd. (as at April 26, 2016, the date on which we agreed to acquire Hefei Fuhua)

To the knowledge of our Directors, each of the selling counterparties to our contract to acquire Hefei Fuhua was an Independent Third Party to the relevant member of the Group and the Controlling Shareholders, and their respective directors, shareholders, senior management, or any of their respective associates, as at the acquisition date.

For more information on the determination of the fair value of our investment properties, including the methods used to determine their fair value, please refer to note 14 of Accountants' Report set out in Appendix I to this document.

Investment in a Joint Venture

Investment in a joint venture represented our investment in Hunan Development, which is a project company for Huijing Global Centre (滙景發展環球中心) and we hold 49% equity interest in this company. For further details in relation to Huijing Global Centre (滙景發展環球中心), please refer to the subsection headed "Business — Our Properties — Our Property Development in Changsha" in this document.

No impairment was made for the investment in Hunan Development given that as at June 30, 2019 (i) Hunan Development had already pre-sold approximately 31,067 sq.m. of GFA with pre-sales proceeds amounting to approximately RMB583.2 million; and (ii) the market value of Huijing Global Centre was approximately RMB6.2 billion (of which approximately RMB3.0 billion was attributable to us), exceeding the investment cost (recorded by us as an investment in a joint venture) of RMB44.1 million as at June 30, 2019.

Land Held for Development for Sale

As at December 31, 2016, 2017 and 2018 and June 30, 2019, our land held for development for sale (comprising current and non-current portion) amounted to RMB429.9 million, RMB1,026.0 million, RMB1,409.1 million and RMB1,647.9 million, respectively. The overall increase in land held for development for sale during the Track Record Period were primarily due to the acquisition of new property projects, partially offset by the commencement of construction of property project and the carrying amounts of the relevant property project were transferred to properties under development.

Up to September 30, 2019, an aggregate amount of RMB106.9 million, being 6.5% of the land held for development for sale outstanding as at June 30, 2019, was transferred to properties under development.

For more information related to our land reserves, please refer to the subsection headed "Business — Our Properties — Land Reserves" in this document.

Properties under Development

Our properties under development amounted to RMB1,484.0 million, RMB1,516.4 million, RMB2,312.0 million and RMB2,040.3 million as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. The overall increase in properties under development was primarily due to the transfer of land held for development for sale to properties under development when the construction is commenced, partially offset by the transfer of properties under development to completed properties held for sale when the construction is completed. The following table sets forth certain data with respect to our properties under development as at the dates indicated:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development expected to be recovered within normal operating cycle:				
Within one year	765,787	965,705	1,149,502	1,016,967
After one year	718,170	550,695	1,162,531	1,023,353
	1,483,957	1,516,400	2,312,033	2,040,320

As at December 31, 2016, 2017 and 2018 and June 30, 2019, certain of our properties under development with carrying amounts of RMB1,342.3 million, RMB1,273.6 million, RMB871.5 million and RMB465.1 million, respectively, were pledged to secure our bank and other borrowings.

Up to September 30, 2019, no properties under development outstanding as at June 30, 2019 was transferred to completed properties held for sale.

For more information relating to our properties under development, please refer to the subsection headed "Business — Our Properties — Our Completed Properties and Properties under Development" in this document.

Completed Properties Held for Sale

As at December 31, 2016, 2017 and 2018 and June 30, 2019, our completed properties held for sale amounted to approximately RMB509.1 million, RMB980.8 million, RMB805.7 million and RMB1,242.6 million, respectively. Our completed properties held for sale include properties with signed sale and purchase contract but not yet delivered. The changes in completed properties held for sale were primarily due to the increase in amounts of completed properties held for sale transferred from properties under development due to the completion of the construction, offset by the delivery of properties to our customers.

As at December 31, 2016, 2017 and 2018 and June 30, 2019, certain of our properties held for sale of RMB379.9 million, RMB510.2 million, RMB145.1 million and RMB539.3 million, respectively, were pledged to financial institutions to secure our bank and other borrowings.

Up to September 30, 2019, an aggregate amount of RMB78.4 million, being 6.3% of the completed properties held for sale outstanding as at June 30, 2019, was delivered and recognized as cost of sales accordingly.

For more information relating to our completed properties held for sale, please refer to the subsection headed "Business — Our Properties — Our Completed Properties and Properties under Development" in this document.

Trade Receivables

Our trade receivables amounted to RMB1.0 million, RMB2.6 million, RMB3.4 million and RMB2.4 million as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. We normally request prepayment before the delivery our properties and seek to maintain strict control over its outstanding receivables and therefore we rarely suffered default payment during the Track Record Period. Furthermore, since our trade receivables are normally related diversified customers, we believe that there is no significant concentration of credit risk. As at September 30, 2019, the entire amount of the trade receivables outstanding as at June 30, 2019 was settled.

The table below sets forth an aging analysis of the trade receivables as at the dates indicated:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	450	2,560	975	—
Over 1 year	500	—	2,393	2,393
	950	2,560	3,368	2,393

The turnover days for trade receivables were 0.2, 0.5, 0.5 and 0.4 for each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, respectively. Turnover days for trade receivable was calculated by dividing the average of the beginning and the closing balances of trade receivables of the period by revenue generated for that period multiplied by the number of days of the periods. The low debtor's turnover days mainly due to the core business of our Group is the sales of properties and usually revenue is recognised upon delivery of the properties when payment are received from customers.

Other Receivables

The table below sets out other receivables as at the dates indicated:

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current portion				
Receivable from a joint venture	128,273	277,897	458,841	471,823
Current portion				
Deposits	16,984	24,301	29,771	635,368
Staff borrowings	14,439	13,900	14,027	17,613
Refundable payment for acquisitions	—	—	16,309	69,322
Receivables from former shareholders of projects	—	50,856	—	—
Others	18,273	16,213	8,211	21,934
	49,696	105,270	68,318	744,237
	177,969	383,167	527,159	1,216,060

The overall increase in other receivables was primarily due to the increase in receivable from Hunan Development, which amounted to RMB128.3 million, RMB277.9 million, RMB458.8 million and RMB471.8 million as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. Such receivable represented the loan we granted to the Hunan Development, which are unsecured, bearing an interest rate of 4.35%–6.18% per annum and repayable upon the commencement of pre-sale of the property project, and is not expected to be repayable within 12 months as at each reporting date. Since Hunan Development is a joint venture company held as to 49% by our Company, and the remaining shareholders are Independent Third Parties, Hunan Development is not a connected person of our Company under Chapter 14A of the Listing Rules. As such, the provision of loan to Hunan Development does not constitute a connected transaction of our Company under the Listing Rules.

During the six months ended June 30, 2019, the deposits increased from RMB29.8 million as at December 31, 2018 to RMB635.4 million as at June 30, 2019, primarily due to the incurrence of deposit of RMB600.0 million which is to secure our obligation in respect of the development of Humen Marina City.

Refundable payment for acquisitions represented the amounts to be collected from the sellers in connection with acquisitions of the urban renewal projects which were terminated for commercial reasons. No impairment was made for these amounts as at June 30, 2019.

Restricted Cash

The restricted cash consisted of the deposits for different purposes, which in aggregate amounted to RMB154.5 million, RMB223.6 million, RMB285.8 million and RMB511.7 million as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

We are required to deposit certain amount of the proceeds generated from pre-sale of properties into designated bank accounts primarily for payment of construction cost and repayment of loans. As at December 31, 2016, 2017 and 2018 and June 30, 2019, such restricted cash amounted to RMB151.6 million, RMB76.9 million, RMB151.1 million and RMB186.2 million, respectively.

In accordance with the relevant facility agreements, certain of subsidiaries are required to place deposits at designated bank accounts as a guarantee. At December 31, 2016, 2017 and 2018 and June 30, 2019, such restricted deposits amounted to RMB3.0 million, RMB146.7 million, RMB24.7 million and RMB215.5 million, respectively.

As at June 30, 2019, we had restricted cash of RMB110.0 million deposited into a designated bank account as security for a litigation between the former shareholders of Dongguan Wanfang as the defendant and an Independent Third Party as the plaintiff. In accordance with the share transfer agreement between the Group and the former shareholders of Dongguan Wanfang, such deposits were regarded as a part of the consideration for the share transfer. Our Directors consider that the dispute will not have any adverse impact on our business operation.

Prepayments

The table below sets forth a breakdown of prepayments as at the dates indicated:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayment for acquisitions of equity interest in companies	227,724	801,796	749,908	549,669
Prepaid construction cost	92,263	79,187	72,176	75,758
Prepaid other taxes	19,845	7,360	16,732	40,576
Others	16,239	23,830	20,272	34,610
	356,071	912,173	859,088	700,613

Our prepayments primarily comprised prepayments for acquisition of equity interest in companies that hold land use rights.

The overall increase in our prepayments during the Track Record Period was primarily driven by the increase in prepayment for acquisition of equity interests in companies that possess land use rights for target lands, which amounted to RMB227.7 million, RMB801.8 million, RMB749.9 million and RMB549.7 million as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. We believe this method allows us to negotiate the terms and conditions directly with the targeted companies or the counterparties, which enables us to obtain target lands at more competitive prices. For more information related to our land acquisition policy through acquisition of equity interest in companies that hold land use rights, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research And Investment — Land Acquisition" in this document.

Cost of Obtaining Contract

In accordance with the agency contracts we are obligated to pay the sales commissions to the sales agents upon receipt of the proceeds from pre-sale of properties. Since our commission expense will be expensed upon the recognition of relevant revenue from sale of properties, the commissions we pay to the sales agents are therefore recorded as cost of obtaining contract. As at December 31, 2016, 2017 and 2018 and June 30, 2019, the cost of obtaining contract represented amounted to RMB7.8 million, RMB34.2 million, RMB17.4 million and RMB16.3 million, respectively, the fluctuation of which partially corresponded to the trend of contract liabilities for the respective periods.

Trade Payables

Trade payables during the Track Record Period mainly included payables to third-party suppliers and construction contractors. It increased from RMB779.7 million to RMB939.3 million as at December 31, 2016 and 2017, respectively, primarily due to the increase in trade payables arising from the development of Huijing City Centre (滙景城市中心) and Bund No. 8 (外灘8號). Trade payables increased from RMB917.7 million as at December 31, 2018 to RMB1,081.5 million as at June 30, 2019, primarily due to the increase in trade payables in connection with the development of Huijing City Centre, Bund No. 8 and Huijing Riverside Villa • Perfection.

The table below sets forth the aging analysis based on invoice date as at the dates indicated:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	725,483	729,149	727,260	977,817
Within 1 to 2 years	46,662	190,898	158,786	90,530
Within 3 to 5 years	7,556	19,245	31,668	13,189
	779,701	939,292	917,714	1,081,536

We generally pay our suppliers by progress payment. Once the progress and billing report submitted to the third party consultant from our suppliers, we generally have within 135 days to settle the payment, subject for the relevant contracts we agreed. In addition, we generally retain the final payment from the relevant suppliers until the projects are completed and the outstanding amounts are agreed. As such our average turnover days for the trade payables for the year ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019 were 194.7, 572.8, 324.2 and 284.6, respectively. Turnover days of trade payables are derived by dividing the average of the beginning and the closing balances of trade payables, which are affected by the scale of our development activities conducted during the relevant period, by cost of sales incurred by the sale of properties, which is affected by our properties completed and delivered during the relevant period, and multiplying by the number of days in the period. The fluctuation in our trade payables turnover days during the Track Record Period was primarily due to the combined effect of our properties completed and delivered and project construction started and on-going during the respective periods. Due to the time mismatch between recording trade payables affected by the development of properties and recognizing cost of sales upon delivery of properties, our trade payables turnover days may continue to fluctuate significantly in accordance with our property development schedules. For example, if we significantly expand the scale of our development activities in a given period, our trade payables turnover days will increase significantly as well. As at September 30, 2019, RMB161.3 million, or 14.9% of our trade payables outstanding as at June 30, 2019 were settled.

Other Payables

The table below sets forth a breakdown of other payables as the dates indicated:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts payable for the acquisition of equity interests in companies	94,178	208,256	542,490	225,823
Interest payable	—	13,071	41,652	66,885
Selling expenses payable	12,075	25,800	14,981	11,567
Other payables to contractors	10,935	11,259	9,156	8,210
Provisions for litigation	—	10,000	8,801	8,801
[REDACTED] expenses payable	—	—	7,110	11,246
Others	4,589	10,667	4,192	14,925
	121,777	279,053	628,382	347,457

Other payables primarily comprised of amounts payable for acquisition of equity interest in companies and interest payables.

Amounts payable for the acquisition of equity interest in companies increased by RMB114.1 million during 2017, primarily due to the incurrence of payables for acquisition of equity interest in Dongjiang Village Long He. It further increased to RMB542.5 million as at December 31, 2018 from RMB208.3 million at December 31, 2017, which was resulted from the acquisition of Dongguan Wansheng and Dongjiang Village Properties. Amounts payable for the acquisition of equity interest in companies decreased to RMB225.8 million as at June 30, 2019, primarily due to the partial settlement of trade payables for acquisition of Dongguan Wansheng and Dongjiang Village Properties. We believe this method allows us to negotiate the terms and conditions directly with the targeted companies or the counterparties, which enables us to obtain target lands at more competitive prices. For more information relating to our land acquisition policy through acquisition of equity interests in companies that hold land use rights, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — (i) Research And Investment — Land Acquisition" in this document.

The overall increase in interest payables was in line with the increase in interest-bearing borrowing during the Track Record Period. Our Directors confirm that during the Track Record Period and up to Latest Practicable Date, we had not defaulted on repayment of any interest to our lenders.

Accruals

The table below sets forth a breakdown of accruals as at the dates indicated:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accrued VAT	34,888	35,323	10,147	21,400
Accrued other taxes	14,875	450	2,970	4,238
Accrued staff costs	12,598	23,653	36,653	35,550
	62,361	59,426	49,770	61,188

Accruals during the Track Record Period comprised accrued VAT and accrued staff costs. The decrease from RMB62.4 million to RMB59.4 million as at December 31, 2016 and 2017, respectively, was primarily due to a decrease in accrued other taxes because of the tax policy introduced in 2016 which replaced business tax with VAT. Accruals decreased by RMB9.6 million from RMB59.4 million to RMB49.8 million as at December 31, 2017 and 2018, respectively, primarily due to our settlement in 2018 of the VAT in relation to the sales of properties of Bund No.8 (外灘8號) and Huijing City Centre (滙景城市中心), which therefore led to a decrease of RMB25.2 million in accrued VAT during such period, being offset by the further increase of RMB13.0 million in accrued staff costs primarily driven by our business expansion. For the six months ended June 30, 2019, accruals increased by RMB11.4 million primarily as a consequence of the increase in accrued VAT during such period.

LIQUIDITY AND CAPITAL RESOURCES

We operated in a capital-intensive industry and have funded our growth primarily through cash generated from operations including proceeds from the sale of our properties, debt financing and capital contributions from shareholders. Our cash requirements relate primarily to acquisitions of lands, properties development, debt repayment, and clearance of all applicable taxes for projects developed.

Going forward, we believe that our liquidity requirements will be satisfied by cash generated from our operating activities, banking facilities available to us, and the **[REDACTED]** received from the **[REDACTED]**.

Cash Flow Information

The table below sets forth a breakdown of our cash flows for the years/periods indicated:

	For the year ended December 31,			For the six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Operating cash flows before movements in working capital for the year/period	477,977	446,068	929,899	548,783	554,597
Net cash flows generated from/ (used in) in operating activities	419,764	(94,591)	428,876	368,488	(317,047)
Net cash flows used in investing activities	(729,040)	(893,513)	(1,773,914)	(826,583)	(291,914)
Net cash flows generated from financing activities	368,159	910,689	1,405,764	552,893	664,959
Net increase/(decrease) in cash and cash equivalents	58,883	(77,415)	60,726	94,798	55,998
Cash and cash equivalents at beginning of year/period	116,468	175,351	97,936	97,936	158,662
Cash and cash equivalents at end of year/period	175,351	97,936	158,662	192,734	214,660

Cash Flow Generated from/(used in) Operating Activities

Our primary source of cash generated from operating activities during the Track Record Period was the proceeds we received from the sale of our properties, including pre-sales of properties under development. Our primary uses of cash in operating activities were payments for our property development activities, including land acquisitions and properties constructions.

For the six months ended June 30, 2019, our cash used in operating activities was RMB317.0 million, primarily attributable to the increase in prepayments, other receivables and other assets of RMB516.3 million, increase in completed properties held for sale of RMB436.9 million, being partially offset by a decrease of RMB359.9 million in properties under development and an increase of RMB255.1 million in contract liabilities.

For the year ended December 31, 2018, our cash generated from operating activities was RMB428.9 million, primarily attributable to the decrease in completed properties held for sale of RMB175.1 million, and the decrease in prepayments, other receivables and other assets of RMB329.8 million, being partially offset by the decrease in contract liabilities of RMB368.3 million and the decrease in other payables, deposits received and accruals of RMB192.2 million.

For the year ended December 31, 2017, our net cash used in operating activities was RMB94.6 million, primarily due to the increase in completed properties held for sale of RMB471.6 million, the increase in prepayment, other receivables and other assets of RMB533.4 million, the decrease in other payables, deposits received and accruals of RMB114.7 million and the interest paid of RMB152.0 million, being partially offset by the decrease in properties under development of RMB128.4 million, the increase in trade payables of RMB159.6 million and the increase in contract liabilities of RMB562.6 million.

For the year ended December 31, 2016, our cash generated from operating activities was RMB419.8 million, primarily attributable to decrease in properties under development of RMB147.3 million, decrease in completed properties held for sale of RMB301.8 million and decrease in prepayments, other receivables and other assets of RMB159.3 million, partially offset by a decrease in contract liabilities of RMB453.8 million.

For more information related to our cash flow during the Track Record Period, please refer to the consolidated statements of cash flows included in Accountants' Report set out in Appendix I to this document.

Cash Flow Used in Investing Activities

For the six months ended June 30, 2019, our cash used in investing activities was RMB291.9 million, primarily due to the increase in restricted cash of RMB226.0 million and the increase of RMB93.8 million in amounts due from related parties, being partially offset by the decrease of RMB45.9 million in amounts due from Directors..

For the year ended December 31, 2018, our cash flows used in investing activities of RMB1,773.9 million, primarily attributable to (i) the loan granted to a joint venture of RMB152.7 million, (ii) an increase in amounts due from related parties of RMB757.0 million, (iii) additions of investment properties of RMB109.4 million, (iv) acquisitions of subsidiaries of RMB557.8 million and (v) an increase in restricted cash of RMB62.2 million.

For the year ended December 31, 2017, our cash flows used in investing activities of RMB893.5 million, primarily attributable to (i) the loan granted to a joint venture of RMB140.0 million, (ii) an increase in amounts due from related parties of RMB310.4 million, (iii) additions of investment properties of RMB104.3 million, (iv) acquisitions of subsidiaries of RMB255.0 million and (v) an increase in restricted cash of RMB69.0 million.

For the year ended December 31, 2016, our cash flows used in investing activities of RMB729.0 million, primarily attributable to (i) the loan granted to a joint venture of RMB125.2 million, (ii) an increase in amounts due from related parties of RMB297.6 million, (iii) additions of investment properties of RMB85.4 million, and (iv) acquisitions of subsidiaries of RMB161.1 million.

For more information related to our cash flow during the Track Record Period, please refer to the consolidated statements of cash flows included in Accountants' Report set out in Appendix I to this document.

Cash Flow Generated from Financing Activities

For the six months ended June 30, 2019, our cash flows generated from financing activities was RMB665.0 million, primarily attributable to the new bank and other borrowings of RMB1,103.3 million and the loans from related parties of RMB390.9 million, being partially offset by the repayment of bank and other borrowings of RMB596.9 million, and the repayment of loans from related parties of RMB102.0 million.

For the year ended December 31, 2018, our cash flows generated from financing activities of RMB1,405.8 million, primarily attributable to the new bank and other borrowings of RMB1,076.1 million, the increase in amounts due to directors of RMB198.9 million and loans from related parties of RMB483.1 million, being partially offset by repayment of loans from related parties of RMB539.0 million, the repayment of bank and other borrowings of RMB401.9 million, and the acquisition of non-controlling interest of RMB179.4 million.

For the year ended December 31, 2017, our cash flows generated from financing activities of RMB910.7 million, primarily attributable to the new bank and other borrowings of RMB1,243.0 million, the loans from related parties of RMB686.7 million and the increase in amounts due to related parties of RMB400.6 million, being partially offset by the repayment of loans from related parties of RMB772.8 million and the repayment of bank and other borrowings of RMB644.0 million.

For the year ended December 31, 2016, our cash flows generated from financing activities of RMB368.2 million, primarily attributable to the new bank and other borrowings of RMB930.5 million, the loans from related parties of RMB483.7 million and the increase in amount due to directors of RMB184.1 million, being partially offset by the repayment of loans from related parties of RMB626.3 million, repayment of bank and other borrowings of RMB468.0 million and the decrease in amounts due to related parties of RMB125.8 million.

For more information related to our cash flow during the Track Record Period, please refer to the consolidated statements of cash flows included in Accountants' Report set out in Appendix I to this document.

Net Current Assets

The following table sets forth a breakdown of net current assets as at the dates indicated:

	As at December 31,			As at June 30,	As at September 30,
	2016	**2017**	**2018**	**2019**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Current assets					
Land held for development for sale	406,174	1,002,265	1,385,367	1,386,633	1,280,891
Properties under development	1,483,957	1,516,400	2,312,033	2,040,320	2,457,735
Completed properties held for sale	509,133	980,753	805,669	1,242,580	1,164,174
Trade receivables	950	2,560	3,368	2,393	—
Prepayments, other receivables and other assets	413,599	1,051,626	944,854	1,461,183	1,673,910
Amounts due from directors	21,895	33,654	157,989	824,879	1,049,351
Amounts due from related parties	1,235,922	1,546,289	2,303,327	—	—
Prepaid corporate income tax	6,797	680	—	8,252	14,914
Prepaid land appreciation tax	18,907	16,240	3,577	16,378	24,715
Restricted cash	154,546	223,593	285,769	511,733	466,508
Cash and cash equivalents	175,351	97,936	158,662	214,660	163,660
	4,427,231	6,471,996	8,360,615	7,709,011	8,295,858
Current liabilities					
Trade payables	779,701	939,292	917,714	1,081,536	1,108,757
Other payables, deposits received and accruals	189,324	348,829	692,075	428,751	494,303
Lease liabilities	2,832	4,723	3,645	4,123	2,286
Contract liabilities	1,423,879	1,986,516	1,618,240	1,873,375	2,430,481
Amounts due to directors	184,106	185,078	383,935	—	—
Amounts due to related parties	253,879	654,486	1,427,197	—	—
Loans from related parties	743,700	657,600	601,700	890,550	1,219,700
Interest-bearing bank and other borrowings	579,210	796,298	897,095	1,109,270	690,900
Provision for corporate income tax	94,558	131,739	317,516	452,483	426,031
Provision for land appreciation tax	80,397	237,826	361,522	507,249	507,894
Total current liabilities	4,331,586	5,942,387	7,220,639	6,347,337	6,880,352
Net current assets	95,645	529,609	1,139,976	1,361,674	1,415,506

Our net current assets were RMB95.6 million, RMB529.6 million, RMB1,140.0 million and RMB1,361.7 million as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively. The increase in net current assets was mainly attributable to (i) the increase in properties under development from RMB1,484.0 million as at December 31, 2016 to RMB2,040.3 million as June 30, 2019; (ii) the increase in completed properties held for sale from RMB509.1 million as at December 31, 2016 to RMB1,242.6 million as at June 30, 2019 and (iii) the increase in prepayments, other receivables and other assets from RMB413.6 million as at December 31, 2016 to RMB1,461.2 million as at June 30, 2019, being partially offset by (i) the increase in other payable, deposit received and accruals from RMB189.3 million as at December 31, 2016 to RMB428.8 million as at June 30, 2019; and (ii) the increase in interest-bearing bank and other borrowings (current portion) from RMB579.2 million as at December 31, 2016 to RMB1,109.3 million as at June 30, 2019.

Net current assets increased from RMB1,361.7 million as at June 30, 2019 to RMB1415.5 million as at September 30, 2019, primarily due to the increase in prepayments, deposits and other receivables, being partially offset by the increase in contract liabilities.

Banking Facilities

As at September 30, 2019, we have banking facilities in the total amount of RMB3,293 million, of which, RMB2,451.0 million representing 74.4%, has been utilized.

Working Capital Sufficiency

During the Track Record Period, we have funded our operations principally with cash generated from our sale of properties, and borrowings from banks and other entities.

As at December 31, 2016, 2017 and 2018 and June 30, 2019, we had cash and cash equivalents of RMB175.4 million, RMB97.9 million, RMB158.7 million and RMB214.7 million, respectively and, as at June 30, 2019, we expected to incur (a) in respect of our current urban renewal development, Project Zhangmutou Baoshan and Project Wanjiang Gonglian, RMB3,185.1 million in resettlement costs; (b) in respect of our projects under development, total development costs of RMB2,987.9 million; and (c) expected further costs in the amount of RMB1,102.6 million to complete our acquisitions of land constituting our land reserves. We monitor our cash flows and cash balance on a regular basis and strive to maintain liquidity that can meet our working capital needs while supporting continuing business expansion.

In the future, we intend to continue to fund our operations through cash generated from the sale of properties, interest-bearing borrowings, as well as through **[REDACTED]** from the **[REDACTED]**. The details of our expected sources and uses of cash flows are as follows:

- *Cash generated from the sale of properties.* We had net cash flow from operating activities in the amount of RMB419.8 million and RMB428.9 million for the years ended December 31, 2016 and 2018, respectively, and had net cash flow used in operating activities of RMB94.6 million and RMB317.0 million for the year ended December 31, 2017 and the six months ended June 30, 2019, respectively. Since December 2018, we have commenced pre-selling the properties in Nine Miles Bay and Humen Marina City. As at September 30, 2019, we had pre-sold properties with an aggregate GFA of 242,476 sq.m. which had been pre-sold since December 17, 2018 and had yet to be delivered, with pre-sale proceeds of 3,109.6 million as at September 30, 2019.

- *New loans and facilities.* Historically, we have been able to refinance our bank borrowings at maturity if needed, and we do not foresee any impediment in continuing to do so in the future. As at September 30, 2019, we have banking facilities in aggregate of RMB3,293 million with the unutilized amounts of RMB842.0 million.

- ***[REDACTED]** from the **[REDACTED]**.* We expect to receive **[REDACTED]** from the **[REDACTED]** of approximately HK$**[REDACTED]** based on the low-end of the indicative **[REDACTED]** as set out in this document, assuming the **[REDACTED]** is not exercised;

- *Repayment of borrowings.* As at September 30, 2019, we had total borrowings of RMB2,581.2 million. We are required to repay RMB105.4 million for the year ending December 31, 2019 and we also plan to prepay or refinance an additional RMB105.4 million of borrowings in the same period; and

- *Cash used in acquisitions and property development.* We expect to use cash and cash equivalents of RMB2,109.5 million in our acquisitions and development of properties for the year ending December 31, 2019. Specifically, we would expect to spend RMB1,441.7 million in property development and RMB667.8 million in acquisitions during this period.

- *Development of Huijing Global Centre.* Huijing Global Centre is a project that is currently under development by Hunan Development, our joint venture. We have paid all the relevant capital commitments due to Hunan Development, including the loan to Hunan Development, under the agreement with our joint venture partners. Our Group does not have other financial commitments and has not made any guarantee in respect of Hunan Development and our Group does not expect to incur any operating cash outflow for the Huijing Global Centre as our Group expects Hunan Development to be able to fully fund the development costs of Huijing Global Centre through internal resources and debt financing to be obtained by Hunan Development.

Taking into account our current property projects and sale schedules, our expected cash generated from operating activities, the estimated **[REDACTED]** from the **[REDACTED]** and our credit facilities maintained with banks as noted above, our Directors confirm, and the Sole Sponsor concurs with our Directors, that we have sufficient working capital for our present requirements and for the next 12 months from the date of this document. Save as disclosed in this section and other than the **[REDACTED]**, we currently have no other external financing plan.

INDEBTEDNESS

Bank Loans and Other Loans

Our interest-bearing bank loans and other loans as at the dates indicated are set out in the table below.

	As at December 31,			As at June 30,	As at September 30,
	2016	2017	2018	2019	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)
Bank loans repayable					
Within one year	429,210	494,718	446,545	717,990	660,900
In the second year	87,000	115,000	706,658	1,114,159	671,850
In the third to fifth years, inclusive	433,000	677,035	259,607	665,919	1,004,500
	949,210	1,286,753	1,412,810	2,498,068	2,337,250
Other loans repayable					
Within one year	150,000	301,580	450,550	391,280	30,000
In the second year	—	—	—	—	114,000
In the third to fifth years, inclusive	—	160,000	620,000	100,000	100,000
	150,000	461,580	1,070,550	491,280	244,000
	1,099,210	1,748,333	2,483,360	2,989,348	2,581,250

During the Track Record Period, part of our borrowings was secured by properties under development, completed properties held for sale, and our Group's equity interest in certain subsidiaries. Additionally, part of our loans was secured by properties provided by the Controlling Shareholder and related companies and guaranteed by the Controlling Shareholder. The guarantee will be released or the borrowings will be settled by our Group prior to **[REDACTED]**.

Contract Liabilities

Below sets out the breakdown of contract liabilities as at the dates indicated:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bund No. 8 (外灘8號)	67,258	708,331	696,044	28,827
Emperor View Peak (帝景峰), Century Gemini (世紀雙子), Huijing Palace (滙景華府) and Central Palace (滙景中央華府)	6,786	5,417	9,263	7,178
Huijing Riverside Villa (御海藍岸)	976,923	675,489	122,734	163,636
Huijing Yanhu International Resort (衡陽滙景 • 雁湖生態文旅小鎮)	—	2,440	190,101	241,386
Huijing City Centre (滙景城市中心)	355,380	229,504	142,170	77,502
Royal Spring Hill (御泉香山) and City Valley (城市山谷)	17,532	11,618	20,980	17,631
Nine Miles Bay (九里灣花園)	—	—	1,463	218,146
Huijing Riverside Villa • Perfection (御海藍岸 • 臻品)	—	—	126,692	82,760
Hefei Huijing Centre (合肥滙景中心)	—	353,717	252,453	223,156
Humen Marina City (虎門濱海城)	—	—	56,340	813,153
	1,423,879	1,986,516	1,618,240	1,873,375

In line with industry practice, we pre-sell our properties to our customers prior to the completion of the construction, and the proceeds from pre-sale are reflected in consolidated statements of financial position items as contract liabilities before they are recognized as revenue upon the completion and the delivery of properties to customers.

Contract liabilities increased from RMB1,423.9 million to RMB1,986.5 million as at December 31, 2016 and 2017, respectively, primarily due to (i) the proceeds we received in 2017 from pre-sale of Bund No.8 (外灘8號) of RMB708.3 million and (ii) the commencement of pre-sale of Hefei Huijing City Centre (合肥滙景城市中心) in 2017 which contributed the pre-sale proceeds of RMB353.7 million, being partially offset by an decrease in contract liabilities in relation to Huijing Riverside Villa (御海藍岸) and Huijing City Centre (滙景城市中心), corresponding to the recognition of revenue generated from the delivery of the properties.

The decrease of RMB368.3 million in contract liabilities during 2018 primarily resulted from decrease in contract liabilities in relation to Huijing City Centre (滙景城市中心) and Hefei Huijing City Centre (合肥滙景城市中心), corresponding to the recognition of revenue generated from the delivery of the properties, which was partially offset by the commencement of pre-sale of Huijing Riverside Villa • Perfection (御海藍岸 • 臻品) and Humen Marina City (虎門濱海城) in 2018, which in aggregate contributed pre-sale proceeds of RMB183.0 million.

Contract liabilities increased to RMB1,873.4 million as at June 30, 2019, primarily due to the continued pre-selling of Nine Miles Bay (九里灣花園) during the six months ended June 30, 2019.

Capital Commitment

Capital commitment during the Track Record Period represented the property development expenditures, investment properties under construction and acquisition of land we had contracted but not yet incur. We had capital commitment of RMB2,169.2 million, RMB2,391.9 million, RMB3,017.7 million, RMB2,575.5 million and RMB2,282.6 million as at December 31, 2016, 2017 and 2018 and June 30 and September 30, 2019, respectively, the fluctuation of which was in line with our business development.

Lease Liabilities

As at September 30, 2019, we had lease liabilities of RMB3.1 million.

Contingent Liabilities

The table below set out a breakdown of contingent liabilities as at the dates indicated:

	As at December 31,			As at June 30,	As at September 30,
	2016	2017	2018	2019	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)
Guarantees given to banks in connection with facilities granted to customers of the Group's properties	2,691,665	3,033,309	4,085,827	5,254,689	4,301,648
Guarantees given to banks in connection with facilities granted to the related companies controlled by Mr. Lun RX	1,135,400	1,698,500	1,849,200	1,923,900	655,700
	3,827,065	4,731,809	5,935,027	7,178,589	4,957,348

Guarantees Given to Banks in Connection with Facilities Granted to Buyers of the Group's Properties

We provided guarantees in respect of mortgage facilities granted by certain banks to certain customers of our completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, we are responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted purchasers to those banks.

Under the above arrangement, any default on mortgage repayments by these customers will entitle the banks to realize the pledged properties through open auction.

The guarantee period commences from the date of grant of mortgage loans and ends upon the transfer of title of properties to customers. During the Track Record Period, we did not incur any material losses in respect of arrangements as above. Our Directors consider that in case of default on payments by buyers, the net realizable value of the pledged properties would suffice to settle the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Guarantees Given to Banks in Connection with Facilities Granted to the Related Companies Controlled by Mr. Lun RX

Our Group provided guarantees in respect of bank loans granted to the related companies controlled by Mr. Lun RX. Part of the bank loans were also pledged by certain properties owned by us.

As confirmed by the relevant related parties, all guarantees and pledges will be fully released prior to the **[REDACTED]**.

In determining whether financial liabilities should be recognised in respect of the relevant financial guarantee contracts, our Directors exercise judgement in the evaluation of the probability of resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of our Directors, the fair values of the financial guarantee contracts of our Group are insignificant at initial recognition and our Directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the Historical Financial Information.

Off-Balance Sheet Commitment and Arrangement

As at September 30, 2019, we did not have any off-balance sheet commitments and arrangements, except capital commitment and contingent liabilities as disclosed in this section.

Our Directors confirm that as at September 30, 2019, being the latest practicable date for determining our indebtedness, there was no material covenant on any of our outstanding debt and there had been no breach of any covenants during the Track Record Period and up to the Latest Practicable Date. Our Directors further confirm that our Group had not experienced any difficulty or default in payment of our borrowings or breach of covenants during the Track Record Period and up to the Latest Practicable Date.

Except as disclosed above, as at September 30, 2019, we did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances or acceptable credits, debentures, mortgages, charges, hire purchases commitments, guarantees or other material contingent liabilities.

Our Directors confirm that there has not been any material change in our indebtedness since the Latest Practicable Date.

KEY FINANCIAL RATIOS

The following table sets forth certain of our key financial ratios for the years/periods or as at the dates indicated:

	For the year ended December 31,/ As at December 31,			For the six months June 30,/ As at June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
Gross profit margin*(Note 1)*	30.2%	54.3%	53.3%	49.3%	51.9%
Net profit margin*(Note 2)*	16.2%	13.2%	17.9%	17.5%	16.2%
Return on equity*(Note 3)*	84.0%	21.0%	36.9%	N/A	32.5%
Current ratio (times)*(Note 4)*	1.0	1.1	1.2	N/A	1.2
Net gearing ratio*(Note 5)*	377.8%	278.5%	243.2%	N/A	240.4%

Notes:

(1) Gross profit for the year/period divided by revenue multiplied by 100%. For more information related to own gross profit margin, please refer to the subsection headed "Result of Operations" of this section.

(2) Profit for the year/period divided by revenue multiplied by 100%

(3) Profit for the year/period divided by total equity, multiplied by 100%, multiplied by 360 and divided by the number of days of that period

(4) Current assets divided by current liabilities

(5) Total borrowings including loans from related parties, interest bearing bank and other borrowings and lease liabilities less cash and cash equivalents and restricted cash divided by total equity

Net Profit Margin

Net profit margin decreased from 16.2% for the year ended December 31, 2016 to 13.2% for the year ended December 31, 2017, primarily due to 14.7% increase in income tax expense from RMB250.0 million to RMB286.8 million during the same period.

Net profit margin increased from 13.2% for the year ended December 31, 2017 to 17.9% for the year ended December 31, 2018, primarily due to (i) proportionally lower increment noted for our administrative expense by 32.6% from RMB136.2 million for the year ended December 31, 2017 to RMB180.6 million for the year ended December 31, 2018, as compared to the increase in revenue over the same period, being 86.9%; and (ii) decrease in selling and distribution expenses by 2.2% from RMB72.9 million for the year ended December 31, 2017 to RMB71.3 million for the year ended December 31, 2018.

Net profit margin decreased from 17.5% for the six months ended June 30, 2018 to 16.2% for the six months ended June 30, 2019, primarily due to the higher administrative expenses and **[REDACTED]** expenses and lower fair value gains on investment properties for the six month ended June 30, 2019.

Return on Equity

Return on equity decreased from 84.0% for the year ended December 31, 2016 to 21.0% for the year ended December 31, 2017, mainly due to the combination effect of (i) the decrease in net profit from RMB338.4 million for the year ended December 31, 2016 to RMB157.9 million for the year ended December 31, 2017 primarily attributable to the decrease in GFA delivered and (ii) the increase in our equity base from RMB402.9 million as at December 31, 2016 to RMB751.7 million as at December 31, 2017.

Return on equity increased from 21.0% for the year ended December 31, 2017 to 36.9% for the year ended December 31, 2018, mainly due to the increase in net profit from RMB157.9 million for the year ended December 31, 2017 to RMB401.0 million for the year ended December 31, 2017 primarily attributable to the increase in GFA delivered and partially offset by the increase in our equity base from RMB751.7 million as at December 31, 2017 to RMB1,088.0 million as at December 31, 2018.

Return on equity decreased from 36.9% for the year ended December 31, 2018 to 32.5% for the six months ended June 30, 2019, mainly due to the increase in our equity base from RMB1,088.0 million as at December 31, 2018 to RMB1,314.1 million as at June 30, 2019.

Current Ratio

Current ratio experienced an overall increase during the Track Record Period, which amounted to 1.0, 1.1 and 1.2 as at December 31, 2016, 2017 and 2018, respectively, primarily due to the increase in our current assets from RMB4,427.2 million as at December 31, 2016 to RMB6,472.0 million as at December 31, 2017 and further increase to RMB8,360.6 million as at December 31, 2018 as a result of the increase in land held for development for sale and properties under development during the Track Record Period for our business expansion and partially offset by the increase in our current liabilities from RMB4,331.6 million as at December 31, 2016 to RMB5,942.4 million as at December 31, 2017 and further increase to RMB7,220.6 million as at December 31, 2018 as a result of the increase in amount due to related parties and other payables, deposits received and accruals during the Track Record Period.

Current ratio remained stable at 1.2 and 1.2 as at December 31, 2018 and June 30, 2019, respectively.

Net gearing Ratio

Net gearing ratio of our Group decreased from 377.8% as at December 31, 2016 to 278.5% as at December 31, 2017 and further to 243.2% as at December 31, 2018 mainly due to the gradual increment of our equity base from RMB402.9 million as at December 31, 2016 to RMB751.7 million as at December 31, 2017 and further to RMB1,088.0 million as at December 31, 2018, partially offset by the increase in net debt from RMB1,522.0 million as at December 31, 2016 to RMB2,093.5 million as at December 31, 2017 and further to RMB2,645.4 million as at December 31, 2018, primarily due to the expansion of our business.

Net gearing ratio increased from 243.2% as at December 31, 2018 to 240.4% as at June 30, 2019, primarily due to the increases in bank borrowing and other borrowings and the increase in loans from related parties during the six months ended June 30, 2019.

MATERIAL TRANSACTIONS BALANCES AND GUARANTEES WITH RELATED PARTIES

Material Related Party Transactions

The following table sets out a breakdown of the overall amounts of transactions with related parties for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019.

	For the year ended December 31,			For the six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Related party expenses					
Construction costs	112,576	22,703	31,407	22,567	30,717
Rental of office expense	1,743	1,893	1,871	935	1,124
Rental of motor vehicles expenses	751	211	132	132	—
Management fee expenses	4,320	3,793	3,610	1,950	5,000
Loan interest expense	38,543	37,960	35,206	16,523	21,864
	157,933	66,560	72,226	42,107	58,705
Related party income					
Management fee income	411	415	421	210	210
Interest income received from a joint venture	3,124	9,624	28,245	9,673	12,982
Sale of properties	—	—	95	95	—
	3,535	10,039	28,761	9,978	13,192

The following table sets out a breakdown of balances with related parties as at the dates indicated:

Balances with Related Parties

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receivables from related parties				
Amounts due from related parties	1,235,922	1,546,289	2,303,327	—
Amounts due from directors	21,895	33,654	157,989	824,879
	1,257,817	1,579,943	2,461,316	824,879
Payables to related parties				
Amounts due to directors	184,106	185,078	383,935	—
Amounts due to related parties	253,879	654,486	1,427,197	—
Loans from related parties	743,700	657,600	601,700	890,550
	1,181,685	1,497,164	2,412,832	890,550

Amounts due from/to directors and related parties were non-trade in nature, unsecured, non-interest bearing and repayable on demand. The amounts due from Directors will be fully settled prior to the **[REDACTED]**.

None of the above amounts is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. The amounts due from directors and related parties are unsecured, non-interest-bearing and repayable on demand.

The loans from related parties are unsecured, bearing interest at rates ranging from 3.7% to 7.7%, 3.7% to 7.7%, 4.4% to 7.0% and 4.8%–8.1% per annum and had maturity periods of 12 months as at December 31, 2016, 2017 and 2018, and as at June 30, 2019, respectively.

Our Directors confirm that (i) each of the related party transactions set out in note 40 to the Accountant's Report in Appendix I to this document was conducted in the ordinary course of business on an arm's length basis with normal commercial terms between the relevant parties; (ii) our related party transactions during the Track Record Period would not distort our track record results or make our historical results not reflective of our future performance; (iii) each related party transaction is conducted on terms comparable to those offered by/to Independent Third Parties; and (iv) all related parties balances which are non-trade in nature will be fully settled prior to the **[REDACTED]**. For further details on related party balances and transactions, please refer to notes 28 and 40 of the Accountant's Report in Appendix I to this document, respectively.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Our Group's principal financial instruments comprise interest-bearing bank and other borrowings, amounts due from and due to related parties and directors, a loan from a related company and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for our Group's operations. Our Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from our Group's financial instruments are interest rate risk, credit risk and liquidity risk. Our Directors review and agree on policies for managing each of these risks, which are summarized below.

Interest Rate Risk

Our Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 29 to the Accountant's Report in Appendix I to this document. Our Group does not use derivative financial instruments to hedge interest rate risk. Our Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of our Group (assuming no capitalisation of interest expenses), through the impact on floating rate borrowings, would have decreased/increased by approximately RMB1.2 million, RMB0.7 million, RMB2.9 million and RMB1.5 million for the year ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019, respectively.

Credit Risk

An impairment analysis was performed as at December 31, 2016, 2017 and 2018 and June 30, 2019 using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The expected credit loss (ECL) for our Group's trade receivables was minimal as at December 31, 2016, 2017 and 2018 and June 30, 2019.

Our Group's other receivables as at December 31, 2016, 2017 and 2018 and June 30, 2019 were neither past due nor impaired, and the expected credit loss for our Group's other receivables (excluding prepayments and amounts due from related parties) as at December 31, 2016, 2017 and 2018 and June 30, 2019 was minimal.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganization;

Our Group has established a policy to perform an assessment for the period beginning on or after January 1, 2016, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Maximum exposure and year-end staging as at December 31, 2016, 2017 and 2018 and June 30, 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31, 2016, 2017 and 2018 and June 30, 2019. The amounts presented are gross carrying amounts for financial assets.

As at December 31, 2016	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	128,273	—	—	—	128,273
Trade receivables	—	—	—	950	950
Financial assets included in prepayment, other receivables and other assets	32,712	—	—	—	32,712
Amounts due from directors	21,895	—	—	—	21,895
Amounts due from related parties	1,235,922	—	—	—	1,235,922
Restricted cash	154,546	—	—	—	154,546
Cash and cash equivalents	175,351	—	—	—	175,351
	1,748,699	—	—	950	1,749,649

As at December 31, 2017	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	277,897	—	—	—	277,897
Trade receivables	—	—	—	2,560	2,560
Financial assets included in prepayment, other receivables and other assets	80,969	—	—	—	80,969
Amounts due from directors	33,654	—	—	—	33,654
Amounts due from related parties	1,546,289	—	—	—	1,546,289
Restricted cash	223,593	—	—	—	223,593
Cash and cash equivalents	97,936	—	—	—	97,936
	2,260,338	—	—	2,560	2,262,898

As at December 31, 2018	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	458,841	—	—	—	458,841
Trade receivables	—	—	—	3,368	3,368
Financial assets included in prepayment, other receivables and other assets	38,547	—	—	—	38,547
Amounts due from directors	157,989	—	—	—	157,989
Amounts due from related parties	2,303,327	—	—	—	2,303,327
Restricted cash	285,769	—	—	—	285,769
Cash and cash equivalents	158,662	—	—	—	158,662
	3,403,135	—	—	3,368	3,406,503

As at June 30, 2019	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	471,823	—	—	—	471,823
Trade receivables	—	—	—	2,393	2,393
Financial assets included in prepayment, other receivables and other assets	108,869	—	—	—	108,869
Amounts due from directors	826,377	—	—	—	826,377
Restricted cash	511,733	—	—	—	511,733
Cash and cash equivalents	214,660	—	—	—	214,660
	2,133,462	—	—	2,393	2,135,855

Management makes periodic collective assessments for financial assets included in prepayments, and deposits and other receivables as well as individual assessment on the recoverability of other receivables based on historical settlement records and past experience. Our Group recognizes an allowance for financial assets included in prepayments, deposits and other receivables based on 12-month ECLs and adjusts for forward looking macroeconomic data, if any.

Liquidity Risk

Our Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that our Group maintains sufficient cash to meet its liquidity requirements.

The following table details the remaining contractual maturities as at December 31, 2016, 2017 and 2018 and June 30, 2019 of our Group's financial liabilities, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, based on rates as at December 31, 2016, 2017 and 2018 and June 30, 2019) and the earliest date that our Group could be required to repay:

As at December 31, 2016	Within 1 year or on demand	In the second year	3 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	725,483	46,662	7,556	779,701
Other payables, deposits received and accruals	176,726	—	—	176,726
Lease liabilities	3,185	3,168	3,294	9,647
Amounts due to directors	184,106	—	—	184,106
Amounts due to related parties	253,879	—	—	253,879
Loans from related parties	769,353	—	—	769,353
Interest-bearing bank and other borrowings	592,755	31,954	603,498	1,228,207
	2,705,487	81,784	614,348	3,401,619
Financial guarantees issued:				
Maximum amount guaranteed	3,827,065	—	—	3,827,065

As at December 31, 2017	Within 1 year or on demand	In the second year	3 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	729,149	190,898	19,245	939,292
Other payables, deposit received and accruals	323,936	—	—	323,936
Lease liabilities	5,160	3,835	707	9,702
Amounts due to directors	185,078	—	—	185,078
Amounts due to related parties	654,486	—	—	654,486
Loans from related parties	680,552	—	—	680,552
Interest-bearing bank and other borrowings	816,008	295,897	1,005,849	2,117,754
	3,394,369	490,630	1,025,801	4,910,800
Financial guarantees issued:				
Maximum amount guaranteed	4,731,809	—	—	4,731,809

As at December 31, 2018	**Within 1 year or on demand**	**In the second year**	**3 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	727,260	158,786	31,668	917,714
Other payables, deposit received and accruals	655,422	—	—	655,422
Lease liabilities	3,810	1,182	—	4,992
Amounts due to directors	383,935	—	—	383,935
Amounts due to related parties	1,427,197	—	—	1,427,197
Loans from related parties	625,808	—	—	625,808
Interest-bearing bank and other borrowings	925,758	742,882	1,222,112	2,890,752
	4,749,190	902,850	1,253,780	6,905,820
Financial guarantees issued:				
Maximum amount guaranteed	5,935,027	—	—	5,935,027

As at June 30, 2019	**Within 1 year or on demand**	**In the second year**	**3 to 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	977,817	90,530	13,189	1,081,536
Other payables, deposit received and accruals	393,201	—	—	393,201
Lease liabilities	4,375	1,697	—	6,072
Loans from related parties	902,031	—	—	902,031
Interest-bearing bank and other borrowings	1,286,055	1,279,344	785,840	3,351,239
	3,563,479	1,371,571	799,029	5,734,079
Financial guarantees issued:				
Maximum amount guaranteed	7,178,589	—	—	7,178,589

Capital Management

The primary objectives of our Group's capital management are to safeguard our Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

Our Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, our Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Track Record Period.

The Group monitors capital using a net gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, loans from related parties and lease liabilities less cash and cash equivalents and restricted cash. The gearing ratios as at December 31, 2016, 2017 and 2018, and June 30, 2019 were as follows:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	1,099,210	1,748,333	2,483,360	2,989,348
Loans from related parties	743,700	657,600	601,700	890,550
Lease liabilities	8,973	9,121	4,793	5,785
Less: Cash and cash equivalents	(175,351)	(97,936)	(158,662)	(214,660)
Less: Restricted cash	(154,546)	(223,593)	(285,769)	(511,733)
Net debt	1,521,986	2,093,525	2,645,422	3,159,290
Total equity	402,865	751,722	1,087,970	1,314,058
Net gearing ratio	378%	278%	243%	240%

DISTRIBUTABLE RESERVES

As at June 30, 2019, our Company had no reserves available for distribution to our Shareholders.

[REDACTED] EXPENSES

[REDACTED] expenses represent professional fees, **[REDACTED]** commissions and other fees incurred in connection with the **[REDACTED]** and the **[REDACTED]**. **[REDACTED]** expenses to be borne by us are estimated to be approximately RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) (assuming an **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**, being the mid-point of the **[REDACTED]**), of which RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) is directly attributable to the **[REDACTED]** of Shares to the **[REDACTED]** and to be capitalized, whereas RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) and RMB**[REDACTED]** (equivalent to HK$**[REDACTED]**) were charged to the consolidated statement of profit or loss for the year ended December 31, 2018 and the six months ended June 30, 2019, respectively, and the remainder is expected to be reflected in the consolidated statement of profit or loss for the six months ending December 31, 2019. Our Directors do not expect such expenses to materially impact our results of operations for 2019.

DISCLOSURE UNDER RULES 13.13 TO 13.19 OF THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules had the Shares been **[REDACTED]** on the Stock Exchange on that date.

RECENT DEVELOPMENTS

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

During the period from June 30, 2019 and up to the Latest Practicable Date, we continued to develop our properties under development, and we had continued construction of the Nine Miles Bay project after being granted the relevant construction work commencement permit on December 10, 2018.

We had continued our sale of projects. In aggregate, we have delivered a total GFA of approximately 15,532 sq.m. in certain projects including Huijing Riverside Villa, Huijing Riverside Villa Perfection, Royal Spring Hill, City Valley, Central Palace, Bund No. 8 and Hefei Huijing City Centre between July 1 and September 30, 2019, with total sales amount of approximately RMB186.4 million.

On July 17, 2019, Chenzhou Huijing entered into a separate cooperation agreement with a third party ("**Chenzhou Counterparty A**") in relation to a proposed cultural-tourism town development. Under the agreement, Chenzhou Huijing has incorporated Chenzhou Huijing Heshun Real Estate and Chenzhou Huijing Heshun Tourism for the proposed acquisition of a parcel of land with a total site area of up to 2,000,000 sq.m. ("**Proposed Chenzhou Development 1**"), on which residential and other properties (including public facilities and infrastructures) will be developed. For further details of Proposed Chenzhou Development 1, please refer to the subsection headed "Waivers from Strict Compliance with the Listing Rules — Other Acquisitions" in this document.

Further, in July 2019, our Group entered into two contracts to provide preparatory services in respect of two urban renewal processes.

On July 15, 2019, under an agreement between Huijing Group, Dongguan Zhanfeng and the local government, Huijing Group was appointed as a preparatory service provider in respect of an on-going urban renewal development in Shatian, Dongguan with a site area of 294,400 sq.m.. It is expected that a town intended for business and entities involved in the artificial intelligence industry would be developed on this land.

On July 25, 2019, Dongguan Huijing Jiasheng was appointed as the preparatory service provider in respect of an urban renewal in Chashan Town, Dongguan with a site area of 208,000 sq.m..

We will take advantage of the insights we have gained through our appointment as the preparatory service provider in our bid to become the sole redevelopment entity for these urban renewal developments.

In October 2019, we submitted the application to transfer Fenghua Mansion, a project under development, to the relevant Land Resources Bureau, and obtained a further construction work commencement permit in respect of our development of Nine Miles Bay.

After due and careful consideration, our Directors confirm that, up to the date of this document, there has been no material adverse change in our financial and trading position or prospects since June 30, 2019, and there is no event since June 30, 2019 which would materially affect the information shown in the Accountants' Report, the text of which is set out in Appendix I.

DIVIDENDS

Our Board is responsible for submitting proposals in respect of dividend payments to our general meeting for approval. We do not have a pre-determined fixed dividend payout ratio. The determination of whether to pay a dividend and in what amount is based on our general business conditions, our financial results, our capital requirements, and payment by our subsidiaries of cash dividends to our Company, interests of our Shareholders and any other factors which our Board may deem relevant.

On August 8, 2016, a final dividend of RMB7.0 million was declared and fully paid subsequently.

Our historical dividends may not be indicative of the future payments.

UNAUDITED [REDACTED] ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The following is an illustrative statement of the unaudited **[REDACTED]** adjusted consolidated net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and with reference to Accounting Guideline 7 *Preparation of **[REDACTED]** Financial Information for inclusion in Investment Circular* issued by the HKICPA, for the purpose of illustrating the effect of the **[REDACTED]** on the consolidated net tangible assets of the Group attributable to the owners of the Company as at June 30, 2019 as if the **[REDACTED]** had taken place on that date.

This statement of unaudited **[REDACTED]** adjusted consolidated net tangible assets has been prepared for illustrative purposes only and because of its hypothetical nature, it may not give a true picture of the consolidated net tangible assets of the Group attributable to owners of the Company had the **[REDACTED]** been completed on June 30, 2019 or at any future dates. It is prepared based on the audited consolidated net assets of the Group attributable to owners of the Company as at June 30, 2019 as set out in the Accountants' Report, the text of which is set out in Appendix I to this document, and adjusted as described below.

	Consolidated net tangible assets attributable to owners of the Company as at June 30, 2019	**Estimated [REDACTED] from the [REDACTED]**	**Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company immediately after completion of the [REDACTED]**	**Unaudited [REDACTED] adjusted consolidated net tangible assets attributable to owners of the Company per Share immediately after completion of the [REDACTED]**	
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*HK$*
	(note 1)	*(note 2)*		*(note 3)*	*(note 4)*
Based on the minimum indicative **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Based on the maximum indicative **[REDACTED]** of HK$**[REDACTED]** per **[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**	**[REDACTED]**

Notes:

(1) The consolidated net tangible assets of the Group attributable to owners of the Company as at June 30, 2019 is based on (i) the consolidated net assets of the Group attributable to owners of the Company as at June 30, 2019 of approximately RMB1,184,888,000, less (ii) intangible assets of RMB5,589,000 as at that date, as extracted from the Accountants' Report set out in Appendix I to this document.

(2) The estimated **[REDACTED]** from the **[REDACTED]** are based on **[REDACTED]** **[REDACTED]** at the lower limit and upper limit of the **[REDACTED]** range of HK$**[REDACTED]** and HK$**[REDACTED]** per **[REDACTED]**, respectively, after deduction of relevant estimated **[REDACTED]** fees and other related fees and expenses payable by the Company in connection with the **[REDACTED]** (excluding **[REDACTED]** expenses which have been recognised in profit or loss prior to June 30, 2019). The calculation of estimated **[REDACTED]** does not take into account of any Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]**, the exercise of any options which have been granted or may be granted under the Share Option Schemes or any Shares which may be allotted and **[REDACTED]** or repurchased by the Company pursuant to the general mandates for the allotment and **[REDACTED]** or repurchase of Shares. The estimated **[REDACTED]** from the **[REDACTED]** are converted from Hong Kong dollars into Renminbi at the exchange rate of HK$1.0 to RMB0.90133.

(3) The number of Shares used for the calculation of the unaudited **[REDACTED]** adjusted consolidated net tangible assets of the Group attributable to owners of the Company per Share is determined based on **[REDACTED]** Shares in issue assuming that the **[REDACTED]** and the **[REDACTED]** had been completed on June 30, 2019. It does not take into account of any Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]** or any options which have been granted or may be granted under the Share Option Schemes.

(4) The unaudited **[REDACTED]** adjusted consolidated net tangible assets attributable to owners of the Company per Share is converted into Hong Kong dollars at the exchange rate of HK$1.0 to RMB0.90133.

(5) No adjustment has been made to reflect any trading results or other transactions of the Group entered into subsequent to June 30, 2019.

PROPERTY INTERESTS AND PROPERTY VALUATION

Particulars of our property interests are set out in Appendix III to this document. Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, has valued our property interests as at September 30, 2019. The full text of its letter, summary of valuations and valuation report in connection with such property interests are set out in Appendix III to this document.

The table below sets forth the reconciliation of aggregate carrying amounts of property interests from our financial information as at June 30, 2019 to the revalued amount of our property interests as at September 30, 2019.

	RMB'000
Net book value of the following assets of our Group as at June 30, 2019	
Investment properties	956,300
Land held for development for sale	1,647,871
Properties under development	2,040,320
Completed properties held for sale	1,242,580
Additions	314,211
Less: sales of completed properties	(78,406)
Net book value of the above assets of our Group as at September 30, 2019	6,122,876
Valuation surplus, before tax	9,836,324
Valuation of properties of our Group as at September 30, 2019 as set out in the Property Valuation Report (excluding properties to be acquired by our Group in the PRC and properties held by our joint venture)	15,959,200

NO MATERIAL ADVERSE CHANGE

Our Directors have confirmed that there has been no material adverse change in our financial or trading position since June 30, 2019, the date of our latest consolidated financial results set forth in the Accountants' Report in Appendix I to this document.

FUTURE PLANS AND BUSINESS STRATEGIES

Please refer to the subsection headed "Business — Our Strategies" in this document for a detailed description of our Group's business objectives and strategies and future plans.

[REDACTED]

The table below sets out the estimate of the **[REDACTED]** of the **[REDACTED]** which we will receive (after deduction of **[REDACTED]** commissions and other estimated expenses in connection with the **[REDACTED]** payable by our Company) (the "**[REDACTED]**"):

	Assuming the [REDACTED] is not exercised	**Assuming the [REDACTED] is exercised in full**
Assuming an **[REDACTED]** of HK$**[REDACTED]** (being the low end of the indicative **[REDACTED]**)	Approximately HK$**[REDACTED]** million	Approximately HK$**[REDACTED]** million
Assuming an **[REDACTED]** of HK$**[REDACTED]** (being the mid-point of the indicative **[REDACTED]**)	Approximately HK$**[REDACTED]** million	Approximately HK$**[REDACTED]** million
Assuming an **[REDACTED]** of HK$**[REDACTED]** (being the high end of the indicative **[REDACTED]**)	Approximately HK$**[REDACTED]** million	Approximately HK$**[REDACTED]** million

We intend to use the **[REDACTED]** from the **[REDACTED]** for the following purposes (assuming an **[REDACTED]** of HK$**[REDACTED]**, being the mid-point of the indicative **[REDACTED]**, after deduction of **[REDACTED]** commissions and other estimated expenses in connection with the **[REDACTED]** and assuming that the **[REDACTED]** is not exercised) and in the amounts set out below:

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for settling the remainder of the consideration of the acquisitions of the following land on equity interests in project companies pursuant to certain acquisition or cooperation agreements entered into by our Group as set out in the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — Land

Acquisition" in this document, subject to the conditions thereto having been fulfilled or waived in accordance with the relevant agreements, and for the development of the relevant projects:

Acquisition of equity interests in project companies

Land parcel	Company to be acquired	Expected type of development	Current status of acquisition	Expected completion date of the acquisition(Note 1)	Investment cost for acquisition *('000)*	Commitment to complete the acquisition *('000)*	Planned use of [REDACTED] to complete acquisition *('000)*
Pinghu Area No. 1 and Pinghu Area No. 2	Target Company E and Target Company F	Integrated property project	Acquisition pending determination of a dispute in relation to the preliminary work over the land parcels. For further details, please refer to the subsection headed "Business — Legal Proceedings" in this document.	Q4 2020	RMB134,680	RMB51,532	RMB[REDACTED] (HK$[REDACTED])
Humen Xinwan Area (虎門新灣)	Target Company G	Residential property project	Acquisition pending the seller to complete upgrading to a limited liability company	Q2 2020	RMB145,500	RMB85,500	RMB[REDACTED] (HK$[REDACTED])
Qingxi Sanxing Area No. 1	Target Company H	Residential property project	Acquisition pending the transfer of the relevant land into the company to be acquired	Q1 2020	RMB100,000	RMB6,000	RMB[REDACTED] (HK$[REDACTED])
Shatian Yanggongzhou Area	Target Company D	Residential property project	Registration with the relevant Administration of Industry and Commerce has been completed and the seller is in the process of obtaining tax clearance certificate.	Q4 2019	RMB93,660	RMB7,765	RMB[REDACTED] (HK$[REDACTED])
Total					**RMB473,840**	**RMB150,797**	RMB[REDACTED] (HK$[REDACTED])

Note 1: Expected completion dates for these transactions are our Directors' best estimate only. For the above acquisitions, the acquisition process is on-going and we are currently in preliminary discussions with the stakeholders and/or local government authorities with a view to commence the urban renewal process after completion of the acquisition, i.e. the transfer of the equity interests in the relevant project companies to our Group. For details of the urban renewal process and criteria that we consider for sourcing land for urban renewal projects, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — Land Acquisition" in this document.

As at the Latest Practicable Date, we had entered into acquisition agreements in respect of the above four projects the acquisition of which are expected to be completed by 2020, and would apply the **[REDACTED]** as stated above to settle the remainder of the consideration of the above-mentioned acquisitions. While our Directors expect that the planned use of **[REDACTED]** would be sufficient to complete the above acquisitions, in the event that the committed **[REDACTED]** are not fully utilized for the acquisitions, or in the event that the cost for the acquisitions as mentioned above is settled before **[REDACTED]**, we expect to use the remaining committed **[REDACTED]** to cover the cost of development to advance urban renewal projects as set out below.

Development costs to advance urban renewal projects

			Development Cost		
Land parcel	**Expected type of development**	**Expected commencement of development**(Note 1)	**Estimated investment cost for resettlement**(Note 2)	**Estimated construction costs**	**Total planned [REDACTED]**
			('000)	*('000)*	*('000)*
Zhangmutou Baoshan Area	Properties promoting specific industry ("**Automobile-city**")	Q1 2020	RMB1,864,500	RMB1,540,000	RMB**[REDACTED]** (HK$**[REDACTED]**)
Humen Xinwan Area	Residential property project	Q2 2020	—	RMB178,920	RMB**[REDACTED]** (HK$**[REDACTED]**)
Total			**RMB1,864,500**	**RMB1,718,920**	**RMB[REDACTED] (HK$[REDACTED])**

Notes:

(1) As the commencement of development requires relevant authorities' approval in relation to the proposed plans for urban renewal, each of the development commencement dates represent the Directors' best estimate as to when the approvals would be given and development may commence.

(2) For further details of the resettlement costs, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process Research and Investment — Land resettlement" in this document.

For the above urban renewal projects, their process is in a more advanced stage in respect of the urban renewal process as we have initiated the urban renewal process with the relevant government authorities, or have otherwise begun official discussions with the relevant government authority on the proposed application for urban renewal. We intend to commence the urban renewal development as soon as we receive approvals from the relevant government authorities to do so. For details of these development, please refer to the subsection headed "Business — Our Property Development Operation and Management — Key Steps in Our Property Development Process — Land Acquisition" in this document.

As we expect to incur cost for these developments within two years from **[REDACTED]**, we have allocated the **[REDACTED]** to the projects accordingly. We intend to finance the outstanding cost for developments which is not funded by the **[REDACTED]** through debt financing and/or cash generated from our operations. For our resettlements cost (which is included as a part of the development cost), we may also settle such cost with the exchange of properties we hold for sale after the relevant project has been developed. For information relevant to our capital resources, please refer to subsection headed "Financial Information — Liquidity and Capital Resources" in this document.

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for the development and construction costs for the development of existing property projects below. The **[REDACTED]** will go towards (i) completion of work, including those which are not required to be finished before the delivery of properties in these projects (e.g. work in relation to the garden features); and (ii) payment of withheld funds to construction suppliers, which were withheld to cover any potential warranty claims:

Projects	**Expected completion date**	**Status of development**	**Estimated development and construction costs to be paid**(Note) *('000)*	**Planned [REDACTED]** *('000)*
Hefei Huijing City Centre	December 2019	Blocks 1 and 2, being the residential buildings, have been completed. Towers A, B, and C, which are the hotels and commercial complex, were under construction.	RMB995,078	RMB**[REDACTED]** (HK$**[REDACTED]**)
Huijing Yanhu International Resort	December 2020	A total of 197 units are under construction, of which 122 are substantially complete.	RMB304,949	RMB**[REDACTED]** (HK$**[REDACTED]**)
Total			**RMB1,300,027**	**RMB[REDACTED]** (HK$**[REDACTED]**)

Note: This refers to the total estimated development and construction costs of the corresponding projects less the costs paid up to August 31, 2019.

Our Group had allocated the **[REDACTED]** to existing projects mentioned above based on the following criteria:

- ***Expected completion date.*** Allocation of **[REDACTED]** is prioritized for projects at a more advanced stage.

- ***Project scale.*** Projects with a larger scale in terms of GFA under development and for future development expected to incur more development costs, and **[REDACTED]** were therefore apportioned towards such projects.

Please refer to the subsection headed "Business — Our Properties" for further details on these properties projects.

- approximately **[REDACTED]**%, or HK$**[REDACTED]**, will be used for repayment of certain existing interest-bearing bank borrowings and other borrowings, which are working capital loans for our project companies, including (i) a borrowing of **[REDACTED]** from a financial institution under a trust financing arrangement with interest rate of 9% per annum and maturity date of December 21, 2022; (ii) a bank borrowing of **[REDACTED]** with interest rate of approximately 8.55% and maturity date of June 15, 2022; (iii) a bank borrowing of RMB**[REDACTED]** with interest rate of approximately 7.60% and maturity date of November 2, 2020; (iv) a bank borrowing of RMB**[REDACTED]** with interest rate of approximately 7.60% and maturity date of January 24, 2021; (v) a bank borrowing of RMB**[REDACTED]** with interest rate in the range of approximately 7.13% to 7.60% and maturity date of November 2, 2020; and (vi) a bank borrowing of approximately RMB**[REDACTED]** with interest rate of approximately 7.60% and maturity date of December 9, 2020, and following the repayment of these borrowings, based on our financial position as at June 30, 2019, we expect our net gearing ratio would be 210.9%, with an expected interest savings of RMB**[REDACTED]**, RMB**[REDACTED]** and RMB**[REDACTED]** for the years ending December 31, 2019, 2020 and 2021 respectively; and

- the remaining amount of approximately HK$**[REDACTED]**, representing not more than **[REDACTED]**% of the **[REDACTED]**, will be used to provide funding for our working capital and other general corporate purposes.

The above allocation of **[REDACTED]** will be adjusted on a pro rata basis in the event that the **[REDACTED]** is fixed at a higher or lower level compared to the midpoint of the indicative **[REDACTED]**.

To the extent that the **[REDACTED]** are not sufficient to fund the purposes of the **[REDACTED]** as set forth above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Should our Directors decide to re-allocate the intended **[REDACTED]** to other business plans and/or new projects of our Group, to a material extent and/or there is to be any material modification to the **[REDACTED]** as described above, we will make appropriate announcement(s) in due course.

To the extent that the **[REDACTED]** are not immediately required for the above purposes and to the extent permitted by applicable law and regulations, if we are unable to effect any part of our future plans as intended, we may hold such funds in short-term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments.

We will issue an announcement in the event that there is any material change in the **[REDACTED]** of the **[REDACTED]** as set out above.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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[REDACTED]

The following is the text of a report received from the Company's reporting accountants, [●], Certified Public Accountants, Hong Kong, prepared for the purpose of incorporation in this document.

The Directors
Huijing Holdings Company Limited

China Galaxy International Securities (Hong Kong) Co., Limited

Dear Sirs,

We report on the historical financial information of Huijing Holdings Company Limited (the "**Company**") and its subsidiaries (together, the "**Group**") set out on pages [●] to [●], which comprises the consolidated statements of profit or loss, the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows of the Group for each of the years ended December 31, 2016, 2017 and 2018, and the six months ended June 30, 2019 (the "**Relevant Periods**"), and the consolidated statements of financial position of the Group as at December 31, 2016, 2017 and 2018 and June 30, 2019 and the statement of financial position of the Company as at June 30, 2019, and a summary of significant accounting policies and other explanatory information (together, the "**Historical Financial Information**"). The Historical Financial Information set out on pages [●] to [●] forms an integral part of this report, which has been prepared for inclusion in the document of the Company dated [●] 2019 (the "**Document**") in connection with the initial **[REDACTED]** of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**").

DIRECTORS' RESPONSIBILITY FOR THE HISTORICAL FINANCIAL INFORMATION

The directors of the Company are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, and for such internal control as the directors determine is necessary to enable the preparation of the Historical Financial Information that is free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants (the "**HKICPA**"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively, in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OPINION

In our opinion, the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the financial position of the Group as at December 31, 2016, 2017 and 2018 and June 30, 2019 and the Company as at June 30, 2019 and of the financial performance and cash flows of the Group for each of the Relevant Periods in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REVIEW OF INTERIM COMPARATIVE FINANCIAL INFORMATION

We have reviewed the interim comparative financial information of the Group which comprises the consolidated statement of profit or loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended June 30, 2018 and other explanatory information (the "**Interim Comparative Financial Information**"). The directors of the Company are responsible for the preparation and presentation of the Interim Comparative Financial Information in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively. Our responsibility is to express a conclusion on the Interim Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Interim Comparative Financial Information, for the purposes of the accountants' report, is not prepared, in all material respects, in accordance with the basis of presentation and the basis of preparation set out in notes 2.1 and 2.2 to the Historical Financial Information, respectively.

REPORT ON MATTERS UNDER THE RULES GOVERNING THE [REDACTED] OF SECURITIES ON THE STOCK EXCHANGE AND THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to note 11 to the Historical Financial Information for details of dividends paid by the Group in respect of the Relevant Periods.

No historical financial statements for the Company

As at the date of this report, no statutory financial statements have been prepared for the Company since its date of incorporation.

Yours faithfully,
[●]
Certified Public Accountants
Hong Kong

[●]

I. HISTORICAL FINANCIAL INFORMATION

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Group for the Relevant Periods, on which the Historical Financial Information is based, were audited by [●] in accordance with Hong Kong Standards on Auditing issued by the HKICPA (the "**Underlying Financial Statements**").

The Historical Financial Information is presented in Renminbi ("**RMB**") and all values are rounded to the nearest thousand (RMB'000) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

		Year ended December 31,			Six months ended June 30,	
		2016	2017	2018	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Revenue	*5(a)*	2,092,663	1,197,774	2,238,462	1,375,253	1,316,210
Cost of sales		(1,461,542)	(547,674)	(1,045,469)	(697,236)	(633,427)
Gross profit		631,121	650,100	1,192,993	678,017	682,783
Other income and gains	*5(b)*	16,502	14,527	16,109	6,275	15,177
Selling and distribution expenses		(89,891)	(72,927)	(71,332)	(40,347)	(31,410)
Administrative expenses		(74,693)	(136,207)	(180,629)	(93,537)	(109,010)
Other expenses		(4,509)	(11,584)	(12,694)	(1,341)	(3,083)
[REDACTED] expenses		—	—	**[REDACTED]**	—	**[REDACTED]**
Fair value gains on investment properties	*15*	153,799	61,105	90,830	21,245	8,387
Share of loss of a joint venture		(9,776)	(9,622)	(10,311)	(4,994)	(6,012)
Finance costs	*6*	(34,177)	(50,647)	(77,539)	(27,075)	(34,287)
PROFIT BEFORE TAX	*7*	588,376	444,745	937,350	538,243	508,642
Income tax expense	*10*	(249,986)	(286,813)	(536,382)	(297,952)	(295,341)
PROFIT FOR THE YEAR/ PERIOD		338,390	157,932	400,968	240,291	213,301
Attributable to:						
Owners of the parent		338,509	158,070	403,188	242,630	213,925
Non-controlling interests		(119)	(138)	(2,220)	(2,339)	(624)
		338,390	157,932	400,968	240,291	213,301

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year ended December 31,			Six months ended June 30,	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
PROFIT FOR THE YEAR/PERIOD	338,390	157,932	400,968	240,291	213,301
OTHER COMPREHENSIVE (LOSS)/ INCOME					
Other comprehensive (loss)/income that may be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	(781)	1,081	(1,524)	(605)	478
Other comprehensive (loss)/income for the year/period	(781)	1,081	(1,524)	(605)	478
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	337,609	159,013	399,444	239,686	213,779
Attributable to:					
Owners of the parent	337,728	159,151	401,664	242,025	214,403
Non-controlling interests	(119)	(138)	(2,220)	(2,339)	(624)
	337,609	159,013	399,444	239,686	213,779

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at December 31,			As at June 30,
		2016	2017	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS					
Property, plant and equipment	*13*	14,691	11,262	20,026	18,551
Right-of-use assets	*14*	8,798	8,968	4,897	6,543
Investment properties	*15*	566,700	732,100	932,300	956,300
Intangible assets	*16*	3,160	3,747	4,544	5,589
Investment in a joint venture	*17*	94,968	80,630	56,479	44,106
Land held for development for sale	*18*	23,701	23,701	23,701	261,238
Receivable from a joint venture	*22*	128,273	277,897	458,841	471,823
Deferred tax assets	*31*	34,532	94,339	111,425	148,877
Total non-current assets		874,823	1,232,644	1,612,213	1,913,027
CURRENT ASSETS					
Land held for development for sale	*18*	406,174	1,002,265	1,385,367	1,386,633
Properties under development	*19*	1,483,957	1,516,400	2,312,033	2,040,320
Completed properties held for sale	*20*	509,133	980,753	805,669	1,242,580
Trade receivables	*21*	950	2,560	3,368	2,393
Prepayments, other receivables and other assets	*22*	413,599	1,051,626	944,854	1,461,183
Amounts due from directors	*28*	21,895	33,654	157,989	824,879
Amounts due from related parties	*28*	1,235,922	1,546,289	2,303,327	—
Prepaid corporate income tax		6,797	680	—	8,252
Prepaid land appreciation tax		18,907	16,240	3,577	16,378
Restricted cash	*23*	154,546	223,593	285,769	511,733
Cash and cash equivalents	*23*	175,351	97,936	158,662	214,660
Total current assets		4,427,231	6,471,996	8,360,615	7,709,011
CURRENT LIABILITIES					
Trade payables	*24*	779,701	939,292	917,714	1,081,536
Other payables, deposits received and accruals	*25*	189,324	348,829	692,075	428,751
Lease liabilities	*26*	2,832	4,723	3,645	4,123
Contract liabilities	*27*	1,423,879	1,986,516	1,618,240	1,873,375
Amounts due to directors	*28*	184,106	185,078	383,935	—
Amounts due to related parties	*28*	253,879	654,486	1,427,197	—
Loans from related parties	*28*	743,700	657,600	601,700	890,550
Interest-bearing bank and other borrowings	*29*	579,210	796,298	897,095	1,109,270
Provision for corporate income tax		94,558	131,739	317,516	452,483
Provision for land appreciation tax	*30*	80,397	237,826	361,522	507,249
Total current liabilities		4,331,586	5,942,387	7,220,639	6,347,337
NET CURRENT ASSETS		95,645	529,609	1,139,976	1,361,674
TOTAL ASSETS LESS CURRENT LIABILITIES		970,468	1,762,253	2,752,189	3,274,701

		As at December 31,			As at June 30,
		2016	**2017**	**2018**	**2019**
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
NON-CURRENT LIABILITIES					
Interest-bearing bank and other borrowings	*29*	520,000	952,035	1,586,265	1,880,078
Lease liabilities	*26*	6,141	4,398	1,148	1,662
Deferred tax liabilities	*31*	41,462	54,098	76,806	78,903
Total non-current liabilities		567,603	1,010,531	1,664,219	1,960,643
Net assets		402,865	751,722	1,087,970	1,314,058
EQUITY					
Equity attributable to owners of the parent					
Issued capital	*32*	—	—	—	—*
Reserves	*34*	397,361	556,512	958,176	1,184,888
		397,361	556,512	958,176	1,184,888
Non-controlling interests		5,504	195,210	129,794	129,170
Total equity		402,865	751,722	1,087,970	1,314,058

* Less than RMB500.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the parent								
	Issued capital	**Share option reserve**	**Merger reserve**	**Statutory surplus reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 32)	*(note 33)*	*(note 34(b))*	*(note 34(a))*					
As at January 1, 2016	—	—	500	13,385	—	48,766	62,651	5,623	68,274
Profit/(loss) for the year	—	—	—	—	—	338,509	338,509	(119)	338,390
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	(781)	—	(781)	—	(781)
Total comprehensive income/(loss) for the year	—	—	—	—	(781)	338,509	337,728	(119)	337,609
Dividend paid *(note 11)*	—	—	—	—	—	(7,018)	(7,018)	—	(7,018)
Acquisition of subsidiaries *(note 36)*	—	—	4,000	—	—	—	4,000	—	4,000
Transfer from retained profits	—	—	—	26,407	—	(26,407)	—	—	—
As at December 31, 2016 and January 1, 2017	—	—	4,500*	39,792*	(781)*	353,850*	397,361	5,504	402,865
Profit/(loss) for the year	—	—	—	—	—	158,070	158,070	(138)	157,932
Other comprehensive income for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	1,081	—	1,081	—	1,081
Total comprehensive income/(loss) for the year	—	—	—	—	1,081	158,070	159,151	(138)	159,013
Acquisition of subsidiaries *(note 36)*	—	—	—	—	—	—	—	189,844	189,844
Transfer from retained profits	—	—	—	18,308	—	(18,308)	—	—	—
As at December 31, 2017 and January 1, 2018	—	—	4,500*	58,100*	300*	493,612*	556,512	195,210	751,722
Profit/(loss) for the year	—	—	—	—	—	403,188	403,188	(2,220)	400,968
Other comprehensive loss for the year:									
Exchange differences on translation of foreign operations	—	—	—	—	(1,524)	—	(1,524)	—	(1,524)
Total comprehensive income/(loss) for the year	—	—	—	—	(1,524)	403,188	401,664	(2,220)	399,444
Acquisition of non-controlling interests	—	—	—	—	—	—	—	(179,427)	(179,427)
Acquisition of subsidiaries *(note 36)*	—	—	—	—	—	—	—	116,231	116,231
Transfer from retained profits	—	—	—	31,730	—	(31,730)	—	—	—
As at December 31, 2018 and January 1, 2019	—	—	4,500*	89,830*	(1,224)*	865,070*	958,176	129,794	1,087,970
Profit/(loss) for the period	—	—	—	—	—	213,925	213,925	(624)	213,301
Other comprehensive income for the period:									
Exchange differences on translation of foreign operations	—	—	—	—	478	—	478	—	478
Total comprehensive income/(loss) for the period	—	—	—	—	478	213,925	214,403	(624)	213,779
Issue of new shares	—#	—	—	—	—	—	—#	—	—#
Distribution to the then equity owners of subsidiaries *(note 34(c))*	—	—	(4,001)	—	—	—	(4,001)	—	(4,001)
Equity-settled share option arrangements *(note 33)*	—	16,310	—	—	—	—	16,310	—	16,310
Transfer from retained profits	—	—	—	18,871	—	(18,871)	—	—	—
As at June 30, 2019	—#	16,310*	499*	108,701*	(746)*	1,060,124*	1,184,888	129,170	1,314,058

	Attributable to owners of the parent							
	Issued capital	**Merger reserve**	**Statutory surplus reserve**	**Exchange reserve**	**Retained profits**	**Total**	**Non-controlling interests**	**Total equity**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
	(note 32)	*(note 34(b))*	*(note 34(a))*					
Six months ended June 30, 2018 (Unaudited)								
As at January 1, 2018	—	4,500	58,100	300	493,612	556,512	195,210	751,722
Profit/(loss) for the period	—	—	—	—	242,630	242,630	(2,339)	240,291
Other comprehensive loss for the period:								
Exchange differences on translation of foreign operations	—	—	—	(605)	—	(605)	—	(605)
Total comprehensive income/(loss) for the period	—	—	—	(605)	242,630	242,025	(2,339)	239,686
Acquisition of subsidiaries *(note 36)*	—	—	—	—	—	—	116,231	116,231
Transfer from retained profits	—	—	23,813	—	(23,813)	—	—	—
As at June 30, 2018	—	4,500	81,913	(305)	712,429	798,537	309,102	1,107,639

* These reserve accounts comprise the consolidated reserves of RMB397,361,000, RMB556,512,000, RMB958,176,000 and RMB1,184,888,000 in the consolidated statements of financial position as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

Less than RMB500.

CONSOLIDATED STATEMENTS OF CASH FLOWS

		Year ended December 31,			Six months ended June 30,	
		2016	2017	2018	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
CASH FLOWS FROM OPERATING ACTIVITIES						
Profit before tax		588,376	444,745	937,350	538,243	508,642
Adjustments for:						
Interest income	*5(b)*	(6,725)	(2,293)	(874)	(512)	(1,421)
Interest income of a loan to a joint venture	*5(b)*	(1,593)	(4,908)	(14,405)	(4,933)	(6,621)
Depreciation of property, plant and equipment	*7*	4,081	5,266	5,420	2,238	2,513
Depreciation of right-of-use assets	*14*	3,215	3,434	4,518	2,650	2,870
Amortisation of intangible assets		382	660	870	273	392
Share option expense		—	—	—	—	16,310
Fair value gains on investment properties		(153,799)	(61,105)	(90,830)	(21,245)	(8,387)
Loss on disposal of items of property, plant and equipment	*7*	87	—	—	—	—
Share of loss of a joint venture		9,776	9,622	10,311	4,994	6,012
Finance costs	*6*	34,177	50,647	77,539	27,075	34,287
		477,977	446,068	929,899	548,783	554,597
Acquisition of land held for development for sale		(116,501)	—	—	—	(219,155)
Proceed from disposal of land held for development for sale		—	10,399	—	—	—
Decrease/(increase) in properties under development		147,285	128,387	(8,242)	244,725	359,901
Decrease/(increase) in completed properties held for sale		301,808	(471,620)	175,084	186,135	(436,911)
Decrease/(increase) in trade receivables		1,955	(1,610)	(808)	—	975
Decrease/(increase) in prepayments, other receivables and other assets		159,281	(533,421)	329,831	276,505	(516,329)
Increase/(decrease) in trade payables		90,430	159,591	(21,578)	114,843	163,822
(Decrease)/increase in contract liabilities		(453,839)	562,637	(368,276)	(466,481)	255,135
Increase/(decrease) in other payables, deposits received and accruals		23,966	(114,749)	(192,203)	(354,971)	(286,973)
Cash generated from/(used in) operations		632,362	185,682	843,707	549,539	(124,938)
Interest received		6,725	2,293	874	512	1,421
Interest paid		(136,554)	(151,976)	(207,761)	(89,096)	(122,475)
PRC corporate income tax paid		(55,391)	(92,059)	(15,893)	(9,471)	(25,610)
PRC land appreciation tax paid		(27,378)	(38,531)	(192,051)	(82,996)	(45,445)
Net cash flows from/(used in) operating activities		419,764	(94,591)	428,876	368,488	(317,047)

		Year ended December 31,			Six months ended June 30,	
		2016	2017	2018	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
CASH FLOWS FROM INVESTING ACTIVITIES						
Advance to a joint venture		(125,150)	(140,000)	(152,699)	—	—
Increase in amounts due from related parties		(297,554)	(310,367)	(757,038)	(595,454)	(93,800)
(Increase)/decrease in amounts due from directors		(19,899)	(11,759)	(124,335)	(5,080)	45,938
Purchases of items of property, plant and equipment	*13*	(9,316)	(1,837)	(8,824)	(1,061)	(1,038)
Additions of intangible assets	*16*	(1,760)	(1,247)	(1,667)	(118)	(1,437)
Additions of investment properties	*15*	(85,401)	(104,295)	(109,370)	—	(15,613)
Acquisitions of subsidiaries	*36*	(161,135)	(254,961)	(557,805)	(262,652)	—
Proceeds from disposal of items of property, plant and equipment		637	—	—	—	—
(Increase)/decrease in restricted cash		(29,462)	(69,047)	(62,176)	37,782	(225,964)
Net cash flows used in investing activities		(729,040)	(893,513)	(1,773,914)	(826,583)	(291,914)
CASH FLOWS FROM FINANCING ACTIVITIES						
Acquisition of non-controlling interests		—	—	(179,427)	—	—
Increase/(decrease) in amounts due to directors		184,106	972	198,857	(38,416)	(30,709)
(Decrease)/increase in amounts due to related parties		(125,781)	400,607	772,711	254,532	(96,124)
New bank and other borrowings		930,547	1,243,024	1,076,133	537,597	1,103,320
Repayment of bank and other borrowings		(468,000)	(644,000)	(401,930)	(304,470)	(596,854)
Loans from related parties		483,650	686,700	483,050	294,750	390,850
Repayment of loans from related parties		(626,317)	(772,800)	(538,950)	(188,450)	(102,000)
Principal portion of lease payments		(3,028)	(3,814)	(4,680)	(2,650)	(3,524)
Dividend paid	*11*	(7,018)	—	—	—	—
Net cash flows from financing activities		368,159	910,689	1,405,764	552,893	664,959
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		58,883	(77,415)	60,726	94,798	55,998
Cash and cash equivalents at beginning of year/period		116,468	175,351	97,936	97,936	158,662
CASH AND CASH EQUIVALENTS AT END OF YEAR/PERIOD	*23*	175,351	97,936	158,662	192,734	214,660

STATEMENT OF FINANCIAL POSITION OF THE COMPANY

		As at June 30, 2019
	Notes	*RMB'000*
NON-CURRENT ASSET		
Investment in a subsidiary	*1*	19
EQUITY		
Issued capital	*32*	—*
Share premium	*32*	19
Total equity		19

* *Less than RMB500.*

II. NOTES TO HISTORICAL FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is an exempted company with limited liability incorporated in the Cayman Islands on January 9, 2019 under the Companies Law, Cap 22 of the Cayman Islands. The registered office address of the Company is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. The principal place of business is located at Unit 2403–2408, 24/F, Shui On Centre 6–8 Harbour Road, Wanchai, Hong Kong.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries now comprising the Group were involved in property development and investment in the People's Republic of China (the "**PRC**"). In the opinion of the directors, the ultimate and immediate holding company of the Company is Wui Ying Holdings Limited ("**Wui Ying**") and the controlling shareholders of the Company are Mr. Lun Rui Xiang ("**Mr. Lun RX**") and Ms. Chan Hau Wan ("**Ms. Chan**", spouse of Mr. Lun RX) (collectively, the "**Controlling Shareholders**").

The Company and its subsidiaries now comprising the Group underwent a reorganization (the "**Reorganization**") as set out in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Group Structure" in the Document. Apart from the Reorganization, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, the Company had direct and indirect interests in subsidiaries, a joint venture and an associate all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Subsidiaries:					
Hai Feng International Holdings Limited 海豐國際控股有限公司 *(Note (b))*	British Virgin Islands ("**BVI**") May 19, 2015	US$1	100%	—	Investment holding
Great Mission Trading Limited 偉業貿易有限公司 *(Note (b))*	BVI May 8, 1997	US$50,000	—	100%	Investment holding
Hui Jing Group (International) Company Limited 匯景集團(國際)有限公司 *(Note (b))*	BVI August 28, 2018	US$1	—	100%	Investment holding
Hai Feng Holdings Limited 海豐控股有限公司 *(Note (i))*	Hong Kong June 7, 2011	HK$1,000,000	—	100%	Investment holding
Dongguan Baorui Trading Limited 東莞寶瑞貿易有限公司 *(Note (a))/^#*	PRC/Mainland China January 18, 2012	HK$20,000,000	—	100%	Investment holding
Dongguan Huijing Kailun Bay Property Development Limited 東莞市滙景凱倫灣房地產開發有限公司 *(Note (a))/*#*	PRC/Mainland China May 30, 2006	RMB50,000,000	—	100%	Property development
Dongguan Baihui Property Development Limited 東莞市百滙房地產開發有限公司 *(Note (a))/*#*	PRC/Mainland China November 5, 2010	RMB1,000,000	—	100%	Property development
Huijing Group Limited 滙景集團有限公司 *(Note (a))/*#*	PRC/Mainland China April 14, 2004	RMB50,000,000	—	100%	Property development and investment and investment holding

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Dongguan Daxi Property Development Limited 東莞市大喜房地產開發有限公司 *(Note (a))*/*#	PRC/Mainland China December 31, 2006	RMB50,000,000	—	100%	Property development
Hengyang Huijing Property Development Limited 衡陽滙景房地產開發有限公司 *(Note (a))*/*#	PRC/Mainland China October 25, 2010	RMB10,000,000	—	100%	Property development
Dongguan Huijing Jiayu Properties Limited 東莞市滙景嘉愉置業有限公司 *(Note (a))*/*#	PRC/Mainland China March 13, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiaxin Properties Limited 東莞市滙景嘉信置業有限公司 *(Note (a))*/*#	PRC/Mainland China October 17, 2016	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiasheng Properties Limited 東莞市滙景嘉昇置業有限公司 (Note (a))/*#	PRC/Mainland China April 25, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiachao Properties Limited 東莞市滙景嘉超置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 5, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiadi Properties Limited 東莞市滙景嘉迪置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 5, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiafu Properties Limited 東莞市滙景嘉孚置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 5, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiaming Properties Limited 東莞市滙景嘉銘置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 5, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiawei Properties Limited 東莞市滙景嘉維置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 5, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiawan Properties Limited 東莞市滙景嘉萬置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 20, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiayou Properties Limited 東莞市滙景嘉優置業有限公司 *(Note (a))*/*#	PRC/Mainland China March 31, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Property Development Company Limited 東莞市滙景房地產發展有限公司 *(Note (a))*/*#	PRC/Mainland China April 19, 2016	RMB1,000,000	—	100%	Property development
Dongguan Huijing East Automobile Development Limited 東莞市滙景東部汽車產業發展有限公司 *(Notes (a, g)*/*#	PRC/Mainland China September 3, 2013	RMB30,000,000	—	80%	Property development
Dongguan Huijing Jiali Properties Limited 東莞市滙景嘉力置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 20, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiaqi Properties Limited 東莞市滙景嘉企置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 20, 2017	RMB5,000,000	—	100%	Investment holding
Dongguan Huijing Jiaying Properties Limited 東莞市滙景嘉英置業有限公司 *(Note (a))*/*#	PRC/Mainland China June 20, 2017	RMB5,000,000	—	100%	Investment holding

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Dongguan Huijing Shuoer Property Development Limited 東莞市滙景朔而房地產開發有限公司 *(Note (a))/*#*	PRC/Mainland China September 19, 2017	RMB10,000,000	—	70%	Property development
Changsha Ruiying Properties Limited 長沙瑞盈房地產有限公司 *(Notes (a, c))/*#*	PRC/Mainland China December 13, 2017	RMB50,000,000	—	100%	Investment holding
Dongguan Jade Peninsula Property Development Limited 東莞市翡翠半島房地產開發有限公司 *(Note (a))/*#*	PRC/Mainland China September 16, 2009	RMB1,000,000	—	100%	Property development
Heyuan Huijing Property Development Limited 河源市滙景房地產發展有限公司 *(Note (a))/*#*	PRC/Mainland China November 27, 2015	RMB50,000,000	—	100%	Property development
Heng Fu Grand Holdings Limited ("Heng Fu Holdings") 恒富兆業控股有限公司 *(Note (b))*	BVI March 18, 2016	US$50,000	—	100%	Investment holding
Heng Fu Grand Development Limited 恒富兆業發展有限公司 *(Note (b))*	BVI June 5, 2012	US$50,000	—	100%	Investment holding
He Tai Land and Properties Holdings Limited 合泰地產控股有限公司 *(Note (h))*	Hong Kong June 18, 2012	HK$10,000,000	—	100%	Investment holding
Hefei Fuhua Properties Limited ("Hefei Fuhua") 合肥富華置業有限公司 *(Note (a))/@#*	PRC/Mainland China January 4, 2013	RMB150,000,000	—	100%	Property development and investment holding
Huizhou Fushen Investment Management Limited ("Fushen Investment") 惠州富紳投資管理有限公司 *(Note (a))/*#*	PRC/Mainland China October 19, 2012	RMB5,000,000	—	100%	Investment holding
Dongguan Zhengyun Investment Limited ("Dongguan Zhengyun") 東莞市正韻實業投資有限公司 *(Note (a))/*#*	PRC/Mainland China January 23, 2013	RMB4,000,000	—	100%	Investment holding
Heyuan Huijing Jiachao Properties Limited 河源市滙景嘉超置業有限公司 *(Note (a))/*#*	PRC/Mainland China October 12, 2017	RMB10,000,000	—	100%	Dormant
Heyuan Huijing Jiaqi Properties Limited 河源市滙景嘉企置業有限公司 *(Note (a))/*#*	PRC/Mainland China October 12, 2017	RMB10,000,000	—	100%	Dormant
Heyuan Huijing Jiasheng Properties Limited 河源市滙景嘉昇置業有限公司 *(Note (a))/*#*	PRC/Mainland China October 12, 2017	RMB10,000,000	—	100%	Investment holding
Heyuan Huijing Jiaying Properties Limited 河源市滙景嘉英置業有限公司 *(Note (a))/*#*	PRC/Mainland China October 12, 2017	RMB10,000,000	—	100%	Investment holding
Heyuan Huijing Jiawei Properties Limited 河源市滙景嘉維置業有限公司 *(Note (a))/*#*	PRC/Mainland China October 12, 2017	RMB10,000,000	—	100%	Investment holding

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Dongyuan Dongjiang River Village Long He Investment Development Limited ("Dongjiang Village Long He") 東源縣東江水鄉隆和投資發展有限公司 *(Note (a))*/*#	PRC/Mainland China February 3, 2015	RMB50,000,000	—	100%	Property development
Dongyuan Yayuan Property Investment Limited 東源縣雅園實業投資有限公司 *(Note (a))*/*#	PRC/Mainland China November 10, 2011	RMB1,000,000	—	80%	Property development
Dongguan Haiya Trading Limited 東莞市海亞貿易有限公司 *(Note (a))*/*#	PRC/Mainland China February 17, 2003	RMB500,000	—	100%	Property development
Changsha Runfeng Xianghe Properties Limited 長沙潤豐湘和房地產有限公司 *(Notes (a, c))*/*#	PRC/Mainland China March 2, 2018	RMB30,000,000	—	100%	Investment holding
Dongguan Houshun Trading Limited 東莞市厚順貿易有限公司 *(Note (a))*/*#	PRC/Mainland China June 7, 2016	RMB30,000	—	100%	Dormant
Dongguan Humen Wanfang Properties Limited ("Dongguan Wanfang") 東莞市虎門萬方實業有限公司 *(Note (a))*/*#	PRC/Mainland China June 7, 2000	RMB100,000,000	—	98%	Property development
Dongguan Wansheng Property Development Limited 東莞市萬升房地產開發有限公司 *(Note (a))*/*#	PRC/Mainland China November 28, 2017	RMB10,000,000	—	98%	Property development
Hefei Changheng Property Development Limited 合肥昌恒房地產開發有限公司 *(Note (a))*/*#	PRC/Mainland China January 12, 2018	RMB200,000,000	—	100%	Property development
Dongyuan Dongjiang River Village Properties Limited ("Dongjiang Village Properties") 東源縣東江水鄉實業有限公司 *(Note (a))*/*#	PRC/Mainland China May 18, 2006	RMB5,000,000	—	80%	Property development
Hengyang Yanhu Eco-tourism Limited 衡陽雁湖生態旅遊有限公司 *(Note (a))*/*#	PRC/Mainland China June 8, 2018	RMB5,000,000	—	100%	Property development
Songsen Furniture (Dongguan) Company Limited ("Songsen Furniture") 松森傢俱(東莞)有限公司 *(Note (a))*/^#	PRC/Mainland China December 5, 2001	HK$11,000,000	—	100%	Property development
Dongguan Guanfeng Investment Limited 東莞市莞鋒實業投資有限公司 *(Note (a))*/*#	PRC/Mainland China February 16, 2017	RMB2,000,000	—	100%	Dormant
Dongguan Zhanfeng AI Investment Limited 東莞市湛豐人工智能投資有限公司 *(Note (a))*/*#	PRC/Mainland China August 2, 2018	RMB100,000,000	—	100%	Dormant
Dongguan Zhanrun Investment Limited 東莞市湛潤實業投資有限公司 *(Note (a))*/*#	PRC/Mainland China April 3, 2018	RMB100,000,000	—	100%	Investment holding
Dongguan Zhanhua Investment Limited 東莞市湛華實業投資有限公司 *(Note (a))*/*#	PRC/Mainland China April 3, 2018	RMB100,000,000	—	100%	Dormant
Huijing Jianuo Properties Limited 東莞市滙景嘉諾置業有限公司 *(Note (e))*/*#	PRC/Mainland China February 1, 2019	RMB100,000,000	—	100%	Dormant

Name	Place and date of incorporation/ establishment and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity interest attributable to the Company Direct	Indirect	Principal activities
Dongguan Jiayishi Investment Limited 東莞市嘉益仕實業投資有限公司 *(Note (e))*/*#	PRC/Mainland China March 19, 2019	RMB50,000,000	—	100%	Property development
Chenzhou Huijing Property Development Limited 郴州滙景房地產開發有限公司 *(Note (e))*/*#	PRC/Mainland China May 17, 2019	RMB10,000,000	—	100%	Dormant
Xiangyang Huiyu Construction Limited 襄陽滙宇建築工程有限公司 *(Notes (d, e))*/*#	PRC/Mainland China May 20, 2019	RMB10,000,000	—	100%	Dormant
Huijing Group (Hunan) Properties Limited 滙景集團(湖南)置業有限公司 *(Note (e))*/*#	PRC/Mainland China June 5, 2019	RMB10,000,000	—	100%	Dormant
Chenzhou Huijing Heshun Real Estate Development Limited 郴州滙景和舜地產有限公司 *(Note (e))*/*#	PRC/Mainland China July 19, 2019	RMB10,000,000	—	90%	Dormant
Chenzhou Huijing Heshun Cultural Tourism Development Limited 郴州滙景和舜文化旅遊發展有限公司 *(Note (e))*/*#	PRC/Mainland China July 19, 2019	RMB10,000,000	—	70%	Dormant
Wuhan Wui Ying Property Limited 武漢匯盈置業有限公司 *(Note (e))*/*#	PRC/Mainland China August 8, 2019	RMB10,000,000	—	100%	Dormant
Dongguan Zhancheng Investment Limited 東莞市湛誠實業投資有限公司 *(Note (e))*/*#	PRC/Mainland China September 6, 2019	RMB50,000,000	—	100%	Dormant
Dongguan Zhanjia Investment Limited 東莞市湛嘉實業投資有限公司 *(Note (e))*/*#	PRC/Mainland China September 30, 2019	RMB50,000,000	—	100%	Dormant
A joint venture:					
Hunan Development Gaoxin Properties Limited 湖南發展高新置業有限公司 *(Note (a))**#	PRC/Mainland China January 17, 2011	RMB196,078,400	—	49%	Property development
An associate:					
Dongguan Fengshang Apartment Property Development Limited 東莞市鋒尚公寓房地產開發有限公司 *(Notes (a, f))**#	PRC/Mainland China March 14, 2005	RMB3,000,000	—	40%	Dormant

Notes:

(a) No audited financial statements have been prepared for these entities for the years ended December 31, 2016, 2017 and/or 2018, as they were not subject to any statutory audit requirements under the relevant rules and regulations in the PRC.

(b) No audited financial statements have been prepared for these companies which were incorporated in the BVI during the Relevant Periods as they were not subject to any statutory audit requirements under the relevant rules and regulations in the BVI.

(c) These companies were deregistered on May 31, 2019.

(d) This company was deregistered on September 9, 2019.

(e) No statutory financial statements have been prepared for these entities since they were incorporated in 2019.

(f) The entity was dormant during the Relevant Periods and the investment in this associate was fully impaired as at the end of each of the Relevant Periods.

(g) On June 21, 2017, the Group transferred 40% equity interest (out of its 80% equity interest) to a financial institution under a debt financing arrangement. Under the debt financing arrangement, the Group's profit sharing ratio over this entity is 80% and the consideration received by the Group from the financial institution for the transfer of the 40% equity interest in this entity was accounted for as a financial liability. In July 2019, the Group fully settled the outstanding principal and interest to the financial institution and in August 2019, the financial institution had transferred back the 40% equity interest in the entity to the Group.

(h) The statutory financial statements of this entity for the years ended December 31, 2016, 2017 and 2018 have not been issued as at the date of this report.

(i) The statutory financial statements of this entity for the years ended December 31, 2016, 2017 and 2018 prepared in accordance with Hong Kong Financial Reporting Standards for Private Entities were audited by Sky Trend CPA Limited, certified public accountants registered in Hong Kong.

* Registered as domestic limited liability companies under PRC law.

^ Registered as wholly-foreign-owned enterprises under PRC law.

@ Registered as a sino-foreign equity entity under PRC law.

The English names of these companies represent the best effort made by management of the Company to directly translate their Chinese names as they did not register any official English name.

2.1 BASIS OF PRESENTATION

Basis of consolidation

Pursuant to the Reorganization, as more fully explained in the paragraph headed "Reorganization" in the section headed "History, Reorganization and Group Structure" in the Document, the Company became the holding company of the companies now comprising the Group on 25 March 2019. The companies now comprising the Group were under the common control of the Controlling Shareholders before and after the Reorganization. Accordingly, for the purpose of this report, the Historical Financial Information has been presented by applying the principles of merger accounting as if the Reorganization had been completed at the beginning of the Relevant Periods.

The consolidated statements of profit or loss, consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows of the Group for the Relevant Periods include the results and cash flows of all companies now comprising the Group from the earliest date presented or since the date when the subsidiaries first came under the common control of the Controlling Shareholders, where this is a shorter period. The consolidated statements of financial position of the Group as at December 31, 2016, 2017 and 2018 and June 30, 2019 have been prepared to present the assets and liabilities of the subsidiaries using the existing book values from the Controlling Shareholders' perspective. No adjustments are made to reflect fair values, or recognise any new assets or liabilities as a result of the Reorganization.

Equity interests in subsidiaries held by parties other than the Controlling Shareholders, and changes therein, prior to the Reorganization are presented as non-controlling interests in equity in applying the principles of merger accounting.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Historical Financial Information has been prepared in accordance with Hong Kong Financial Reporting Standards ("**HKFRSs**") (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("**HKASs**") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from January 1, 2019, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Historical Financial Information throughout the Relevant Periods.

The Historical Financial Information has been prepared under the historical cost convention, except for investment properties which have been measured at fair value.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs, that have been issued but are not yet effective, in the Historical Financial Information.

Amendments to HKFRS 3	*Definition of a Business*[1]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[3]
HKFRS 17	*Insurance Contracts*[2]
Amendments to HKAS 1 and HKAS 8	*Definition of Material*[1]

1 Effective for annual periods beginning on or after January 1, 2020
2 Effective for annual periods beginning on or after January 1, 2021
3 No mandatory effective date yet determined but available for adoption

Further information about those HKFRSs that are expected to be applicable to the Group is described below:

Amendments to HKFRS 3 clarify and provide additional guidance on the definition of a business. The amendments clarify that for an integrated set of activities and assets to be considered a business, it must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create output. A business can exist without including all of the inputs and processes needed to create outputs. The amendments remove the assessment of whether market participants are capable of acquiring the business and continue to produce outputs. Instead, the focus is on whether acquired inputs and acquired substantive processes together significantly contribute to the ability to create outputs. The amendments have also narrowed the definition of outputs to focus on goods or services provided to customers, investment income or other income from ordinary activities. Furthermore, the amendments provide guidance to assess whether an acquired process is substantive and introduce an optional fair value concentration test to permit a simplified assessment of whether an acquired set of activities and assets is not a business. The Group expects to adopt the amendments prospectively from January 1, 2020.

Amendments to HKAS 1 and HKAS 8 provide a new definition of material. The new definition states that information is material if omitting, misstating or obscuring it could reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements. The amendments clarify that materiality will depend on the nature or magnitude of information. A misstatement of information is material if it could reasonably be expected to influence decisions made by the primary users. The Group expects to adopt the amendments prospectively from January 1, 2020. The amendments are not expected to have any significant impact on the Group's results and financial position.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiary

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The financial statements of the subsidiaries are prepared for the same reporting period as the Company, using consistent accounting policies. Except for common control combinations as mentioned in note 2.1 to the Historical Financial Information, the results of subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases. All intra-group balances, transactions, unrealised gains and losses resulting from intra-group transactions and dividends are eliminated on consolidation in full.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control described above. A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction.

If the Group loses control over a subsidiary, it derecognises (i) the assets (including goodwill) and liabilities of the subsidiary, (ii) the carrying amount of any non-controlling interest and (iii) the cumulative translation differences recorded in equity; and recognises (i) the fair value of the consideration received, (ii) the fair value of any investment retained and (iii) any resulting surplus or deficit in the statement of profit or loss. The Group's share of components previously recognised in other comprehensive income is reclassified to the statement of profit or loss or retained profits, as appropriate, on the same basis as would be required if the Group had directly disposed of the related assets and liabilities.

The results of a subsidiary are included in the Company's statement of profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Business combinations other than those under common control combinations and goodwill

Business combinations other than those under common control are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in the statement of profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability is measured at fair value with changes in fair value recognised in the statement of profit or loss. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Investments in an associate and a joint venture

An associate is an entity in which the Group has a long term interest of generally not less than 20% of the equity voting rights and over which it is in a position to exercise significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over those policies.

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investment in an associate and a joint venture are stated in the consolidated statements of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses. Adjustments are made to bring into line any dissimilar accounting policies that may exist. The Group's share of the post-acquisition results and other comprehensive income of an associate and a joint venture are included in the consolidated statements of profit or loss. In addition, when there has been a change recognised directly in the equity of the associate or joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statements of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its associate or joint venture are eliminated to the extent of the Group's investment in the associate or joint venture, except where unrealised losses provide evidence of an impairment of the assets transferred. Goodwill arising from the acquisition of the associate or joint venture is included as part of the Group's investment in the associate or joint venture.

If an investment in an associate becomes an investment in a joint venture or vice versa, the retained interest is not remeasured. Instead, the investment continues to be accounted for under the equity method. In all other cases, upon loss of significant influence over the associate or joint control over the joint venture, the Group measures and recognises any retained investment as its fair value. Any difference between the carrying amount of the associate or joint venture upon loss of significant influence or joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

Fair value measurement

The Group measures its investment properties at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Historical Financial Information are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities
Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly
Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the Historical Financial Information on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to the statement of profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to the statement of profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a);

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity); and

(viii) the entity, or any member of a group of which it is a part, provides key management personnel services to the Group or to the parent of the Group.

Property, plant and equipment and depreciation

Property, plant and equipment, are stated at cost less accumulated depreciation and any impairment losses. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to the statement of profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Leasehold improvements	Over the lease terms
Furniture, fixtures and office equipment	20–33.33%
Motor vehicles	25%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in the statement of profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest held by the Group as a right-of-use asset) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of each reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in the statement of profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in the statement of profit or loss in the year of the retirement or disposal.

Properties under development

Properties under development are stated at the lower of cost, comprising land costs, construction costs, borrowing costs, professional fees and other costs incurred directly attributable to such properties during the development period, and net realisable value.

Properties under development are classified as current assets unless they will not be realised in the normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the consolidated statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Software is stated at cost less any impairment loss and is amortised on the straight-line basis over its estimated useful life of 5 to 10 years.

Right-of-use assets

Right-of-use assets are recognised at the commencement date of the lease. Right-of-use assets are measured at cost, less any accumulated depreciation and any impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received.

Unless the Group is reasonably certain to obtain ownership of the leased asset at the end of the lease term, the recognised right-of-use assets are depreciated on the straight-line basis over the shorter of the estimated useful life and the lease term. The principal annual rate used for this purpose is as follows:

Office premises	Over the lease term

Lease liabilities

Lease liabilities are recognised at the commencement date of the lease at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for termination of a lease, if the lease term reflects the Group exercising the option to terminate. The variable lease payments that do not depend on an index or a rate are recognised as an expense in the period in which the event or condition that triggers the payment occurs.

Short-term leases and leases of low-value assets

The Group has elected to use the recognition exemptions for lease contracts that, at the commencement date, have a lease term of 12 months or less and do not contain a purchase option (''**short-term leases**'') or lease contracts for which the underlying asset is of low value. In such cases, the lease payments made associated with them are recognised as an expense, and no right-of-use asset and lease liability are recognised.

Extension and termination options exist for a number of leases, particularly for real estate. Such contract terms offer the Group the greatest possible flexibility in doing business. In determining lease terms, all facts and circumstances offering economic incentives for exercising extension options or not exercising termination options are taken into account. The Group reassesses the lease terms if there is a significant event or change in circumstances that is within its control and affects its ability to exercise (or not to exercise) the option to renew (e.g., a change in business strategy).

Land held for development for sale

The land held for development for sale represents parcels of land owned by the Group for the purpose of development of properties for sale. The land is initially stated at cost less any impairment losses and not amortised. It is transferred to properties under development upon commencement of the construction work of the related property development project.

Financial assets

Initial recognition and measurement

Financial assets are all classified, at initial recognition, as subsequently measured at amortised cost.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient of not adjusting the effect of a significant financing component, the Group initially measures a financial asset at its fair value, plus in the case of a financial asset not at fair value through profit or loss, transaction costs. Trade receivables that do not contain a significant financing component or for which the Group has applied the practical expedient are measured at the transaction price determined under HKFRS 15 in accordance with the policies set out for ''Revenue recognition'' below.

In order for a financial asset to be classified and measured at amortised cost, it needs to give rise to cash flows that are solely payments of principal and interest ("**SPPI**") on the principal amount outstanding.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The Group measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows.
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest method and are subject to impairment. Gains and losses are recognised in the statement of profit or loss when the asset is derecognised, modified or impaired.

Financial liabilities

Initial recognition and measurement

Financial liabilities are all classified, at initial recognition, as loans and borrowings and payables.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, lease liabilities, amounts due to directors and related parties, loans from related parties and interest-bearing bank and other borrowings.

Subsequent measurement

After initial recognition, lease liabilities, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in the statement of profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in the statement of profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contracts at the higher of: (i) the expected credit loss ("**ECL**") allowance determined in accordance with the policy as set out in "Impairment of financial assets"; and (ii) the amount initially recognised less, when appropriate, the cumulative amount of income recognised.

Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When the existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in the statement of profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Impairment of financial assets

The Group recognises an allowance for ECLs for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

General approach

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

At each reporting date, the Group assesses whether the credit risk on a financial instrument has increased significantly since initial recognition. When making the assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information that is available without undue cost or effort, including historical and forward-looking information.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Financial assets at amortised cost are subject to impairment under the general approach and they are classified within the following stages for measurement of ECLs except for trade receivables and contract assets which apply the simplified approach as detailed below.

Stage 1 — Financial instruments for which credit risk has not increased significantly since initial recognition and for which the loss allowance is measured at an amount equal to 12-month ECLs

Stage 2 — Financial instruments for which credit risk has increased significantly since initial recognition but that are not credit-impaired financial assets and for which the loss allowance is measured at an amount equal to lifetime ECLs

Stage 3 — Financial assets that are credit-impaired at the reporting date (but that are not purchased or originated credit-impaired) and for which the loss allowance is measured at an amount equal to lifetime ECLs

Simplified approach

For trade receivables that do not contain a significant financing component or when the Group applies the practical expedient of not adjusting the effect of a significant financing component, the Group applies the simplified approach in calculating ECLs. Under the simplified approach, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

For trade receivables and contract assets that contain a significant financing component, the Group chooses as its accounting policy to adopt the simplified approach in calculating ECLs with policies as described above.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, and short term highly liquid investments that are readily convertible into known amounts of cash, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired, less bank overdrafts which are repayable on demand and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks, including term deposits, and assets similar in nature to cash, which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of each of the Relevant Periods of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in the statement of profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each of the Relevant Periods, taking into consideration interpretations and practices prevailing in the countries in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of each of the Relevant Periods between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carryforward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each of the Relevant Periods and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each of the Relevant Periods and are recognised to the extent that it has become probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of each reporting period.

Deferred tax assets and deferred tax liabilities are offset if and only if the Group has a legally enforceable right to set off current tax assets and current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax liabilities or assets are expected to be settled or recovered.

Revenue recognition

Revenue from contracts with customers

Sale of properties

Revenues are recognised when or as the control of the asset is transferred to the customer. Depending on the terms of the contract and the laws that apply to the contract, control of the asset may be transferred over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides benefits which are received and consumed simultaneously by the customer; or

- creates and enhances an asset that the customer controls as the Group performs; or
- does not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset is transferred over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at a point in time when the customer obtains control of the asset.

The progress towards complete satisfaction of the performance obligation is measured based on the Group's efforts or inputs to the satisfaction of the performance obligation that best depict the Group's performance in satisfying the performance obligation.

In determining the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant.

For sales contracts for which the control of the property is transferred at a point in time, revenue is recognised when the customer obtains the physical possession and the Group has a present right to payment and the collection of the consideration is probable.

Other income

Rental income

Rental income is recognised on a time proportion basis over the lease terms.

Interest income

Interest income is recognised on an accrual basis, using the effective interest method by applying the rate that discounts the estimated future cash receipts over the expected life of the financial instrument of the net carrying amount of the financial asset.

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Group has received a consideration (or an amount of consideration that is due) from the customer. If a customer pays the consideration before the Group transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Group performs under the contract.

Contract costs

Costs to fulfil a contract

Other than the costs which are capitalised as properties under development, property, plant and equipment and intangible assets, costs incurred to fulfil a contract with a customer are capitalised as an asset if all of the following criteria are met:

(a) The costs relate directly to a contract or to an anticipated contract that the entity can specifically identify.

(b) The costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future.

(c) The costs are expected to be recovered.

The capitalised contract costs are amortised and charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the related asset is recognised. Other contract costs are expensed as incurred.

Incremental costs of obtaining a contract

Incremental costs of obtaining a contract are those costs that the Group incurs to obtain a contract with a customer that it would not have incurred if the contract had not been obtained. Incremental costs of obtaining a contract are capitalised when incurred if the costs relate to revenue which will be recognised in a future reporting period and the costs are expected to be recovered. The incremental costs of obtaining a contract are charged to the statement of profit or loss on a systematic basis that is consistent with the pattern of the revenue to which the related asset is recognised. Other costs of obtaining a contract are expensed when incurred.

Share-based payments

The Company operates a share option scheme for the purpose of providing incentives and rewards to eligible participants who contribute to the success of the Group's operations. Employees (including directors of the Company) of the Group receive remuneration in the form of share-based payments, whereby employees render services as consideration for equity instruments (''equity-settled transactions'').

The cost of equity-settled transactions with employees is measured by reference to the fair value at the date at which they are granted. The fair value is determined by an external valuer using a binomial model, further details of which are given in note 33 to the Historical Financial Information.

The cost of equity-settled transactions is recognised in employee benefit expense, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognised for equity-settled transactions at the end of the Relevant Periods until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The charge or credit to profit or loss for a period represents the movement in the cumulative expense recognised as at the beginning and end of that period.

Service and non-market performance conditions are not taken into account when determining the grant date fair value of awards, but the likelihood of the conditions being met is assessed as part of the Group's best estimate of the number of equity instruments that will ultimately vest. Market performance conditions are reflected within the grant date fair value. Any other conditions attached to an award, but without an associated service requirement, are considered to be non-vesting conditions. Non-vesting conditions are reflected in the fair value of an award and lead to an immediate expensing of an award unless there are also service and/or performance conditions.

For awards that do not ultimately vest because non-market performance and/or service conditions have not been met, no expense is recognised. Where awards include a market or non-vesting condition, the transactions are treated as vesting irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, as a minimum an expense is recognised as if the terms had not been modified, if the original terms of the award are met. In addition, an expense is recognised for any modification that increases the total fair value of the share-based payments, or is otherwise beneficial to the employee as measured at the date of modification.

Other employee benefits

Pension schemes

The Group operates a defined contribution Mandatory Provident Fund retirement benefit scheme (the ''**MPF Scheme**'') in Hong Kong under the Mandatory Provident Fund Schemes Ordinance for those employees who are eligible to participate in the MPF Scheme. Contributions are made based on a percentage of the employees' basic salaries and are charged to the statement of profit or loss as they become payable in accordance with the rules of the MPF Scheme. The assets of the MPF Scheme are held separately from those of the Group in an independently administered fund. The Group's employer contributions vest fully with the employees when contributed into the MPF Scheme.

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute a certain proportion of their payroll costs to the central pension scheme. The contributions are charged to the statement of profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets. i.e. assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred.

Dividends

Final dividends are recognised as a liability when they have been approved by the equity holders of relevant entities comprising the Group in a general meeting.

Interim dividends are simultaneously proposed and declared, because the memorandum and articles of association of relevant entities comprising the Group grant their directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

Items included in the financial information of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates, i.e., the functional currency. The Historical Financial Information is presented in RMB while the Company's functional currency is Hong Kong dollars. In the opinion of the directors, as the Group's operations are mainly in the PRC, the use of RMB as the presentation currency is more appropriate for the presentation of the Group's results and financial position. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency rates of exchange prevailing at the end of each of the financial periods. Differences arising on settlement or translation of monetary items are recognised in the statement of profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

In determining the exchange rate on initial recognition of the related asset, expense or income on the derecognition of a non-monetary asset or non-monetary liability relating to an advance consideration, the date of initial transaction is the date on which the Group initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, the Group determines the transaction date for each payment or receipt of the advance consideration.

The functional currencies of the Company and certain subsidiaries operating outside the PRC are currencies other than RMB. As at the end of each of the Relevant Periods, the assets and liabilities of these entities are translated into RMB at the exchange rates prevailing at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year. The resulting exchange differences are recognised in other comprehensive income and accumulated in the exchange reserve. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in the statement of profit or loss.

For the purpose of the consolidated statements of cash flows, the cash flows of Hong Kong subsidiaries are translated into RMB at the exchange rates ruling at the dates of the cash flows. Frequently recurring cash flows of Hong Kong subsidiaries which arise throughout the year are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING ESTIMATES AND ESTIMATES

The preparation of the Historical Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Historical Financial Information:

Classification between investment properties and completed properties held for sale

The Group develops properties held for sale and properties held to earn rentals and/or for capital appreciation. Judgement is made by management in determining whether a property is designated as an investment property or a completed property held for sale. The Group considers its intention of holding the properties at the early development stage of the related properties. During the course of construction, the related properties under construction are accounted for as properties under development included in current assets if the properties are intended for sale after their completion, whereas, the properties are accounted for as investment properties under construction included in non-current assets if the properties are intended to be held to earn rentals and/or for capital appreciation. Upon completion of the properties, the properties developed for sale are transferred to completed properties held for sale and are stated at cost, while the properties developed to earn rentals and/or for capital appreciation are transferred to investment properties and are subject to revaluation at each reporting date.

Deferred tax on investment properties

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors have reviewed the Group's investment property portfolio and concluded that the Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in determining the Group's deferred tax on investment properties, the directors have determined that the presumption set out in HKAS 12 *Income Taxes* that investment properties measured using the fair value model are recovered through sale is rebutted.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Further details are included in note 31 to the Historical Financial Information.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are disclosed below:

Impairment review for properties under development, completed properties held for sale and land held for development for sale

Properties under development for sale and completed properties for sale are stated at the lower of cost and net realisable value. The estimated net realisable value is the estimated selling price less selling expenses and the estimated cost of completion (if any), which are estimated based on the best available information. The land held for development for sale is initially stated at cost less any impairment losses and is not depreciated.

The Group has engaged an external valuer to perform a valuation of the Group's properties under development, completed properties held for sale and land held for development for sale as at the end of each of the Relevant Periods to assess if the net realisable values of these assets are lower than their carrying amounts.

*PRC corporate income tax ("**CIT**")*

The Group is subject to corporate income taxes in the PRC. As a result of the fact that certain matters relating to the income taxes have not been confirmed by the local tax bureau, objective estimates and judgements based on currently enacted tax laws, regulations and other related policies are required in determining the provision for income taxes to be made. Where the final tax outcome of these matters is different from the amounts originally recorded, the differences will impact on the income tax and tax provisions in the period in which the differences realise.

*PRC land appreciation tax ("**LAT**")*

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with tax authorities for certain of its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Estimate of fair value of investment properties

Investment properties, including completed investment properties and investment properties under construction, are revalued at the end of each of the Relevant Periods based on the appraised market value provided by independent professional valuers. Such valuations are based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimation, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at each reporting date.

The principal assumptions for the Group's estimation of the fair value include those related to estimated rental values with reference to the current market rents for similar properties in the same location and condition, appropriate capitalisation rates and expected profit margin.

4. OPERATING SEGMENT INFORMATION

The Group is principally engaged in one single operating segment, i.e., the property development and investment business. Accordingly, no operating segment information is presented.

Geographical information

No geographical information about the Group's operating segment is presented as the Group's revenue from the external customers is derived solely from its operations in Mainland China and more than 90% of the non-current assets of the Group are located in Mainland China.

Information about major customers

No single customer or group of customers under common control contributed 10% or more of the Group's revenue for each of the Relevant Periods and the six months ended June 30, 2018.

5. REVENUE, OTHER INCOME AND GAINS

(a) An analysis of the Group's revenue is as follows:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue from contracts with customers					
Sale of properties in the PRC	2,092,663	1,197,774	2,238,462	1,375,253	1,314,733
Revenue from another source					
Gross rental income	—	—	—	—	1,477
	2,092,663	1,197,774	2,238,462	1,375,253	1,316,210

All revenue from contracts with customers are recognised at a point in time.

The performance obligation under contracts with customers is satisfied upon transfer of properties to the customer.

The following table shows the amount of revenue recognised in the Relevant Periods and the six months ended June 30, 2018 that was included in contract liabilities at the beginning of the year/period:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Sale of properties	1,057,017	1,096,665	1,951,354	1,191,497	1,158,011

The contracted sales amounts allocated to the remaining performance obligations as at the end of each of the Relevant Periods are as follows:

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within one year	1,103,885	1,920,528	1,182,635	919,089
More than one year	809,862	672,057	813,816	2,150,065
	1,913,747	2,592,585	1,996,451	3,069,154

(b) Other income and gains

An analysis of the Group's other income and gains is as follows:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Bank interest income	6,725	2,293	874	512	1,421
Interest income of a loan to a joint venture	1,593	4,908	14,405	4,933	6,621
Forfeiture of deposits	4,618	5,287	415	415	624
Foreign exchange differences, net	2,391	—	—	—	144
Others	1,175	2,039	415	415	6,367
	16,502	14,527	16,109	6,275	15,177

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest portion of lease liabilities	413	473	445	267	236
Interest on bank and other borrowings	135,732	150,909	206,872	88,829	122,239
Interest expense arising from revenue contracts	18,246	53,140	34,645	5,783	2,556
Less: Interest capitalised	(120,214)	(153,875)	(164,423)	(67,804)	(90,744)
	34,177	50,647	77,539	27,075	34,287

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

		Year ended December 31,			Six months ended June 30,	
		2016	2017	2018	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
					(Unaudited)	
Cost of properties sold		1,461,542	547,674	1,045,469	697,236	632,227
Direct operating expenses (including repairs and maintenance) arising on rental-earning investment properties		—	—	—	—	1,200
Depreciation of property, plant and equipment	*13*	4,081	5,266	5,420	2,238	2,513
Depreciation of right-of-use assets	*14*	3,215	3,434	4,518	2,650	2,870
Amortisation of intangible assets	*16*	382#	660#	870#	273#	392#
Loss on disposal of items of property, plant and equipment		87	—	—	—	—
Rental expenses of short-term leases		1,017	2,073	1,104	992	207
Employee benefit expense (including directors' remuneration *(note 8)*):						
Salaries, bonuses and benefits in kind		47,171	70,933	100,364	49,715	50,475
Equity-settled share option expense		—	—	—	—	16,310
Pension scheme contributions		1,575	5,409	4,376	2,531	3,979
		48,746	76,342	104,740	52,246	70,764
Foreign exchange differences, net		(2,391)*	3,480#	6,917#	3,452#	(144)*

* Included in "Other income and gains" in the consolidated statements of profit or loss.

Included in "Administrative expenses" in the consolidated statements of profit or loss.

8. DIRECTORS' REMUNERATION

Mr. Lun Zhao Ming, Mr. Lau Kam Kwok Dickson and Mr. Lu Peijun were appointed as directors of the Company and redesignated as executive directors of the Company on March 25, 2019. Mr. Lun RX was appointed as a director of the Company on January 9, 2019 and was appointed as chairman and redesignated as a non-executive director of the Company on March 25, 2019. Mr. Lun Zhao Ming was appointed as the chief executive officer of the Company on March 25, 2019.

Certain directors received remuneration from the subsidiaries now comprising the Group during the Relevant Periods and the six months ended June 30, 2018 for their capacity as directors and/or employees of these subsidiaries. The remuneration of these directors during the Relevant Periods and the six months ended June 30, 2018 is set out below:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Fees	—	—	—	—	—
Other emoluments:					
Salaries, allowances and benefits in kind	2,419	2,909	4,097	1,881	2,137
Discretionary bonuses	22	265	11	—	42
Equity-settled share option expense	—	—	—	—	5,823
Pension scheme contributions	39	43	43	21	62
	2,480	3,217	4,151	1,902	8,064

An analysis of these directors' remuneration during the Relevant Periods and the six months ended June 30, 2018, on a named basis, is as follows:

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2016						
Executive directors:						
Mr. Lun Zhao Ming	—	310	—	—	—	310
Mr. Lau Kam Kwok Dickson	—	1,095	—	—	14	1,109
Mr. Lu Peijun	—	249	11	—	5	265
	—	1,654	11	—	19	1,684
Non-executive director:						
Mr. Lun RX	—	765	11	—	20	796
	—	2,419	22	—	39	2,480
Year ended December 31, 2017						
Executive directors:						
Mr. Lun Zhao Ming	—	554	—	—	—	554
Mr. Lau Kam Kwok Dickson	—	1,193	—	—	16	1,209
Mr. Lu Peijun	—	252	230	—	5	487
	—	1,999	230	—	21	2,250
Non-executive director:						
Mr. Lun RX	—	910	35	—	22	967
	—	2,909	265	—	43	3,217

	Fees	Salaries, allowances and benefits in kind	Discretionary bonuses	Equity-settled share option expense	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended December 31, 2018						
Executive directors:						
Mr. Lun Zhao Ming	—	1,207	—	—	—	1,207
Mr. Lau Kam Kwok Dickson	—	1,215	—	—	15	1,230
Mr. Lu Peijun	—	550	11	—	6	567
	—	2,972	11	—	21	3,004
Non-executive director:						
Mr. Lun RX	—	1,125	—	—	22	1,147
	—	4,097	11	—	43	4,151
Six months ended June 30, 2019						
Executive directors:						
Mr. Lun Zhao Ming	—	854	—	1,575	6	2,435
Mr. Lau Kam Kwok Dickson	—	654	—	416	6	1,076
Mr. Lu Peijun	—	401	42	1,575	25	2,043
	—	1,909	42	3,566	37	5,554
Non-executive director:						
Mr. Lun RX	—	228	—	2,257	25	2,510
	—	2,137	42	5,823	62	8,064
Six months ended June 30, 2018 (Unaudited)						
Executive directors:						
Mr. Lun Zhao Ming	—	598	—	—	5	603
Mr. Lau Kam Kwok Dickson	—	506	—	—	5	511
Mr. Lu Peijun	—	220	—	—	3	223
	—	1,324	—	—	13	1,337
Non-executive director:						
Mr. Lun RX	—	557	—	—	8	565
	—	1,881	—	—	21	1,902

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods and the six months ended June 30, 2018.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid employees for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 included two directors, two directors, three directors, two directors and three directors, respectively, details of whose remuneration are set out in note 8 to the Historical Financial Information. Details of the remuneration of the remaining highest paid non-director employees during the Relevant Periods and the six months ended June 30, 2018 are as follows:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Salaries, allowances and benefits in kind	1,593	1,976	1,968	1,392	861
Discretionary bonuses	115	980	271	58	42
Equity-settled share option expense	—	—	—	—	2,625
Pension scheme contributions	36	15	6	8	50
	1,744	2,971	2,245	1,458	3,578

The number of non-director highest paid employees whose remuneration fell within the following bands is as follows:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
				(Unaudited)	
Nil to HK$1,000,000	3	2	—	3	—
HK$1,000,001 to HK$1,500,000	—	1	2	—	—
HK$1,500,001 to HK$2,000,000	—	—	—	—	1
HK$2,000,001 to HK$2,500,000	—	—	—	—	1
	3	3	2	3	2

10. INCOME TAX EXPENSE

The Group is subject to income tax on an entity basis on profits arising in or derived from the tax jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Islands and the British Virgin Islands, the entities within the Group incorporated in the Cayman Islands and the British Virgin Islands are not subject to any income tax. No provision for Hong Kong profits tax has been made during the Relevant Periods and the six months ended June 30, 2018 as the Group did not generate any assessable profits arising in Hong Kong during these years/periods.

Subsidiaries of the Group operating in Mainland China are subject to the CIT at a rate of 25% for the Relevant Periods and the six months ended June 30, 2018.

LAT is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from the sale of properties less deductible expenditures including land costs, borrowing costs and other property development expenditures. The Group has estimated and included in taxation a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The LAT provision is subject to the final review and approval by the local tax bureau.

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Current tax:					
PRC CIT	125,521	135,357	202,350	139,854	152,325
PRC LAT	129,502	198,627	328,410	183,021	178,371
Deferred tax *(note 31)*	(5,037)	(47,171)	5,622	(24,923)	(35,355)
Total tax charge for the year/period	249,986	286,813	536,382	297,952	295,341

A reconciliation of income tax expense applicable to profit before tax at the statutory rate for the jurisdictions in which the Company and most of its subsidiaries are domiciled to the income tax expense at the effective income tax rate for each of the Relevant Periods and the six months ended June 30, 2018 is as follows:

	Year ended December 31,						Six months ended June 30,			
	2016		**2017**		**2018**		**2018**		**2019**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (Unaudited)	%	*RMB'000*	%
Profit before tax	588,376		444,745		937,350		538,243		508,642	
Tax charge at the PRC statutory income tax rate	147,094	25.0	111,186	25.0	234,338	25.0	134,561	25.0	127,161	25.0
Share of loss attributable to a joint venture	2,444	0.4	2,405	0.6	2,578	0.3	549	0.1	1,503	0.3
Income not subject to tax	(384)	(0.1)	(576)	(0.1)	(218)	(0.1)	(78)	(0.1)	(355)	(0.1)
Expenses not deductible for tax	499	0.1	635	0.1	3,018	0.3	728	0.2	1,301	0.3
Tax losses not recognised	3,207	0.6	24,193	5.4	50,359	5.4	24,926	4.7	31,953	6.3
Provision for LAT	129,502	22.0	198,627	44.7	328,410	35.0	183,021	34.0	178,371	35.1
Tax effect on LAT	(32,376)	(5.5)	(49,657)	(11.2)	(82,103)	(8.7)	(45,755)	(8.5)	(44,593)	(8.8)
Tax charge at the Group's effective tax rate	249,986	42.5	286,813	64.5	536,382	57.2	297,952	55.4	295,341	58.1

11. DIVIDEND

No dividend has been paid or declared by the Company since the date of its incorporation on January 9, 2019.

The dividend paid by a subsidiary of the Company to its then shareholders during the Relevant Periods and the six months ended June 30, 2018 was as follows:

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Dividend	7,018	—	—	—	—

No rate of dividend paid or proposed is presented as such information is not meaningful having regard to the purpose of this report.

12. EARNINGS PER SHARE ATTRIBUTABLE TO ORDINARY EQUITY HOLDERS OF THE COMPANY

Earnings per share information is not presented as its inclusion, for the purpose of this report, is not considered meaningful in connection with the Reorganization and the presentation of the results of the Group for the Relevant Periods and the six months ended June 30, 2018 using the principle of merger accounting, as disclosed in note 2.1 to the Historical Financial Information.

13. PROPERTY, PLANT AND EQUIPMENT

Group

	Leasehold improvements *RMB'000*	Furniture, fixtures and office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
December 31, 2016				
At January 1, 2016:				
Cost	875	7,276	18,714	26,865
Accumulated depreciation	(267)	(5,252)	(11,332)	(16,851)
Net carrying amount	608	2,024	7,382	10,014
At January 1, 2016, net of accumulated depreciation	608	2,024	7,382	10,014
Acquisition of subsidiaries *(note 36)*	—	166	—	166
Additions	1,542	1,177	6,597	9,316
Disposals	—	—	(724)	(724)
Depreciation provided during the year	(581)	(910)	(2,590)	(4,081)
At December 31, 2016, net of accumulated depreciation	1,569	2,457	10,665	14,691
At December 31, 2016:				
Cost	2,417	8,619	24,587	35,623
Accumulated depreciation	(848)	(6,162)	(13,922)	(20,932)
Net carrying amount	1,569	2,457	10,665	14,691
December 31, 2017				
At January 1, 2017:				
Cost	2,417	8,619	24,587	35,623
Accumulated depreciation	(848)	(6,162)	(13,922)	(20,932)
Net carrying amount	1,569	2,457	10,665	14,691
At January 1, 2017, net of accumulated depreciation	1,569	2,457	10,665	14,691
Additions	256	780	801	1,837
Depreciation provided during the year	(865)	(949)	(3,452)	(5,266)
At December 31, 2017, net of accumulated depreciation	960	2,288	8,014	11,262
At December 31, 2017:				
Cost	2,673	9,399	25,388	37,460
Accumulated depreciation	(1,713)	(7,111)	(17,374)	(26,198)
Net carrying amount	960	2,288	8,014	11,262

	Leasehold improvements *RMB'000*	Furniture, fixtures and office equipment *RMB'000*	Motor vehicles *RMB'000*	Total *RMB'000*
December 31, 2018				
At January 1, 2018:				
Cost	2,673	9,399	25,388	37,460
Accumulated depreciation	(1,713)	(7,111)	(17,374)	(26,198)
Net carrying amount	960	2,288	8,014	11,262
At January 1, 2018, net of accumulated depreciation	960	2,288	8,014	11,262
Acquisition of subsidiaries *(note 36)*	—	5,360	—	5,360
Additions	5,899	686	2,239	8,824
Depreciation provided during the year	(146)	(1,443)	(3,831)	(5,420)
At December 31, 2018, net of accumulated depreciation	6,713	6,891	6,422	20,026
At December 31, 2018:				
Cost	8,572	15,445	27,627	51,644
Accumulated depreciation	(1,859)	(8,554)	(21,205)	(31,618)
Net carrying amount	6,713	6,891	6,422	20,026
June 30, 2019				
At January 1, 2019:				
Cost	8,572	15,445	27,627	51,644
Accumulated depreciation	(1,859)	(8,554)	(21,205)	(31,618)
Net carrying amount	6,713	6,891	6,422	20,026
At January 1, 2019, net of accumulated depreciation	6,713	6,891	6,422	20,026
Additions	316	615	107	1,038
Depreciation provided during the period	(200)	(906)	(1,407)	(2,513)
At June 30, 2019, net of accumulated depreciation	6,829	6,600	5,122	18,551
At June 30, 2019:				
Cost	8,888	16,060	27,734	52,682
Accumulated depreciation	(2,059)	(9,460)	(22,612)	(34,131)
Net carrying amount	6,829	6,600	5,122	18,551

14. RIGHT-OF-USE ASSETS

Group

	Office premises			
	Year ended December 31,			Six months ended June 30,
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period, net of accumulated depreciation	1,083	8,798	8,968	4,897
Additions	10,930	3,604	447	4,516
Depreciation provided during the year/period	(3,215)	(3,434)	(4,518)	(2,870)
At the end of the year/period, net of accumulated depreciation	8,798	8,968	4,897	6,543

During the Relevant Periods, the Group entered in certain long-term lease contracts for property leases.

The cash outflows for leases for each of the Relevant Periods are disclosed in note 37 to the Historical Financial Information.

During the Relevant Periods, the Group also leased certain office premises under short-term lease arrangements (i.e. within 12 months). The Group has elected not to recognise right-of-use assets on these short-term lease contracts. The Group recognised rental expenses on short-term leases of RMB1,017,000, RMB2,073,000, RMB1,104,000, RMB992,000 and RMB207,000 for the years ended December 31, 2016, 2017 and 2018 and for the six months ended June 30, 2018 and 2019, respectively. The Group had no sale and leaseback transactions.

15. INVESTMENT PROPERTIES

Group

	Completed investment properties	Investment properties under construction	Total
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at January 1, 2016	—	234,700	234,700
Additions	—	85,401	85,401
Acquisition of subsidiaries *(note 36)*	—	92,800	92,800
Gain from fair value adjustments	—	153,799	153,799
Carrying amount at December 31, 2016 and January 1, 2017	—	566,700	566,700
Additions	—	104,295	104,295
Gains from fair value adjustments	—	61,105	61,105
Carrying amount at December 31, 2017 and January 1, 2018	—	732,100	732,100
Additions	—	109,370	109,370
Transfers from investment properties under construction to completed investment properties	309,080	(309,080)	—
Gains from fair value adjustments	30,520	60,310	90,830
Carrying amount at December 31, 2018 and January 1, 2019	339,600	592,700	932,300
Additions	—	15,613	15,613
Gains from fair value adjustments	—	8,387	8,387
Carrying amount at June 30, 2019	339,600	616,700	956,300

The Group's investment properties are situated in Mainland China and revalued on December 31, 2016, 2017 and 2018 and June 30, 2019, based on valuations performed by Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), an independent professionally qualified valuer, at RMB566,700,000, RMB732,100,000, RMB932,300,000 and RMB956,300,000 (June 30, 2018: RMB815,200,000), respectively.

Fair value hierarchy

The fair value measurement of the Group's investment properties is using significant unobservable inputs (Level 3).

During the Relevant Periods and the six months ended June 30, 2018, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation technique used and the key inputs to the valuation of investment properties:

	Valuation technique	Significant unobservable inputs	Weighted average			
			As at December 31,			As at June 30,
			2016	2017	2018	2019
Under construction						
Retail	Discounted cash flow approach	Estimated rental value in the first year of completion (per sq.m. and per month)	RMB109	RMB109	N/A	N/A
		Stabilised rental growth rate (%)	3	3	N/A	N/A
		Discount rate (%)	8	8	N/A	N/A
	Income approach	Estimated rental value (per sq.m. and per month)	RMB104	RMB104	RMB104	RMB104
		Long term vacancy rate (%)	5	5	5	5
		Capitalisation rate (%)	5.5	5.5	5.5	5.5
Hotel	Discounted cash flow approach	Average daily room rate in the first year of completion	RMB950	RMB950	RMB950	RMB950
		Stabilised rental growth rate (%)	3	3	3	3
		Stabilised occupancy rate (%)	70	70	70	70
		Discount rate (%)	8	8	8	8
Completed						
Retail	Discounted cash flow approach	Estimated rental value (per sq.m. and per month)	N/A	N/A	RMB109	RMB109
		Stabilised rental growth rate (%)	N/A	N/A	3	3
		Discount rate (%)	N/A	N/A	8	8

Under the discounted cash flow method, fair value is estimated using assumptions regarding the benefits and liabilities of ownership over the asset's life including an exit or terminal value. This method involves the projection of a series of cash flows on a property interest. A market-derived discount rate is applied to the projected cash flows in order to establish the present value of the income stream associated with the asset. The exit yield is normally separately determined and differs from the discount rate.

The duration of the cash flows and the specific timing of inflows and outflows are determined by events such as rent reviews, lease renewal and related reletting, redevelopment or refurbishment. The appropriate duration is driven by market behaviour that is a characteristic of the class of property. The periodic cash flow is estimated as gross income less vacancy, non-recoverable expenses, collection losses, lease incentives, maintenance costs, agent and commission costs and other operating and management expenses. The series of periodic net operating income, along with an estimate of the terminal value anticipated at the end of the projection period, is then discounted.

Under the income approach, valuations are based on the capitalisation of net rental income derived from the existing tenancies with due allowance for the reversionary income potential of the properties or made with reference to comparable market transactions and consider adjustments to reflect differences in transaction timing, location and tenure.

A significant increase/decrease in the estimated rental value and the rent growth per annum in isolation would result in a significant increase/decrease in the fair value of the investment properties. A significant increase/decrease in the long term vacancy rate, the discount rate and the capitalisation rate in isolation would result in a significant decrease/increase in the fair value of the investment properties.

16. INTANGIBLE ASSETS

Group

	Software			
	Year ended December 31,			Six months ended June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At the beginning of the year/period:				
Cost	3,150	4,910	6,157	7,824
Accumulated amortisation	(1,368)	(1,750)	(2,410)	(3,280)
Net carrying amount	1,782	3,160	3,747	4,544
At the beginning of the year/period, net of accumulated amortisation	1,782	3,160	3,747	4,544
Additions	1,760	1,247	1,667	1,437
Amortisation provided during the year/period	(382)	(660)	(870)	(392)
At the end of the year/period, net of accumulated amortisation	3,160	3,747	4,544	5,589
At the end of the year/period:				
Cost	4,910	6,157	7,824	9,261
Accumulated amortisation	(1,750)	(2,410)	(3,280)	(3,672)
Net carrying amount	3,160	3,747	4,544	5,589

17. INVESTMENT IN A JOINT VENTURE

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of net assets	94,968	80,630	56,479	44,106

The Group's balance due from the joint venture is disclosed in note 22 to the Historical Financial Information.

Particulars of the joint venture are disclosed in note 1 to the Historical Financial Information.

The following table illustrates the financial information of the Group's joint venture that is not material:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Share of the joint venture's loss for the year/period and total comprehensive loss	(9,776)	(9,622)	(10,311)	(6,012)
Carrying amount of the Group's investment in a joint venture	94,968	80,630	56,479	44,106

18. LAND HELD FOR DEVELOPMENT FOR SALE

Group

	Year ended December 31,			Six months ended June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Carrying amount at the beginning of the year/period	348,154	429,875	1,025,966	1,409,068
Acquisition of subsidiaries *(note 36)*	204,959	770,590	1,040,715	—
Additions	116,501	—	—	238,803
Disposal	—	(10,399)	—	—
Transfer to properties under development	(239,739)	(164,100)	(657,613)	—
Carrying amount at the end of the year/period	429,875	1,025,966	1,409,068	1,647,871
Current portion expected to be recovered within normal operating cycle after one year	(406,174)	(1,002,265)	(1,385,367)	(1,386,633)
Non-current portion	23,701	23,701	23,701	261,238

Certain of the Group's land held for development for sale with aggregate carrying amounts of approximately RMB322,290,000, RMB161,638,000, RMB1,008,029,000 and RMB1,088,852,000 as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

19. PROPERTIES UNDER DEVELOPMENT

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development expected to be recovered within normal operating cycle:				
Within one year	765,787	965,705	1,149,502	1,016,967
After one year	718,170	550,695	1,162,531	1,023,353
	1,483,957	1,516,400	2,312,033	2,040,320

Certain of the Group's properties under development with aggregate carrying amounts of approximately RMB1,342,278,000, RMB1,273,555,000, RMB871,469,000 and RMB465,099,000 as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

20. COMPLETED PROPERTIES HELD FOR SALE

Certain of the Group's completed properties held for sale with aggregate carrying amounts of approximately RMB379,915,000, RMB510,216,000, RMB145,087,000 and RMB539,323,000 as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively, have been pledged to secure bank and other borrowings granted to the Group (note 29).

21. TRADE RECEIVABLES

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables	950	2,560	3,368	2,393

Trade receivables represent receivables from the sale of properties. The credit term of trade receivables is generally 12 months. The Group seeks to maintain strict control over its outstanding receivables. Overdue balances are reviewed regularly by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a number of diversified customers, there is no significant concentration of credit risk. The Group does not hold any collateral or other credit enhancements over its trade receivable balances. Trade receivables are non-interest-bearing.

An ageing analysis of the trade receivables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	450	2,560	975	—
Over 1 year	500	—	2,393	2,393
	950	2,560	3,368	2,393

The Group applies the simplified approach to provide for expected credit losses prescribed by HKFRS 9 which permits the use of the lifetime expected loss provision for all trade receivables. The expected credit loss for the Group's trade receivables was minimal for all the above bands of trade receivables as at December 31, 2016, 2017 and 2018 and June 30, 2019.

22. PREPAYMENTS, OTHER RECEIVABLES AND OTHER ASSETS

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments	356,071	912,173	859,088	700,613
Receivable from a joint venture	128,273	277,897	458,841	471,823
Cost of obtaining contracts	7,832	34,183	17,448	16,333
Other receivables and deposits	49,696	105,270	68,318	744,237
Total carrying amount	541,872	1,329,523	1,403,695	1,933,006
Current portion	(413,599)	(1,051,626)	(944,854)	(1,461,183)
Non-current portion	128,273	277,897	458,841	471,823

As at December 31, 2016, 2017 and 2018 and June 30, 2019, included in the Group's other receivables and deposits is a receivable from a joint venture of RMB128,273,000, RMB277,897,000, RMB458,841,000 and RMB471,823,000, respectively, which is unsecured, bearing interest at the rate of 4.35%–6.18% per annum and repayable upon the commencement of pre-sale of the project, which is not expected to be within 12 months as at the end of each of the Relevant Periods.

Except for the receivable from a joint venture as mentioned above, other receivables and deposits mainly represent rental deposits and deposits with contractors and are unsecured, non-interest-bearing and repayable on demand. The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group and the amount payable to the relevant contractors for the Group's property development projects. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The Group's other receivables as at December 31, 2016, 2017 and 2018 and June 30, 2019 were neither past due nor impaired, and the expected credit loss as at December 31, 2016, 2017 and 2018 and June 30, 2019 was minimal.

23. RESTRICTED CASH AND CASH AND CASH EQUIVALENTS

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash and bank balances	329,897	321,529	444,431	726,393
Less: Restricted cash *(notes (a), (b) and (c))*	(154,546)	(223,593)	(285,769)	(511,733)
Cash and cash equivalents	175,351	97,936	158,662	214,660

Notes:

(a) According to the relevant loan facility agreements signed by certain subsidiaries of the Group with the banks, these subsidiaries are required to place the pre-sale proceeds of their properties at designated bank accounts. The deposits can only be used for payment of property development costs incurred by the subsidiaries and repayment of the relevant loans. At December 31, 2016, 2017 and 2018 and June 30, 2019, such restricted deposits amounted to RMB151,591,000, RMB76,922,000, RMB151,112,000 and RMB186,179,000, respectively.

(b) According to the relevant loan facility agreements signed by certain subsidiaries of the Group, the subsidiaries are required to place deposits at designated bank accounts as a guarantee. At December 31, 2016, 2017 and 2018 and June 30, 2019, such restricted deposits amounted to RMB2,955,000, RMB146,671,000, RMB24,657,000 and RMB215,554,000, respectively.

(c) At December 31, 2018, as part of the Group's cost of acquisition of Dongguan Wanfang, as further detailed in note 36 to the Historical Financial Information, the Group placed a deposit of RMB110,000,000 at a designated bank account as security in relation to a litigation between the former shareholder of Dongguan Wanfang as the defendant and an independent third party as the plaintiff.

(d) At December 31, 2016, 2017 and 2018 and June 30, 2019, cash and bank balances of the Group amounting to RMB328,421,000, RMB317,821,000, RMB437,941,000 and RMB726,221,000, respectively, were denominated in RMB. The RMB is not freely convertible into other currencies, however, under the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default. The carrying amounts of the cash and bank balances approximate to their fair values.

24. TRADE PAYABLES

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables to third parties	725,985	891,040	868,093	1,040,391
Trade payables to related companies controlled by Mr. Lun RX	52,642	48,052	49,120	41,125
Trade payables to related companies controlled by a close family member of Mr. Lun RX	1,074	200	501	20
	779,701	939,292	917,714	1,081,536

An ageing analysis of the trade payables as at the end of each of the Relevant Periods, based on the invoice date, is as follows:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Less than 1 year	725,483	729,149	727,260	977,817
1 to 2 years	46,662	190,898	158,786	90,530
3 to 5 years	7,556	19,245	31,668	13,189
	779,701	939,292	917,714	1,081,536

Trade payables are unsecured and interest-free and are normally settled based on the progress of the construction of the Group's properties under development.

25. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

Group

	As at December 31, 2016	As at December 31, 2017	As at December 31, 2018	As at June 30, 2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Other payables	121,777	279,053	628,382	347,457
Deposits received	5,186	10,350	13,923	20,106
Accruals	62,361	59,426	49,770	61,188
	189,324	348,829	692,075	428,751

Other payables, deposits received and accruals are unsecured, non-interest-bearing and repayable within one year.

26. LEASE LIABILITIES

The following table shows the remaining contractual maturities of the Group's lease liabilities at the end of the Relevant Periods:

Group

	As at December 31, 2016		As at December 31, 2017		As at December 31, 2018		As at June 30, 2019	
	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments	Present value of the minimum lease payments	Total minimum lease payments
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Portion classified as current liabilities:								
Within 1 year	2,832	3,185	4,723	5,160	3,645	3,810	4,123	4,375
Non-current portion:								
In the second year	2,946	3,168	3,721	3,835	1,148	1,182	1,662	1,697
In the third to fifth years, inclusive	3,195	3,294	677	707	—	—	—	—
	6,141	6,462	4,398	4,542	1,148	1,182	1,662	1,697
	8,973	9,647	9,121	9,702	4,793	4,992	5,785	6,072
Less: Total future interest expenses		(674)		(581)		(199)		(287)
Present value of lease liabilities		8,973		9,121		4,793		5,785

27. CONTRACT LIABILITIES

The Group has recognised the following revenue-related contract liabilities:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Receipts in advance for sale of properties	1,423,879	1,986,516	1,618,240	1,873,375

The Group receives payments from customers based on billing schedules as established in the property sale contracts. Payments are usually received in advance of the performance under the contracts which are from the sale of properties.

28. BALANCES WITH DIRECTORS AND RELATED PARTIES

An analysis of the balances with directors and related parties is as follows:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from directors				
Mr. Lun RX	21,895	32,969	151,989	824,879
Mr. Lu Peijun	—	685	6,000	—
	21,895	33,654	157,989	824,879
Amounts due from related parties				
Ms. Chan	33,840	10,926	96,223	—
Related companies controlled by Mr. Lun RX	1,184,046	1,422,498	1,992,537	—
Related companies controlled by a close family member of Mr. Lun RX	849	95,834	198,834	—
Relevant individuals who are close family members of Mr. Lun RX	17,187	17,031	15,733	—
	1,235,922	1,546,289	2,303,327	—
Amounts due to directors				
Mr. Lun RX	184,106	185,078	382,935	—
Mr. Lu Peijun	—	—	1,000	—
	184,106	185,078	383,935	—
Amounts due to related parties				
Ms. Chan	6,580	40,370	64,680	—
Related companies controlled by Mr. Lun RX	247,223	600,771	1,322,605	—
Relevant individuals who are close family members of Mr. Lun RX	76	9,745	16,312	—
Senior management of the Group	—	3,600	23,600	—
	253,879	654,486	1,427,197	—

		As at December 31,			As at June 30,
		2016	2017	2018	2019
	Notes	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Loans from related parties					
Ms. Chan	*(b)*	10,000	10,000	10,000	10,000
Related companies controlled by Mr. Lun RX	*(c)*	733,700	647,600	591,700	880,550
		743,700	657,600	601,700	890,550

Notes:

(a) None of the above amounts is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default. The amounts due from directors and related parties are unsecured, non-interest-bearing and repayable on demand.

(b) The loan was unsecured, bore interest at 7.2%, 7.2%, 7.2% and 7.2% per annum and had a maturity period of 12 months as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

(c) The loans were unsecured, bore interest at 3.7%–7.7%, 3.7%–7.7%, 4.4%–7.0% and 4.8%–8.1% per annum and had maturity periods of 12 months as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

(d) The above balances were non-trade in nature.

(e) The expected credit losses are estimated by applying a loss rate approach with reference to the historical loss record of the Group and the amount payable by the relevant related parties. The loss rate is adjusted to reflect the current conditions and forecasts of future economic conditions, as appropriate. The expected credit loss as at December 31, 2016, 2017 and 2018 and June 30, 2019 was minimal.

29. INTEREST-BEARING BANK AND OTHER BORROWINGS

Group

	As at December 31,									As at June 30,		
	2016			2017			2018			2019		
	Effective interest rate	*Maturity*	*RMB'000*	*Effective interest rate*	*Maturity*	*RMB'000*	*Effective interest rate*	*Maturity*	*RMB'000*	*Effective interest rate*	*Maturity*	*RMB'000*
Current												
Bank loans — secured	3.14%–6.41%	2017	429,210	2.75%–5.7%	2018	374,148	2.75%–9%	2019	422,545	4.75%–8.98%	2019–2020	717,990
Bank loans — unsecured	—	—	—	6.41%–8.48%	2018	120,570	6.53%	2019	24,000	—	—	—
Other loans — secured	10%	2017	150,000	10%–15%	2018	284,280	7.6%–15%	2019	433,650	9%–15%	2019	391,280
Other loans — unsecured	—	—	—	9.07%	2018	17,300	9.07%	2019	16,900	—	—	—
			579,210			796,298			897,095			1,109,270
Non-current												
Bank loans — secured	4.99%–10%	2018–2019	520,000	4.99%–10%	2019–2022	792,035	6.17%–10%	2020–2022	966,265	4.75%–8.55%	2020–2022	1,780,078
Bank loans — unsecured	—	—	—	—	—	—	—	—	—	—	—	—
Other loans — secured	—	—	—	10%	2022	160,000	10.0%	2022	620,000	9%	2022	100,000
			520,000			952,035			1,586,265			1,880,078
			1,099,210			1,748,333			2,483,360			2,989,348

At the end of each of the Relevant Periods, the maturity profile of interest-bearing bank and other borrowings, based on the scheduled repayment dates set out in the loan agreements, is as follows:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Analysed into:				
Bank loans repayable				
Within one year	429,210	494,718	446,545	717,990
In the second year	87,000	115,000	706,658	1,114,159
In the third to fifth years, inclusive	433,000	677,035	259,607	665,919
	949,210	1,286,753	1,412,810	2,498,068
Other loans repayable				
Within one year	150,000	301,580	450,550	391,280
In the third to fifth years, inclusive	—	160,000	620,000	100,000
	150,000	461,580	1,070,550	491,280
	1,099,210	1,748,333	2,483,360	2,989,348

Notes:

(a) The Group's secured bank and other loans are secured by:

(i) pledges over the Group's land held for development for sale with carrying amounts of RMB322,290,000, RMB161,638,000, RMB1,008,029,000 and RMB1,088,852,000 as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively (note 18);

(ii) mortgages over the Group's properties under development with carrying amounts of RMB1,342,278,000, RMB1,273,555,000, RMB871,469,000 and RMB465,099,000 as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively (note 19);

(iii) pledges over the Group's completed properties held for sale with carrying amounts of RMB379,915,000, RMB510,216,000, RMB145,087,000 and RMB539,323,000 as at December 31, 2016, 2017, 2018 and June 30, 2019, respectively (note 20);

(iv) pledges over the Group's equity interests in certain subsidiaries;

(v) pledges over certain properties owned by the Controlling Shareholders and a related company; and

(vi) personal guarantees provided by the Controlling Shareholders.

(b) Other than certain bank borrowings with carrying amounts of RMB19,710,000, RMB36,648,0000, RMB82,545,000 and RMB80,162,000 denominated in HK$ as at December 31, 2016, 2017, 2018 and June 30, 2019, respectively, all bank and other borrowings are denominated in RMB as at the end of each of the Relevant Periods.

30. PROVISION FOR LAND APPRECIATION TAX

Group

	RMB'000
At January 1, 2016	1,716
Charged to profit or loss during the year *(note 10)*	129,502
Payment during the year	(50,821)
At December 31, 2016 and January 1, 2017	80,397
Charged to profit or loss during the year *(note 10)*	198,627
Payment during the year	(41,198)
At December 31, 2017 and January 1, 2018	237,826
Charged to profit or loss during the year *(note 10)*	328,410
Payment during the year	(204,714)
At December 31, 2018 and January 1, 2019	361,522
Charged to profit or loss during the period *(note 10)*	178,371
Payment during the period	(32,644)
At June 30, 2019	507,249

According to the requirements of the Provisional Regulations of the PRC on LAT effective from January 1, 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective from January 27, 1995, all gains arising from the sale or transfer of state-owned land use rights, buildings and their attached facilities in Mainland China are subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for the sale of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated and made a provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

31. DEFERRED TAX

The movements in deferred tax assets and liabilities during the Relevant Periods are as follows:

Group

Deferred tax liabilities

	Arising from revaluation of investment properties *RMB'000*	**Arising from prepayment of land appreciation tax** *RMB'000*	**Total** *RMB'000*
At January 1, 2016	11,539	2,640	14,179
Charged to profit or loss during the year *(note 10)*	27,283	—	27,283
At December 31, 2016 and January 1, 2017	38,822	2,640	41,462
Charged/(credited) to profit or loss during the year *(note 10)*	15,276	(2,640)	12,636
At December 31, 2017 and January 1, 2018	54,098	—	54,098
Charged to profit or loss during the year *(note 10)*	22,708	—	22,708
At December 31, 2018 and January 1, 2019	76,806	—	76,806
Charged to profit or loss during the period *(note 10)*	2,097	—	2,097
At June 30, 2019	78,903	—	78,903

Group

Deferred tax assets

	Arising from losses available for offsetting against future taxable profits *RMB'000*	**Arising from provision of land appreciation tax** *RMB'000*	**Total** *RMB'000*
At January 1, 2016	1,362	850	2,212
Credited to profit or loss during the year *(note 10)*	12,959	19,361	32,320
At December 31, 2016 and January 1, 2017	14,321	20,211	34,532
Credited to profit or loss during the year *(note 10)*	17,319	42,488	59,807
At December 31, 2017 and January 1, 2018	31,640	62,699	94,339
(Charged)/credited to profit or loss during the year *(note 10)*	(8,517)	25,603	17,086
At December 31, 2018 and January 1, 2019	23,123	88,302	111,425
Credited to profit or loss during the period *(note 10)*	947	36,505	37,452
At June 30, 2019	24,070	124,807	148,877

At December 31, 2016, 2017 and 2018 and June 30, 2019, the Group had unutilised tax losses arising in Mainland China of RMB3,200,000, RMB19,122,000, RMB190,666,000 and RMB121,446,000, respectively, that can be carried forward for five years from the year in which the losses arose for offsetting against future taxable profits of the companies in which the losses arose. No deferred tax assets were recognised in respect of these losses as it was not considered probable that taxable profit will be available against which the tax losses could be utilised.

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from January 1, 2008 and applies to earnings after December 31, 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 5%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from January 1, 2008.

At December 31, 2016, 2017 and 2018 and June 30, 2019, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the directors of the Company, it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totalled approximately RMB441,000,000, RMB584,000,000, RMB1,114,706,000 and RMB1,428,000,000 as at December 31, 2016, 2017 and 2018 and June 30, 2019, respectively.

32. SHARE CAPITAL

Company

	As at June 30, 2019 *RMB'000*
Authorised:	
38,000,000 ordinary shares of HK$0.01 each	327
Issued and fully paid:	
100 ordinary shares of HK$0.01 each	—*

* Less than RMB500.

The movements in the Company's share capital and share premium during the period from January 9, 2019 (date of incorporation) to June 30, 2019 were as follows:

Company

	Number of ordinary shares of HK$0.01 each	**Issued capital** *RMB'000*	**Share premium** *RMB'000*	**Total** *RMB'000*
At January 9, 2019 (date of incorporation)	—	—	—	—
Share issued on incorporation	1	—*	—	—*
Shares issued on March 27, 2019	99	—*	19	19
At June 30, 2019	100	—*	19	19

* Less than RMB500.

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on January 9, 2019 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the date of incorporation, 1 ordinary share of HK$0.01 was allotted and issued at par. On March 27, 2019, 99 shares were allotted and issued as a result of the Reorganization.

33. SHARE OPTION SCHEME

On April 6, 2019, the Company adopted a share option scheme (the "**[REDACTED]**") for the purpose of providing incentives to eligible participants who contribute to the success of the Group's operation. The **[REDACTED]** became effective on April 6, 2019 and will expire on the day immediately prior to the earlier of (i) the date which is ten years after April 6, 2019; or (ii) the Company by resolution of the shareholders, or the board of directors, may at any time terminate the operation of the **[REDACTED]**, after which period no further **[REDACTED]** will be granted but the provisions of the **[REDACTED]** shall remain in force to the extent necessary to give effect to the exercise of any **[REDACTED]** which are granted during the life of the scheme or otherwise as may be required in accordance with the provisions of the **[REDACTED]**.

There are in total eighteen tranches of **[REDACTED]** under the **[REDACTED]**. The exercise price of each option granted under the **[REDACTED]** shall be **[REDACTED]**% to **[REDACTED]**% of the final **[REDACTED]**.

The offer of a grant of share options may be accepted within 10 days from the date of offer, upon payment of a nominal consideration of RMB1 in total by the grantee.

Share options do not confer rights on the holders to dividends or to vote at shareholders' meetings.

The following table discloses the details of share options granted and accepted under the **[REDACTED]**:

	Relevant Vesting Date	**Number of share options**	**Grant date fair value per share option** *RMB*
Tranche 1 Options	the date on which the shares of the Company first commence **[REDACTED]** on the Stock Exchange (the "**[REDACTED]**")	**[REDACTED]**	**[REDACTED]**
Tranche 2 Options	the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Tranche 3 Options	the **[REDACTED]**	**[REDACTED]**	**[REDACTED]**
Tranche 4 Options	May 13, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 5 Options	June 19, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 6 Options	July 10, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 7 Options	July 15, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 8 Options	July 16, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 9 Options	July 17, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 10 Options	August 26, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 11 Options	October 31, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 12 Options	November 18, 2020	**[REDACTED]**	**[REDACTED]**
Tranche 13 Options	January 9, 2021	**[REDACTED]**	**[REDACTED]**
Tranche 14 Options	February 12, 2021	**[REDACTED]**	**[REDACTED]**
Tranche 15 Options	February 17, 2021	**[REDACTED]**	**[REDACTED]**
Tranche 16 Options	March 4, 2021	**[REDACTED]**	**[REDACTED]**
Tranche 17 Options	March 4, 2021	**[REDACTED]**	**[REDACTED]**
Tranche 18 Options	March 11, 2021	**[REDACTED]**	**[REDACTED]**
		[REDACTED]	

The share option vesting method is:

Vesting date (subject to [REDACTED] of the shares of the Company on the Stock Exchange)	**Maximum percentage of underlying Shares in respect of the options may be vested**
At any time on or after the relevant vesting date (the "**Relevant Vesting Date**") to the date immediately before the first anniversary of the Relevant Vesting Date	20%
At any time on or after the date falling on the first anniversary of the Relevant Vesting Date to the date immediately before the second anniversary of the Relevant Vesting Date	20%
At any time on or after the date falling on the second anniversary of the Relevant Vesting Date to the date immediately before the third anniversary of the Relevant Vesting Date	20%
At any time on or after the date falling on the third anniversary of the Relevant Vesting Date to the date immediately before the fourth anniversary of the Relevant Vesting Date	20%
At any time on or after the date falling on the fourth anniversary of the Relevant Vesting Date to the date immediately before the fifth anniversary of the Relevant Vesting Date	20%

There were [**REDACTED**] share options under the **[REDACTED]** were forfeited for the six months ended June 30, 2019. As at June 30, 2019, the Company had [**REDACTED**] share options outstanding under the [**REDACTED**].

Subsequent to the Relevant Periods, a total of **[REDACTED**] share options and **[REDACTED**] share options were forfeited and granted, respectively.

The fair value of the share options granted under the **[REDACTED]** on April 6, 2019 was RMB[**REDACTED**] (from RMB[**REDACTED**] to RMB[**REDACTED**] each), of which the Group recognised a share option expense of RMB[**REDACTED**] for the six months ended June 30, 2019.

The fair value of equity-settled share options granted during the six months ended June 30, 2019, was estimated as at the date of grant using a binomial model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model used:

Dividend yield *(%)*	3.59
Expected volatility *(%)*	38.90
Risk-free interest rate *(%)*	1.57
Forfeiture rate *(%)*	5

The expected life of the options is based on the historical data over the past three years and is not necessarily indicative of the exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility is indicative of future trends, which may also not necessarily be the actual outcome.

No other feature of the options granted was incorporated into the measurement of fair value.

34. RESERVES

The amounts of the Group's reserves and the movements therein for the Relevant Periods and the six months ended June 30, 2018 are presented in the consolidated statements of changes in equity.

(a) Statutory surplus reserve

In accordance with the PRC Company Law and the articles of association of the subsidiaries established in the PRC, each of the relevant subsidiaries is required to appropriate 10% of its net profit after tax, as determined under the Chinese Accounting Standards, to the statutory surplus reserve until the reserve balance reaches 50% of its registered capital. Subject to certain restrictions set out in the relevant PRC regulations and in the articles of association of the relevant subsidiaries, the statutory surplus reserve may be used either to offset losses, or to be converted to increase the share capital provided that the balance after such conversion is not less than 25% of registered capital. The reserve cannot be used for purposes other than those for which it is created and is not distributable as cash dividends.

(b) Merger reserve

The merger reserve of the Group represents the issued capital of certain subsidiaries now comprising the Group before the completion of the Reorganization as detailed in note 1 to the Historical Financial Information.

(c) Distribution to then equity owners of subsidiaries upon the Reorganization

For the purpose of this report, distribution to the then equity owners of subsidiaries represents the consideration paid by the Group to the equity owners in respect of the acquisition of subsidiaries pursuant to the Reorganization.

35. PARTLY-OWNED SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Details of the Group's subsidiaries that have material non-controlling interests are set out below:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
Percentage of equity interest held by non-controlling interests:				
Dongjiang Village Long He	—	30%	—	—
Dongjiang Village Properties	—	—	20%	20%

	Year ended December 31,			Six months ended June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Loss for the year/period allocated to non-controlling interests:				
Dongjiang Village Long He	—	(41)	—	—
Dongjiang Village Properties	—	—	(64)	(325)
	—	(41)	(64)	(325)

	As at December 31,			As at June 30,
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Accumulated balances of non-controlling interests at reporting dates:				
Dongjiang Village Long He	—	181,289	—	—
Dongjiang Village Properties	—	—	108,616	108,291
	—	181,289	108,616	108,291

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

Dongjiang Village Long He

	Year ended/as at December 31, 2017
	RMB'000
Revenue	—
Total expenses	(138)
Loss for the year	(138)
Total comprehensive loss for the year	(138)
Current assets	679,180
Current liabilities	(74,887)
Net cash flows from operating activities	621
Net cash flows used in investing activities	—
Net cash flows used in financing activities	—
Net increase in cash and cash equivalents	621

Dongjiang Village Properties

	Year ended/as at December 31, 2018	Six months ended/ as at June 30, 2018	Six months ended/ as at June 30, 2019
	RMB'000	*RMB'000*	*RMB'000*
Revenue	—	—	—
Total expenses	(322)	(1,513)	(1,623)
Loss for the year/period	(322)	(1,513)	(1,623)
Total comprehensive loss for the year/period	(322)	(1,513)	(1,623)
Current assets	632,670	608,779	629,156
Current liabilities	(89,592)	(67,158)	(87,701)
Net cash flows from/(used in) operating activities	85	9	(9)
Net cash flows used in investing activities	—	—	—
Net cash flows used in financing activities	—	—	—
Net increase/(decrease) in cash and cash equivalents	85	9	(9)

36. ACQUISITION OF SUBSIDIARIES THAT DO NOT CONSTITUTE A BUSINESS

Year ended December 31, 2016

The net assets acquired by the Group are as follows:

Group

	Notes	**Heng Fu and Fushen** *RMB'000* *(note a)*	**Dongguan Zhengyun** *RMB'000* *(note b)*	**Total** *RMB'000*
Property, plant and equipment	*13*	166	—	166
Investment properties	*15*	92,800	—	92,800
Land held for development for sale	*18*	124,791	80,168	204,959
Other receivables		5,579	—	5,579
Cash and cash equivalents		4,885	5	4,890
Other payables		(48,221)	—	(48,221)
Net assets acquired		180,000	80,173	260,173
Satisfied by cash		180,000	80,173	260,173

	Heng Fu Holdings and Fushen Investment *RMB'000* *(note a)*	**Dongguan Zhengyun** *RMB'000* *(note b)*	**Total** *RMB'000*
An analysis of cash flows in respect of the acquisitions is as follows:			
Cash consideration	(180,000)	(80,173)	(260,173)
Outstanding cash consideration as at December 31, 2016	72,000	22,148	94,148
Cash and cash equivalents acquired	4,885	5	4,890
Net outflow of cash and cash equivalents included in cash flows from investing activities	(103,115)	(58,020)	(161,135)

Notes:

(a) On April 26, 2016, the Group entered into share transfer agreements with independent third parties to acquire 100% equity interests in each of Heng Fu Holdings and Fushen Investment at an aggregate consideration of RMB180,000,000. Heng Fu Holdings and Fushen Investment together hold a total of 100% equity interest in Hefei Fuhua, which is engaged in property development in the PRC. The acquisition was completed on June 30, 2016. As at the date of acquisition, Hefei Fuhua has not carried out any significant business transactions except holding land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

(b) On December 5, 2016, Mr. Chen Ganlin ("Mr. Chen GL", a member of senior management of the Group) and Ms. Lin Jinlan ("Ms. Lin JL", spouse of Mr. Chen GL) completed the acquisition of the entire equity interests in Dongguan Zhengyun at an aggregate consideration of RMB80,173,000 from independent third parties. Dongguan Zhengyun has a share capital of RMB4,000,000 as at the date of acquisition. Pursuant to an entrusted agreement entered into between Mr. Chen GL, Ms. Lin JL and Mr. Lun RX, the equity interests of Dongguan Zhengyun registered in the name of Mr. Chen GL and Ms. Lin JL were held on behalf of Mr. Lun RX since the completion of the acquisition. The equity interests in Dongguan Zhengyun have been transferred to the Group pursuant to the Reorganization.

As at the date of acquisition, Dongguan Zhengyun has not carried out any business transactions except holding land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

Year ended December 31, 2017

The net assets acquired by the Group are as follows:

Group

	Note	Dongjiang Village Long He *RMB'000* *(note a)*	Yayuan Property *RMB'000* *(note b)*	Total *RMB'000*
Land held for development for sale	*18*	677,157	93,433	770,590
Cash and cash equivalents		20	14	34
Other payables		(72,747)	—	(72,747)
Bank and other borrowings		—	(50,870)	(50,870)
		604,430	42,577	647,007
Non-controlling interests		(181,329)	(8,515)	(189,844)
Net assets acquired		423,101	34,062	457,163
Satisfied by cash		423,101	34,062	457,163

	Dongjiang Village Long He *RMB'000* *(note a)*	Yayuan Property *RMB'000* *(note b)*	Total *RMB'000*
An analysis of cash flows in respect of the acquisitions is as follows:			
Cash consideration	(423,101)	(34,062)	(457,163)
Outstanding cash consideration as at December 31, 2017	177,870	24,298	202,168
Cash and cash equivalents acquired	20	14	34
Net outflow of cash and cash equivalents included in cash flows from investing activities	(245,211)	(9,750)	(254,961)

Notes:

(a) On July 11, 2017, the Group entered into share transfer agreements with independent third parties to acquire 70% equity interests in Dongjiang Village Long He at an aggregate consideration of RMB423,101,000. Dongjiang Village Long He is engaged in property development in the PRC. The acquisition was completed on July 31, 2017. As at the date of acquisition, Dongjiang Village Long He has not carried out any business transactions except that prepayments have been made for the acquisition of certain land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

(b) On July 11, 2017, the Group entered into share transfer agreements with independent third parties to acquire 80% equity interests in Yayuan Property at an aggregate consideration of RMB34,062,000. The acquisition was completed on November 14, 2017. As at the date of acquisition, Yayuan Property has not carried out any business transactions except that prepayments have been made for the acquisition of certain land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

Year ended December 31, 2018

The net assets acquired by the Group are as follows:

Group

	Notes	Dongjiang Village Properties RMB'000 (note a)	Dongguan Wanfang RMB'000 (note b)	Songsen Furniture RMB'000 (note c)	Total RMB'000
Property, plant and equipment	13	—	—	5,360	5,360
Land held for development for sale	18	480,347	373,401	186,967	1,040,715
Prepayments and other receivables		219,045	4,014	—	223,059
Cash and cash equivalents		5	140	—	145
Other payables		(96,697)	(4)	(6,027)	(102,728)
Bank and other borrowings		(59,300)	—	—	(59,300)
		543,400	377,551	186,300	1,107,251
Non-controlling interests		(108,680)	(7,551)	—	(116,231)
Net assets acquired		434,720	370,000	186,300	991,020
Satisfied by cash		434,720	370,000	186,300	991,020

	Dongjiang Village Properties RMB'000 (note a)	Dongguan Wanfang RMB'000 (note b)	Songsen Furniture RMB'000 (note c)	Total RMB'000
An analysis of cash flows in respect of the acquisitions is as follows:				
Cash consideration	(434,720)	(370,000)	(186,300)	(991,020)
Outstanding cash consideration as at December 31, 2018	234,720	191,750	6,600	433,070
Cash and cash equivalents acquired	5	140	—	145
Net outflow of cash and cash equivalents included in cash flows from investing activities	(199,995)	(178,110)	(179,700)	(557,805)

Notes:

(a) On July 11, 2017, the Group entered into share transfer agreements with independent third parties to acquire 80% equity interests in Dongjiang Village Properties at an aggregate consideration of RMB434,720,000. Dongjiang Village Properties is engaged in property development in the PRC. The acquisition was completed on January 31, 2018. As at the date of acquisition, Dongjiang Village Properties has not carried out any significant business transactions except holding certain land parcels and having prepaid RMB219,045,000 for certain land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

(b) On January 11, 2018, the Group entered into share transfer agreements with independent third parties to acquire 98% equity interests in Dongguan Wanfang at an aggregate consideration of RMB370,000,000. The acquisition was completed on May 31, 2018. As at the date of acquisition, Dongguan Wanfang has not carried out any business transactions except holding certain land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

(c) On April 14, 2018, the Group entered into share transfer agreements with independent third parties to acquire the entire equity interests in Songsen Furniture at an aggregate consideration of RMB186,300,000. The acquisition was completed on December 28, 2018. As at the date of acquisition, Songsen Furniture has not carried out any business transactions except holding certain land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

Six months ended June 30, 2018 (unaudited)

The net assets acquired by the Group are as follows:

Group

	Dongjiang Village Properties *RMB'000* (unaudited) *(note a)*	**Dongguan Wanfang** *RMB'000* (unaudited) *(note b)*	**Total** *RMB'000*
Property, plant and equipment	—	—	—
Land held for development for sale	480,347	373,401	853,748
Prepayments and other receivables	219,045	4,014	223,059
Cash and cash equivalents	5	140	145
Other payables	(96,697)	(4)	(96,701)
Bank and other borrowings	(59,300)	—	(59,300)
	543,400	377,551	920,951
Non-controlling interests	(108,680)	(7,551)	(116,231)
Net assets acquired	434,720	370,000	804,720
Satisfied by cash	434,720	370,000	804,720

	Dongjiang Village Properties *RMB'000* (unaudited) *(note a)*	**Dongguan Wanfang** *RMB'000* (unaudited) *(note b)*	**Total** *RMB'000*
An analysis of cash flows in respect of the acquisitions is as follows:			
Cash consideration	(434,720)	(370,000)	(804,720)
Outstanding cash consideration as at June 30, 2018	350,172	191,750	541,922
Cash and cash equivalents acquired	5	141	146
Net outflow of cash and cash equivalents included in cash flows from investing activities	(84,543)	(178,109)	(262,652)

Note:

(a) On July 11, 2017, the Group entered into share transfer agreements with independent third parties to acquire 80% equity interests in Dongjiang Village Properties at an aggregate consideration of RMB434,720,000. Dongjiang Village Properties is engaged in the property development in the PRC. The acquisition was completed on January 31, 2018. As at the date of acquisition, Dongjiang Village Properties has not carried out any significant business transactions except holding certain land parcels and having prepaid RMB219,045,000 for certain land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

(b) On January 11, 2018, the Group entered into share transfer agreements with independent third parties to acquire 98% equity interests in Dongguan Wanfang at an aggregate consideration of RMB370,000,000. The acquisition was completed on May 31, 2018. As at the date of acquisition, Dongguan Wanfang has not carried out any business transactions except holding certain land parcels in the PRC. Accordingly, the acquisition has been accounted for by the Group as an acquisition of assets.

37. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Changes in liabilities arising from financing activities

Group

	Lease liabilities	Amounts due to directors	Amounts due to related parties	Loans from related parties	Interest-bearing bank and other borrowings
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Relevant Periods					
At January 1, 2016	1,145	—	379,660	886,367	635,000
Additions of lease liabilities	10,930	—	—	—	—
Changes from financing cash flows	(3,028)	184,106	(125,781)	(142,667)	462,547
Exchange realignment	(74)	—	—	—	1,663
At December 31, 2016 and January 1, 2017	8,973	184,106	253,879	743,700	1,099,210
Additions of lease liabilities	3,604	—	—	—	—
Changes from financing cash flows	(3,814)	972	400,607	(86,100)	598,854
Acquisition of subsidiaries *(note 36)*	—	—	—	—	50,870
Exchange realignment	358	—	—	—	(601)
At December 31, 2017 and January 1, 2018	9,121	185,078	654,486	657,600	1,748,333
Additions of lease liabilities	447	—	—	—	—
Changes from financing cash flows	(4,680)	198,857	772,711	(55,900)	674,203
Acquisition of subsidiaries *(note 36)*	—	—	—	—	59,300
Exchange realignment	(95)	—	—	—	1,524
At December 31, 2018 and January 1, 2019	4,793	383,935	1,427,197	601,700	2,483,360
Additions of lease liabilities	4,516	—	—	—	—
Changes from financing cash flows	(3,524)	(30,709)	(96,124)	288,850	506,466
Distribution to the then equity owners of subsidiaries	—	4,001	—	—	—
Reclassification of the balances to amounts due from directors and related parties	—	(357,227)	(1,331,073)	—	—
Exchange realignment	—	—	—	—	(478)
At June 30, 2019	5,785	—	—	890,550	2,989,348
Six months ended June 30, 2018 (unaudited)					
At January 1, 2018	9,121	185,078	654,486	657,600	1,748,333
Changes from financing cash flows	(2,650)	(38,416)	254,532	106,300	233,127
Acquisition of subsidiaries *(note 36)*	—	—	—	—	59,300
Exchange realignment	(36)	—	—	—	628
At June 30, 2018	6,435	146,662	909,018	763,900	2,041,388

(b) Major non-cash transaction

On June 30, 2019, the Group settled the amounts due to directors and related parties in an aggregate amount of RMB1,688,300,000 by offsetting against the Group's amounts due from directors and related parties pursuant to the deed of assignments entered into between the directors and the related parties.

38. CONTINGENT LIABILITIES

At the end of each of the Relevant Periods, contingent liabilities not provided for in the Historical Financial Information were as follows:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantees given to banks in connection with facilities granted to customers of the Group's properties *(note (a))*	2,691,665	3,033,309	4,085,827	5,254,689
Guarantees given to banks in connection with facilities granted to related companies controlled by Mr. Lun RX *(note (b))*	1,135,400	1,698,500	1,849,200	1,923,900
	3,827,065	4,731,809	5,935,027	7,178,589

Notes:

(a) The Group provided guarantees in respect of mortgage facilities granted by certain banks to the customers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the customers, the Group is responsible to repay the outstanding mortgage principals together with any accrued interest and penalties owed by the defaulted customers to those banks.

Under the above arrangement, the related properties were pledged to the banks as collateral for the mortgage loans, upon default on mortgage repayments by these customers, the banks are entitled to take over the legal titles and will realise the pledged properties through open auction.

The Group's guarantee period starts from the start of grant of the relevant mortgage loans and ends upon the issuance and registration of property ownership certificates to the purchasers, which will generally be available within one to two years after the customers take possession of the relevant properties.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to customers of the Group's completed properties held for sale. The directors of the Company considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no financial liabilities has been made in connection with the guarantees.

(b) The Group provided guarantees in respect of bank loans granted to certain related companies controlled by Mr. Lun RX. The respective bank loans were also pledged by certain properties owned by Mr. Lun RX or by the Group and guaranteed by Mr. Lun RX.

In determining whether financial liabilities should be recognised in respect of the relevant financial guarantee contracts, the directors of the Company exercise judgement in the evaluation of the probability of a resources outflow that will be required and the assessment of whether a reliable estimate can be made of the amount of the obligation.

In the opinion of the directors, the fair values of the financial guarantee contracts of the Group are insignificant at initial recognition and the directors consider that the possibility of the default of the parties involved is remote, and accordingly, no value has been recognised in the Historical Financial Information.

39. CAPITAL COMMITMENTS

The Group had the following capital commitments as at the end of each of the Relevant Periods:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted, but not provided for:				
Properties under development	1,193,038	777,669	1,945,198	1,381,302
Investment properties under construction	330,198	227,162	131,273	123,628
Purchase of land through acquisition of subsidiaries	645,926	1,387,060	941,206	1,102,587
	2,169,162	2,391,891	3,017,677	2,607,517

40. RELATED PARTY TRANSACTIONS

(a) In addition to the transactions detailed elsewhere in the Historical Financial Information, the Group had the following significant transactions with related parties during the Relevant Periods:

Group

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Construction costs paid to:					
Companies controlled by Mr. Lun RX	111,595	22,499	31,101	22,261	30,394
Companies controlled by a family member of Mr. Lun RX	981	204	306	306	323
Office rental expenses paid to a company controlled by Mr. Lun RX	1,743	1,893	1,871	935	1,124
Motor vehicle rental expenses paid to a company controlled by Mr. Lun RX	751	211	132	132	—
Management fee expenses paid to companies controlled by Mr. Lun RX	4,320	3,793	3,610	1,950	5,000
Management fee income received from a company controlled by Mr. Lun RX	411	415	421	210	210
Interest expenses paid to companies controlled by Mr. Lun RX	38,543	37,960	35,206	16,523	21,864
Interest income received from a joint venture	3,124	9,624	28,245	9,673	12,982
Sale of a car parking space to Ms. Chan	—	—	95	95	—

These transactions were carried out in accordance with the terms and conditions mutually agreed by the parties involved.

(b) Compensation of key management personnel of the Group

Group

	Year ended December 31,			Six months ended June 30,	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Salaries, allowances, bonuses and benefits in kind	3,186	3,249	5,630	2,222	6,895
Discretionary bonus	68	1,698	23	—	306
Equity-settled share option expense	—	—	—	—	9,634
Pension scheme contributions	53	56	62	25	235
Total compensation paid to key management personnel	3,307	5,003	5,715	2,247	17,070

Further details of directors' emoluments are included in note 8 to the Historical Financial Information.

41. FINANCIAL INSTRUMENTS BY CATEGORY

All financial assets and liabilities of the Group as at the end of the Relevant Periods are financial assets and financial liabilities stated at amortised cost, respectively.

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

The carrying amounts of the Group's financial instruments reasonably approximate to their fair values.

Management has assessed that the fair values of receivable from a joint venture, trade receivables, financial assets included in prepayments, other receivables and other assets, cash and cash equivalents, trade payables, financial liabilities included in other payables, deposits received and accruals, loans from related parties, amounts due from/to related parties, the current portion of interest-bearing bank and other borrowings and amounts due from/to directors approximate to their carrying amounts largely due to the short term maturities of these instruments.

The fair values of the non-current portion of interest-bearing bank and other borrowings have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for interest-bearing bank and other borrowings as at 31 December 2018 was assessed to be insignificant and the fair values of the non-current portion of interest-bearing bank and other borrowings approximate to their carrying amounts.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the chief financial officer. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer.

The fair values of the financial assets and liabilities are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The Group did not have any financial assets or financial liabilities measured at fair value as at December 31, 2016, 2017 and 2018 and June 30, 2019.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise interest-bearing bank and other borrowings, balances with related parties and directors, loans from related parties and cash and cash equivalents. The main purpose of these financial instruments is to raise finance for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below.

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank and other borrowings set out in note 29 to the Historical Financial Information. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings and other borrowings.

If the interest rate of bank and other borrowings had increased/decreased by 1% and all other variables held constant, the profit before tax of the Group (assuming no capitalization of interest expenses), through the impact on floating rate borrowings, would have decreased/increased by approximately RMB1,152,000, RMB749,000, RMB2,900,000 and RMB1,468,000 for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, respectively.

Credit risk

An impairment analysis was performed at December 31, 2016, 2017 and 2018 and June 30, 2019 using a provision matrix to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns. The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The expected credit loss for the Group's trade receivables as at December 31, 2016, 2017 and 2018 and June 30, 2019 was minimal.

The expected credit loss for the Group's other receivables as at December 31, 2016, 2017 and 2018 and June 30, 2019 was minimal.

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

- significant financial difficulty of the debtor;
- a breach of contract such as a default or past due event;
- it is probable that the debtor will enter bankruptcy or other financial reorganization.

The Group has established a policy to perform an assessment for the period beginning on or after January 1, 2016, of whether a financial instrument's credit risk has increased significantly since initial recognition, by considering the change in the risk of default occurring over the remaining life of the financial instrument.

Maximum exposure and year-end staging as at December 31, 2016, 2017 and 2018 and June 30, 2019

The table below shows the credit quality and the maximum exposure to credit risk based on the Group's credit policy, which is mainly based on past due information unless other information is available without undue cost or effort, and year-end staging classification as at December 31, 2016, 2017 and 2018 and June 30, 2019. The amounts presented are the gross carrying amounts for financial assets.

Group

As at December 31, 2016	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	128,273	—	—	—	128,273
Trade receivables	—	—	—	950	950
Financial assets included in prepayment, other receivables and other assets	32,712	—	—	—	32,712
Amounts due from directors	21,895	—	—	—	21,895
Amounts due from related parties	1,235,922	—	—	—	1,235,922
Restricted cash	154,546	—	—	—	154,546
Cash and cash equivalents	175,351	—	—	—	175,351
	1,748,699	—	—	950	1,749,649

As at December 31, 2017	**12-month ECLs**	**Lifetime ECLs**			
	Stage 1	**Stage 2**	**Stage 3**	**Simplified approach**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	277,897	—	—	—	277,897
Trade receivables	—	—	—	2,560	2,560
Financial assets included in prepayment, other receivables and other assets	80,969	—	—	—	80,969
Amounts due from directors	33,654	—	—	—	33,654
Amounts due from related parties	1,546,289	—	—	—	1,546,289
Restricted cash	223,593	—	—	—	223,593
Cash and cash equivalents	97,936	—	—	—	97,936
	2,260,338	—	—	2,560	2,262,898

As at December 31, 2018	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	458,841	—	—	—	458,841
Trade receivables	—	—	—	3,368	3,368
Financial assets included in prepayment, other receivables and other assets	38,547	—	—	—	38,547
Amounts due from directors	157,989	—	—	—	157,989
Amounts due from related parties	2,303,327	—	—	—	2,303,327
Restricted cash	285,769	—	—	—	285,769
Cash and cash equivalents	158,662	—	—	—	158,662
	3,403,135	—	—	3,368	3,406,503

As at June 30, 2019	12-month ECLs	Lifetime ECLs			
	Stage 1	Stage 2	Stage 3	Simplified approach	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Receivable from a joint venture	471,823	—	—	—	471,823
Trade receivables	—	—	—	2,393	2,393
Financial assets included in prepayment, other receivables and other assets	108,869	—	—	—	108,869
Amounts due from directors	826,377	—	—	—	826,377
Restricted cash	511,733	—	—	—	511,733
Cash and cash equivalents	214,660	—	—	—	214,660
	2,133,462	—	—	2,393	2,135,855

Management makes periodic collective assessments for financial assets included in prepayments, other receivables and other assets as well as individual assessments on the recoverability of other receivables based on historical settlement records and past experience. The Group recognises an allowance for financial assets included in prepayments, other receivables and other assets based on 12-month ECLs and adjusts for forward looking macroeconomic data, if any.

Liquidity risk

The Group's objectives are to maintain a prudent financial policy, to monitor liquidity ratios against risk limits and to maintain a contingency plan for funding to ensure that the Group maintains sufficient cash to meet its liquidity requirements.

The following table details the remaining contractual maturities of the Group's financial liabilities as at December 31, 2016, 2017 and 2018 and June 30, 2019, which are based on contractual undiscounted cash flows (including interest payments computed using contractual rates, based on rates as at December 31, 2016, 2017 and 2018 and June 30, 2019) and the earliest date that the Group could be required to repay:

Group

As at December 31, 2016

	Within 1 year or on demand	In the second year	3 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	725,483	46,662	7,556	779,701
Other payables, deposits received and accruals	176,726	—	—	176,726
Lease liabilities	3,185	3,168	3,294	9,647
Amounts due to directors	184,106	—	—	184,106
Amounts due to related parties	253,879	—	—	253,879
Loans from related parties	769,353	—	—	769,353
Interest-bearing bank and other borrowings	592,755	31,954	603,498	1,228,207
	2,705,487	81,784	614,348	3,401,619
Financial guarantees issued:				
Maximum amount guaranteed *(note 38)*	3,827,065	—	—	3,827,065

As at December 31, 2017

	Within 1 year or on demand	In the second year	3 to 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	729,149	190,898	19,245	939,292
Other payables, deposit received and accruals	323,936	—	—	323,936
Lease liabilities	5,160	3,835	707	9,702
Amounts due to directors	185,078	—	—	185,078
Amounts due to related parties	654,486	—	—	654,486
Loans from related parties	680,552	—	—	680,552
Interest-bearing bank and other borrowings	816,008	295,897	1,005,849	2,117,754
	3,394,369	490,630	1,025,801	4,910,800
Financial guarantees issued:				
Maximum amount guaranteed *(note 38)*	4,731,809	—	—	4,731,809

As at December 31, 2018

	Within 1 year or on demand *RMB'000*	In the second year *RMB'000*	3 to 5 years *RMB'000*	Total *RMB'000*
Trade payables	727,260	158,786	31,668	917,714
Other payables, deposit received and accruals	655,422	—	—	655,422
Lease liabilities	3,810	1,182	—	4,992
Amounts due to directors	383,935	—	—	383,935
Amounts due to related parties	1,427,197	—	—	1,427,197
Loans from related parties	625,808	—	—	625,808
Interest-bearing bank and other borrowings	925,758	742,882	1,222,112	2,890,752
	4,749,190	902,850	1,253,780	6,905,820
Financial guarantees issued:				
Maximum amount guaranteed *(note 38)*	5,935,027	—	—	5,935,027

As at June 30, 2019

	Within 1 year or on demand *RMB'000*	In the second year *RMB'000*	3 to 5 years *RMB'000*	Total *RMB'000*
Trade payables	977,817	90,530	13,189	1,081,536
Other payables, deposit received and accruals	393,201	—	—	393,201
Lease liabilities	4,375	1,697	—	6,072
Loans from related parties	902,031	—	—	902,031
Interest-bearing bank and other borrowings	1,286,055	1,279,344	785,840	3,351,239
	3,563,479	1,371,571	799,029	5,734,079
Financial guarantees issued:				
Maximum amount guaranteed *(note 38)*	7,178,589	—	—	7,178,589

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain healthy capital ratios in order to support its business.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes for managing capital during the Relevant Periods.

The Group monitors capital using a net gearing ratio, which is net debt divided by the total equity of the Group. Net debt includes interest-bearing bank and other borrowings, loans from related parties and lease liabilities less cash and cash equivalents and restricted cash. The gearing ratios as at the end of each of the Relevant Periods were as follows:

Group

	As at December 31,			As at June 30,
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank and other borrowings	1,099,210	1,748,333	2,483,360	2,989,348
Loans from related parties	743,700	657,600	601,700	890,550
Lease liabilities	8,973	9,121	4,793	5,785
Less: Cash and cash equivalents	(175,351)	(97,936)	(158,662)	(214,660)
Less: Restricted cash	(154,546)	(223,593)	(285,769)	(511,733)
Net debt	1,521,986	2,093,525	2,645,422	3,159,290
Total equity	402,865	751,722	1,087,970	1,314,058
Net gearing ratio	378%	278%	243%	240%

44. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company, the Group or any of the companies now comprising the Group in respect of any period subsequent to June 30, 2019.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this document received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2019 of the selected property interests held by Huijing Holdings Company Limited.

JLL®
仲量聯行

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Company Licence No.: C-030171

[●] 2019

The Board of Directors
Huijing Holdings Company Limited
Unit 2403–2408, 24/F,
Shui On Centre, 6–8 Harbour Road,
Wanchai, Hong Kong

Dear Sirs,

In accordance with your instructions to value the selected property interests held by Huijing Holdings Company Limited (the "**Company**"), its subsidiaries and its joint venture company (hereinafter together referred to as the "**Group**") in the People's Republic of China (the "**PRC**"), we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as at 30 September 2019 (the "**valuation date**").

For the purpose of this report, we classified these properties as the property interests relating to "property activities" which mean holding (directly or indirectly) and/or development of properties for letting or retention as investments, or the purchase or development of properties for subsequent sale, or for subsequent letting or retention as investments. Furthermore, we have adopted the below guidance on what constitutes a property interest:

(a) one or more units in the same building or complex;

(b) one or more properties located at the same address or lot number;

(c) one or more properties comprising an integrated facility;

(d) one or more properties, structures or facilities comprising a property development project (even if there are different phases);

(e) (one or more properties held for investment within one complex;

(f) one or more properties, structures or facilities located contiguously to each other or located on adjoining lots and used for the same or similar operational/business purposes; or

(g) a project or phases of development presented to the public as one whole project or forming a single operating entity.

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interests in Group I which are held for sale by the Group and property interests in Group IV which are held for future development by the Group by the comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificate/Tables or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits of future development/redevelopment are not issued while the State-owned Land Use Rights Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contract have been signed, but the State-owned Land Use Rights Certificates have not been issued.

We have valued the property interests in Group II (except Property No. 16) which are held for investment by the Group by the Discounted Cash Flow ("DCF") Approach, which derives the market value by discounting future net cash flow of the property to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for similar type of properties, with due allowance for the reversionary net income of the property, which is capitalized with a terminal capitalization rate. With regards to the existing market conditions, the incomes and expenses, stabilization period and growth of rental value/room rate for each component of the property are estimated to reflect the property performance in the market.

In valuing portions of the property interests of Property No. 16 in Group II which are construction in progress and held for investment by the Group and the property interests in Group III which are currently under development by the Group, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Group. In arriving at our opinion of values, we have adopted the DCF Approach for hotel portion of Property No. 16, the income approach for retail portion of Property No. 16 in Group II and the comparison approach for property interests in Group III by making reference to comparable rental/sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has (have) been issued while the Construction Works Certified Report(s) or Certificate(s) of Completion of the building(s) have not been issued.

For the property interests in Group V which are to be acquired by the Group, the Group has entered into agreements with the relevant government authorities, land use rights transfer agreement/ share transfer agreements/framework agreement with the land owners/property interest holder. Since the Group has not yet obtained the State-owned Land Use Rights Certificates/Real Estate Title Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interests but have assessed the market value of them for reference purpose only.

In valuing the market value for reference purpose of Property No. 17 in Group V, a portion of the land with a site area of about 600 mu under the development agreement with the Government of Hengnan County was still under land resumption process by the Government of Hengnan County. We have assumed the title certificates of this portion have been obtained after land acquisition, land premium has been fully settled and it can be freely transferred by the Group and there is no legal impediment and onerous cost in obtaining the title certificates.

In valuing the calculated value for reference purpose of Property No. 29 in Group V, the land of the property was leased from the land owner. We have assumed the title certificates of this portion have been obtained and land premium has been fully settled according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme"and it can be freely transferred by the Group and there is no legal impediment and onerous cost in obtaining the title certificates.

The respective valuation approach adopted for each group of the property interests is summarized as below (for details please refer to Page III-2 and III-3):

Group	**Valuation Approach**
Group I — Properties held for sale by the Group in the PRC	Comparison approach
Group II — Properties held for investment by the Group in the PRC	DCF Approach/ Income approach
Group III — Properties held under development by the Group in the PRC	Comparison approach
Group IV — Properties held for future development by the Group in the PRC	Comparison approach

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

No allowance has been made in our report for any charge, mortgage or amount owing on any of the property interests valued nor for any expense or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their value.

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by the Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors, and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Building Ownership Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have relied considerably on the advice given by the Company's PRC legal advisers — Dentons, concerning the validity of the property interests in the PRC.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in the period between October 2018 and March 2019 by about 10 technical staff including Mr. Eddie Yiu, Mr. Mathew Ma, Mr. Jimmy Gu, Ms. Raina Zheng, Ms. Cody Pun, Mr. Kevin Liu, Ms. Smiley Liu and etc. They are Chartered Surveyors/China Certified Real Estate Appraisers or have more than 1 to 4 years' experience in the valuation of properties in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 25 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Properties held for sale by the Group in the PRC
Group II: Properties held for investment by the Group in the PRC
Group III: Properties held under development by the Group in the PRC
Group IV: Properties held for future development by the Group in the PRC
Group V: Properties to be acquired by the Group in the PRC
— : Not Available or Not Applicable

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
1.	Portions of Huijing Riverside Villa located at the eastern side of Shatian Avenue, Shatian Town, Dongguan City, Guangdong Province, The PRC (御海藍岸)	507,000,000	—	304,300,000	—	811,300,000	—
2.	Huijing Riverside Villa • Perfection located at the eastern side of Shatian Avenue, Shatian Town, Dongguan City, Guangdong Province, The PRC (御海藍岸•臻品)	324,100,000	—	—	—	324,100,000	—
3.	Unsold portion of Royal Spring Hill located at the eastern side of Qingfeng Road, Qingxi Town, Dongguan City, Guangdong Province, The PRC (御泉香山)	128,100,000	—	—	—	128,100,000	—

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
4.	Unsold portion of City Valley located at the southern side of Qinghu West Road, Qingxi Town, Dongguan City, Guangdong Province, The PRC (城市山谷)	72,200,000	—	—	—	72,200,000	—
5.	Portions of Huijing City Centre located at the western side of Dihao Road, Zhangmutou Town, Dongguan City, Guangdong Province, The PRC (滙景城市中心)	563,700,000	—	—	—	563,700,000	—
6.	Unsold portion of Century Gemini located at the junction of Bei Huan Road and Guantai Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (世紀雙子)	115,700,000	—	—	—	115,700,000	—
7.	Huijing City located at the junction of Bei Huan Road and Guantai Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (滙景城)	—	[339,600,000]	—	—	[339,600,000]	—

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
8.	Unsold portion of Central Palace located at the north-eastern side of Beihuan Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (中央華府)	110,100,000	—	—	—	110,100,000	—
9.	Unsold portion of Huijing Palace and Huijing Ginza located at the north-eastern side of Beihuan Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (滙景華府及滙景銀座)	12,700,000	—	—	—	12,700,000	—
10.	2 parcels of land known as Houjie Town Baotun Village Area located at the south-western side of Beihuan Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (厚街鎮寶屯村地塊)	—	—	—	187,600,000	187,600,000	—
11.	Unsold portion of Emperor View Peak located the eastern side of Dongcheng Zhong Road, Dongcheng district, Dongguan City, Guangdong Province, The PRC (帝景峰)	3,200,000	—	—	—	3,200,000	—

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
12.	Humen Marina City located between the northern side of Gaoke First Road and the southern side of Gaoke Third Road, Humen Town, Dongguan City, Guangdong Province, The PRC (虎門濱海城)	—	—	1,591,900,000 (interest attributable to the Group (98%): 1,560,062,000)	—	1,591,900,000 (interest attributable to the Group (98%): 1,560,062,000)	—
13.	Portions of Bund No. 8 located between the western side of Yuanjiang West Road and the southern side of Wei Fifteen Road, Yuancheng District, Heyuan City, Guangdong Province, The PRC (外灘8號)	127,800,000	—	—	—	127,800,000	—
14.	Nine Miles Bay located at the western side of Dongyuan Avenue, Dongyuan County, Heyuan City, Guangdong Province, The PRC (九里灣花園)	—	—	1,344,400,000	1,186,800,000	2,531,200,000	—
15.	Dongjiang River Galleries located at the eastern side of Dongyuan Avenue, Dongyuan County, Heyuan City, Guangdong Province, The PRC (東江畫廊)	—	—	—	2,300,200,000 (interest attributable to the Group (80%): 1,840,160,000)	2,300,200,000 (interest attributable to the Group (80%): 1,840,160,000)	92,500,000

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
16.	Hefei Huijing City Centre located at the junction of Wangjiang West Road and Chuangxin Avenue, Gaoxin District, Hefei City, Anhui Province, The PRC (合肥滙景城市中心)	51,300,000	[637,300,000]	1,513,000,000	—	[2,201,600,000]	—
17.	Residential and commercial portions of Huijing Yanhu International Resort located at the southern side of Hengyang Nanyue Airport, Yunji Town, Hengnan County, Hengyang City, Hunan Province, The PRC (衡陽滙景•雁湖生態文旅小鎮)	—	—	600,400,000	3,755,900,000	4,356,300,000	7,109,000,000
18.	Huijing Global Centre located at eastern side of Xiangjing Middle Road, Tianxin District, Changsha City, Hunan Province, The PRC (滙景發展環球中心)	—	—	6,216,300,000 (interest attributable to the Group (49%): 3,045,987,000)	—	6,216,300,000 (interest attributable to the Group (49%): 3,045,987,000)	—
19.	A parcel of land known as Pinghu Area No. 1 located at the junction of Caojin Road and Daqiao Road, Pinghu City, Zhejiang Province, The PRC (平湖第一地塊)	—	—	—	—	No Commercial Value	608,400,000

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
20.	A parcel of land known as Pinghu Area No. 2 located at the junction of Caodui Road and Dasheng Road, Pinghu City, Zhejiang Province, The PRC (平湖第二地塊)	—	—	—	—	No Commercial Value	481,200,000
21.	Project Fenghua Mansion located at the junction of Zhangshen Road and Jingfu Road, Zhangmutou Town, Dongguan City, Guangdong Province, The PRC (豐華公館)	—	—	—	—	No Commercial Value	234,300,000
22.	Project Nancheng Gedi located at Nancheng District, Dongguan City, Guangdong Province, The PRC (南城蛤地片區項目)	—	—	—	—	No Commercial Value	—
23.	Project Qingxi Sanzhong located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪三中片區項目)	—	—	—	58.600,000	58.600,000	—
24.	Zhangmutou Baoshan Area located at Zhangmutou Town, Dongguan City, Guangdong Province, The PRC (樟木頭寶山片區項目)	—	—	—	—	No Commercial Value	—

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
25.	Project Humen Xinwan located at Humen Town, Dongguan City, Guangdong Province, The PRC (虎門新灣片區項目)	—	—	—	—	No Commercial Value	—
26.	Project Hongmei Hongwugao located at Hongmei Town, Dongguan City, Guangdong Province, The PRC (洪梅洪屋渦片區項目)	—	—	—	123,300,000	123,300,000	—
27.	Project Qingxi Luhu, located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪鹿湖片區項目)	—	—	—	—	No Commercial Value	—
28.	Project Qingxi Sanxing No. 1 located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪三星片區項目一)	—	—	—	—	No Commercial Value	—
29.	Project Shatian Yanggongzhou, located at Shatian Town, Dongguan City, Guangdong Province, The PRC (沙田楊公洲片區項目)	—	—	—	—	No Commercial Value	—

No.	Property	Market value in existing state as at the valuation date *RMB* Group I:	Market value in existing state as at the valuation date *RMB* Group II:	Market value in existing state as at the valuation date *RMB* Group III:	Market value in existing state as at the valuation date *RMB* Group IV:	The total market value in existing state as at the valuation date *RMB*	Market value for reference (for properties without proper title certificates)[a] as at the valuation date *RMB* Group V:
30.	Project Qingxi Sanxing No. 2 located at Qingxi Town Dongguan City, Guangdong Province, The PRC (清溪三星片區項目二)	—	—	—	—	No Commercial Value	—
31.	Project Wanjiang Gonglian located at Wanjiang District, Dongguan City, Guangdong Province, The PRC (萬江共聯片區項目)	—	—	—	—	No Commercial Value	—
32.	Project [Shatian Renzhou], located at Shatian Town, Dongguan City, Guangdong Province, The PRC ([沙田稔洲片區項目])	—	—	—	—	No Commercial Value	—
	Total:	**2,015,900,000**	**976,900,000**	**11,570,300,000 (Interest attributable to the Group: 8,368,149,000)**	**7,612,400,000 (Interest attributable to the Group: 7,152,360,000)**	**22,175,500,000 (Interest attributable to the Group: 18,513,309,000)**	**8,525,400,000**

a For properties in Group V without proper title certificates held by the Group, for their market value in existing state, we have attributed no commercial value to them. Although these properties are without proper title certificates held by the Group, they are to be acquired according to certain agreements with the relevant government authorities, land use rights transfer agreement/share transfer agreements/framework agreement with the land owners/property interest holder, we have assessed the market value of them for reference purpose only assuming their title certificates have been obtained, land premium has been fully settled and they can be freely transferred by the Group and there is no legal impediment and onerous cost in obtaining the title certificates.

Property Nos. 22 to 32 will be applied for the ''Three-Old Transformation Scheme'', we have attributed no commercial value to Property Nos. 22, 24, 25 and 27 to 32 as these properties are without proper title certificates held by the Group. We are of the opinion that the calculated value after consideration of the land premium of the property on a vacant and clear site basis, assuming it can be developed according to the proposed change of land use and development parameters provided by the Company under the ''Three-Old Transformation Scheme'' as at the valuation date is set out as below:

No.	**Property**	**Calculated Value[b] as at the valuation date** *RMB*
22.	Project Nancheng Gedi located at Nancheng District, Dongguan City, Guangdong Province, The PRC (南城蛤地片區項目)	865,700,000
23.	Project Qingxi Sanzhong located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪三中片區項目)	681,600,000
24.	Zhangmutou Baoshan Area located at Zhangmutou Town, Dongguan City, Guangdong Province, The PRC (樟木頭寶山片區項目)	4,342,400,000
25.	Project Humen Xinwan located at Humen Town, Dongguan City, Guangdong Province, The PRC (虎門新灣片區項目)	405,000,000
26.	Project Hongmei Hongwugao located at Hongmei Town, Dongguan City, Guangdong Province, The PRC (洪梅洪屋渦片區項目)	2,380,000,000

No.	Property	Calculated Value[b] as at the valuation date *RMB*
27.	Project Qingxi Luhu located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪鹿湖片區項目)	1,079,200,000
28.	Project Qingxi Sanxing No. 1 located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪三星片區項目一)	499,300,000
29.	Project Shatian Yanggongzhou located at Shatian Town, Dongguan City, Guangdong Province, The PRC (沙田楊公洲片區項目)	139,600,000
30.	Project Qingxi Sanxing No. 2 located at Qingxi Town Dongguan City, Guangdong Province, The PRC (清溪三星片區項目二)	264,200,000
31.	Project Wanjiang Gonglian located at Wanjiang District, Dongguan City, Guangdong Province, The PRC (萬江共聯片區項目)	1,849,200,000
32.	Project Shatian Renzhou, located at Shatian Town, Dongguan City, Guangdong Province, The PRC (沙田稔洲片區項目)	754,200,000
	Total:	**13,260,400,000**

Please refer to the corresponding valuation certificates in Page III-83 to III-104 for details.

b For Property Nos. 22 to 32, our valuation of the calculated value for reference purpose has been arrived by taking into account of the estimated premium from the value of properties after the proposed change of use and planning parameters and has been made on the following assumptions:

1. All relevant title certificates have been obtained and the property could be freely transferred as a clear and vacant site;

2. The proposed planning indicators, including but not limited to, the land use after conversion, plot ratio, and gross floor area has been approved by the relevant government planning authorities;

3. The assessment of the premium according to the proposed change of use and planning parameters is accurate, reasonable and consistent with the ''Three-Old Transformation Scheme'' in Dongguan; and

4. Our valuation is based on the information provided by the Company and we reserve the right to revise our valuation if we are provided with more detailed information that may have significant impact on the valuation in the future.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
1.	Portions of Huijing Riverside Villa located at the eastern side of Shatian Avenue, Shatian Town, Dongguan City, Guangdong Province, The PRC (御海藍岸)	Huijing Riverside Villa is located at the eastern side of Shatian Avenue. It is well-served with public transportation. The surrounding environment comprises street front shops, schools and factories. Huijing Riverside Villa occupies 13 parcels of land with a site area of approximately 315,867.10 sq.m., which is being developed into a residential and commercial complex project. Portions of the project with a total gross floor area of approximately 464,409.23 sq.m. were completed in various stages between 2011 and 2017, and the unsold portion of that (the "unsold units") was vacant for sale as at the valuation date. Portions of the project were under construction (the "CIP") as at the valuation and are scheduled to be completed in October 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 24,920.65 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Huijing Riverside Villa with a total completed and planned gross floor area of approximately 65,012.73 sq.m. The classification, usage and gross floor area details of the property were set out in Note 10. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB186,600,000 of which approximately RMB137,700,000 had been incurred up to the valuation date. The land use rights of the property have been granted for terms expiring on 4 March 2063, 28 July 2063, 31 August 2063, 31 August 2064, 23 October 2081 and 20 February 2083 for residential use and 23 October 2051 and 20 February 2053 for commercial use.	As at the valuation date, the unsold units of the property were vacant, portions of the property were under construction.	811,300,000

Notes:

1. Pursuant to 4 State-owned Land Use Rights Grant Contracts — Dong Guo Tu Chu Rang He Gai (2010) Di No. 57 dated 21 May 2010, Dong Guo Tu Chu Rang (Shi Chang) He [2011] Di No. 117 dated 23 August 2011, Dong Guo Tu Zi Chu Rang Gai Zi [2012] No. 22 dated 19 October 2012 and Dong Guo Tu Chu Rang (Shi Chang) He [2012] Di No. 093 dated 2 November 2012, the land use rights of 4 parcel of land (including the land use rights of the property) with a site area of approximately 270,063.40 sq.m. were contracted to be granted to Dongguan Huijing Kailun Bay Property Development Limited (東莞市滙景凱倫灣房地產開發有限公司, "Dongguan Huijing Kailun Bay", an indirect wholly-owned subsidiary of the Company) for terms of 52 to 70 years for residential use and 40 years for commercial use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to 2 land use rights transfer agreements signed between Dongguan Shatian Town Property Development Company (東莞市沙田鎮房地產開發公司) and Dongguan Huijing Kailun Bay dated 19 July 2011 and 8 November 2013 respectively, the land use rights of 2 parcels of land (including the land use rights of the property) with a site area of approximately 45,803.20 sq.m. were contracted to be transferred to Dongguan Huijing Kailun Bay for terms expiring on 4 March 2063 and 28 July 2063 for residential use. As advised by the Group, the land premium has been fully paid as at the valuation date.

3. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 2005–12–10028, permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 330,133.558 sq.m. has been granted to Dongguan Huijing Kailun Bay.

4. Pursuant to 13 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (1993) Di Te Nos. 388–1 to 388–8, Dong Fu Guo Yong (1993) Di Te No. 95–2, Dong Fu Guo Yong (1996) Di Te No. 16, Dong Fu Guo Yong (2011) Di Te No. 28, Dong Fu Guo Yong (2012) Di Te No. 41 and Dong Fu Guo Yong (2013) Di Te No. 60, the land use rights of 13 parcel of land (including the land use rights of the property) with a site area of approximately 315,867.10 sq.m. have been granted to Dongguan Huijing Kailun Bay for terms expiring on 4 March 2063, 28 July 2063, 31 August 2063, 31 August 2064, 23 October 2081 and 20 February 2083 for residential use and 23 October 2051 and 20 February 2053 for commercial use.

5. Pursuant to 81 Construction Work Planning Permits — Jian Zi Di Nos. 2010–12–1001 to 2010–12–1020, 2010–12–1076 to 2010–12–1080, 2012–12–1037 to 2012–12–1046, 2013–12–1001 to 2013–12–1006, 2013–12–1021 to 2013–12–1040, 2013–12–1046 to 2013–12–1049, 2015–12–1003 to 2015–12–1007 and 2018–12–1029 to 2018–12–1039 in favour of Dongguan Huijing Kailun Bay, the construction works of Huijing Riverside Villa (including the property) with a total gross floor area of approximately 492,515.90 sq.m. have been approved.

6. Pursuant to 81 Construction Work Commencement Permits — Nos. 4419002010093000201, 4419002010093000301, 4419002010093000401, 4419002010093000501, 4419002010093000601, 4419002010093000701, 4419002010093000801, 4419002010093000901, 4419002010093001001, 4419002010093001101, 4419002010093001201, 4419002010093001301, 4419002010093001401, 4419002010093001501, 4419002010093001601, 4419002010093001701, 4419002010093001801, 4419002010093001901, 4419002010101500801, 4419002011030201401, 4419002011030201501, 4419002011030201601, 4419002011030201701, 4419002011030201801, 4419002011101500701, 4419002012102300701, 4419002012102300801, 4419002012102300901, 4419002012102301001, 4419002012102301101, 4419002012102301201, 4419002012102301301, 4419002012102301401, 4419002012102301501, 4419002012102301601, 4419002013052200101, 4419002013052200201, 4419002013052200301, 4419002013052200401, 4419002013052200501, 4419002014010700801, 4419002014010700901, 4419002014010701001, 4419002014010701101, 4419002014010701201, 4419002014010701301, 4419002014010701401, 4419002014010701501, 4419002014010701601, 4419002014010701701, 4419002014010701801, 4419002014010701901, 4419002014010702001, 4419002014010702101, 4419002014010702201, 4419002014010702301, 4419002014010702401, 4419002014010702501, 4419002014010702601, 4419002014010702701, 4419002014050600301, 4419002014050600401, 4419002014050600501, 4419002014050600601, 441900201506264801, 441900201506264901, 441900201506265001, 441900201506265101, 441900201506265201, 441900201806112301, 441900201806112401, 441900201806112501, 441900201806112601, 441900201806112701, 441900201806112801, 441900201806112901, 441900201806113001, 441900201806113101, 441900201806113201, 441900201806113301 and

441900201807040501 in favour of Dongguan Huijing Kailun Bay, permissions by the relevant local authority were given to commence the construction of Huijing Riverside Villa (including the property) with a total gross floor area of approximately 492,510.30 sq.m.

7. Pursuant to 81 Pre-sale Permits — 11 Dong Guan Shang Fang Yu Zheng Zi Di No. 00062, Dong Guan Shang Fang Yu Zheng Zi Di Nos. 201200068, 201200069, 201200191, 201200228, 201200437, 201300325, 201300435, 201400053, 201400388, 201400410, 201500229, 201500234 to 201500245, 201500683 to 201500724, 201501782, 201501783, 201600218, 201601251, 201601486, 20180547 to 20180552, 201800590, 201800591, 201900005 and 201900006 in favour of Huijing Kailun Bay, the Group is entitled to sell portions of Huijing Riverside Villa (representing a total gross floor area of approximately 405,341.95 sq.m.) to purchasers.

8. Pursuant to 3 Sale Permits — Guan Shang Fang Xian Zheng Zi Di Nos. 201200058, 201300001 and 201300058 in favour of Huijing Kailun Bay, the Group is entitled to sell portions of Huijing Riverside Villa (representing a total gross floor area of approximately 18,059.96 sq.m.) to purchasers.

9. Pursuant to 68 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900201112300008, 441900201112300009, 441900201112300011, 441900201112300013, 441900201112300014, 441900201112300016 to 441900201112300018, 441900201112300021, 441900201112300023, 441900201112300025, 441900201112300027 to 441900201112300035, 441900201307150001 to 441900201307150005, 441900201412220002, 441900201412220004 to 441900201412220009, 441900201412220011, 441900201412220012, 441900201412220014, 441900201509100001 to 441900201509100003, 441900201509110006, 441900201602030001 to 441900201602030020, 441900201608050025 to 441900201608050027, 441900201710270001, 441900201710270003 to 441900201710270006 and 441900201807110001 in favour of Huijing Kailun Bay, the construction of portions of Huijing Riverside Villa (including the property) with a total gross floor area of approximately 464,409.23 sq.m. has been completed and passed the acceptance inspection. As advised by the Company, the Construction work and Completion and Inspection Certificates of Block No. 64 Kindergarten and Block No. 222 Refuse Room are under application.

10. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**(Planned) Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	17,486.08	—
	Retail	4,386.72	—
	Car parking spaces	18,219.28	1,501
	Sub-total:	**40,092.08**	**1,501**
Group III — held under development	Residential	24,321.00	—
	Ancillary/Others	599.65	—
	Sub-total:	**24,920.65**	**—**
	Total:	**65,012.73**	**1,501**

11. As advised by the Group, various residential units and retail units with a total gross floor area of approximately 3,437.83 sq.m. in Group I of the property have been pre-sold to various third parties at a total consideration of RMB53,648,646. Various residential units with a total gross floor area of approximately 4,742.64 sq.m. in Group III of the property has been pre-sold to a third party at a consideration of RMB74,712,293. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

12. As advised by the Group, 286 car parking spaces with a total gross floor area of approximately 3,553.40 sq.m. of the property have been sold to various third parties. Despite such portions of the property have not been legally and virtually transferred, the proceeds from such portions have already been recognized as revenue. Therefore, we have attributed no commercial value to such portions.

13. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB407,500,000.

14. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB15,000 to RMB19,000 per sq.m. for residential units, RMB17,000 to RMB22,000 sq.m. for retail units and RMB90,000 to RMB120,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

15. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Dongguan Huijing Kailun Bay has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Dongguan Huijing Kailun Bay has obtained all the necessary approvals and permits according to the present development progress except the lost Fire Protection Inspection Acceptance of Phase III, Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

    c. Dongguan Huijing Kailun Bay has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Dongguan Huijing Kailun Bay no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Dongguan Huijing Kailun Bay unless the contract is cancelled or getting a prior approval from the buyer. In addition, Dongguan Huijing Kailun Bay has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

16. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	Portions

17. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	507,000,000
Group III — held under development by the Group	304,300,000
Grand-total:	**811,300,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
2.	Huijing Riverside Villa • Perfection located at the eastern side of Shatian Avenue, Shatian Town, Dongguan City, Guangdong Province, The PRC (御海藍岸 • 臻品)	Huijing Riverside Villa • Perfection is located at the eastern side of Shatian Avenue. It is well-served with public transportation. The surrounding environment comprises street front shops, schools and factories. Huijing Riverside Villa • Perfection occupies a parcel of land with a site area of approximately 10,220.10 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of 38,146.74 sq.m. was completed in 2019, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Huijing Riverside Villa • Perfection with a total gross floor area of 19,712.82 sq.m. The classification, usage and gross floor area details of the property were set out in Note 8. The land use rights of the property have been granted for a term expiring on 24 December 2067 for residential and commercial uses.	As at the valuation date, the property was under construction.	324,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Dong Guo Tu Chu Rang He Gai (2008) Di No. 185 dated 25 December 2008, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 10,220.10 sq.m. were contracted to be granted to Dongguan Zhengyun Investment Limited (東莞市正韻實業投資有限公司, "Dongguan Zhengyun", an indirect wholly-owned subsidiary of the Company) for terms of 59 years for residential and commercial uses commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 2008–12–10008, permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 10,220.10 sq.m. has been granted to Dongguan Zhengyun.

3. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (1999) Di Te No. 556, the land use rights of the parcel of land (including the land use rights of the property) with a site area of approximately 10,220.10 sq.m. have been granted to Dongguan Zhengyun for a term expiring on 24 December 2067 for residential use and commercial use.

4. Pursuant to 4 Construction Work Planning Permits — Jian Zi Di Nos. 2017–12–1065 to 1068 in favour of Dongguan Zhengyun, the construction works of Huijing Riverside Villa • Perfection (including the property) with a total gross floor area of approximately 38,146.74 sq.m. have been approved.

5. Pursuant to 4 Construction Work Commencement Permits — Nos. 441900201709010101, 441900201709010201, 441900201709010301 and 441900201709010401 in favour of Dongguan Zhengyun, permissions by the relevant local authority were given to commence the construction of Huijing Riverside Villa • Perfection (including the property) with a total gross floor area of approximately 38,146.74 sq.m.

6. Pursuant to 3 Pre-sale Permits — Dong Guan Shang Fang Yu Zheng Zi Di Nos. 201800021, 201800201 and 201800202 in favour of Dongguan Zhengyun, the Group is entitled to sell portions of Huijing Riverside Villa • Perfection (representing a total gross floor area of approximately 30,495.95 sq.m.) to purchasers.

7. Pursuant to 4 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900201906260026 to 441900201906260029 in favour of Dongguan Zhengyun, the construction of Huijing Riverside Villa • Perfection with a total gross floor area of approximately 38,146.74 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	11,119.38	—
	Retail	1,009.20	—
	Apartment	5,209.23	—
	Car parking spaces	2,375.00	190
	Total:	**19,712.82**	**190**

9. As advised by the Group, various residential units, retail units and apartment units with a total gross floor area of approximately 1,769.15 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB26,876.532. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units, apartment units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB18,000 to RMB20,000 per sq.m. for residential units, RMB27,000 to RMB30,000 sq.m. for retail units, RMB12,000 to RMB15,000 per sq.m. for apartment units and RMB110,000 to RMB130,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Dongguan Zhengyun has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Dongguan Zhengyun has obtained all the necessary approvals and permits according to the present development progress except the Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

    c. Dongguan Zhengyun has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Dongguan Zhengyun no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Dongguan Zhengyun unless the contract is cancelled or getting a prior approval from the buyer. In addition, Dongguan Zhengyun has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	Yes

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	324,100,000
Grand-total:	324,100,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
3.	Unsold portion of Royal Spring Hill located at the eastern side of Qingfeng Road, Qingxi Town, Dongguan City, Guangdong Province, The PRC (御泉香山)	Royal Spring Hill is located at the eastern side of Qingfeng Road. It is well-served with public transportation. The surrounding environment comprises street front shops and factories. Royal Spring Hill occupies 3 parcels of land with a site area of approximately 119,999.10 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of approximately 266,415.77 sq.m. was completed in various stages between 2012 and 2017, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Royal Spring Hill with a total gross floor area of approximately 14,222.46 sq.m. The classification, usage and gross floor area details of the property were set out in Note 9. The land use rights of the property have been granted for terms expiring on 17 May 2079, 29 April 2080 and 28 May 2080 for residential use.	As at the valuation date, the unsold units of the property were vacant.	128,100,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Grant Contracts — Dong Guo Tu Chu Rang (Shi Chang) He [2009] Di No. 20 dated 7 April 2009, Dong Guo Tu Chu Rang (Shi Chang) He [2010] Di No. 21 dated 29 January 2010 and Dong Guo Tu Chu Rang (Shi Chang) He [2010] Di No. 66 dated 20 May 2010 and a confirmation letter signed between Mr. Lun Rui Xiang, Dongguan Jade Peninsula Property Development Limited (東莞市翡翠半島房地產開發有限公司, "Dongguan Jade", an indirect wholly-owned subsidiary of the Company) and Mr. Chen Gan Lin, the land use rights of 3 parcels of land (including the land use rights of the property) with a site area of approximately 119,999.10 sq.m. were contracted to be granted to Dongguan Jade for terms of 70 years for residential use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 2010–22–10002, permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 119,999.10 sq.m. has been granted to Dongguan Jade.

3. Pursuant to 3 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2009) Di Te No. 246, Dong Fu Guo Yong (2010) Di Te Nos.172 and 253, the land use rights of 3 parcels of land (including the land use rights of the property) with a site area of approximately 119,999.10 sq.m. have been granted to Dongguan Jade for terms expiring on 17 May 2079, 29 April 2080 and 28 May 2080 for residential use.

4. Pursuant to 33 Construction Work Planning Permits — Jian Zi Di Nos. 2010–22–1003 to 2010–22–1011, 2011–22–1001 to 2011–22–1007, 2011–22–1017 to 2011–22–1021, 2011–22–1023, 2013–22–1003 to 2013–22–1013 in favour of Dongguan Jade, the construction works of Royal Spring Hill (including the property) with a total gross floor area of approximately 266,415.77 sq.m. have been approved.

5. Pursuant to 33 Construction Work Commencement Permits — Nos. 4419002010122800101, 4419002010122800201, 4419002010122800301, 4419002010122800401, 4419002010122800501, 4419002010122800601, 4419002010122800701, 4419002010122800801, 4419002010122800901, 4419002011072700301, 4419002011072700401, 4419002011072700501, 4419002011072700601, 4419002011072700701, 4419002011072700801, 4419002011072700901, 4419002012031200101, 4419002012031200201, 4419002012031200301, 4419002012031200401, 4419002012031200501, 4419002012031200601, 4419002013101700201, 4419002013101700301, 4419002013101700401, 4419002013101700501, 4419002013101700601, 4419002013101700701, 4419002013101700801, 4419002013101700901, 4419002013101701001, 4419002013101701101 and 441900201512170101 in favour of Dongguan Jade, permissions by the relevant local authority were given to commence the construction of Royal Spring Hill (including the property) with a total gross floor area of approximately 266,415.77 sq.m.

6. Pursuant to 7 Pre-sale Permits — Dong Guan Shang Fang Yu Zheng Zi Di Nos. 201200177, 201200110, 201200331, 201200062, 201300418, 20140030 and 11 Dong Guan Shang Fang Yu Zheng Zi Di No. 00104, in favour of Dongguan Jade, the Group is entitled to sell portions of Royal Spring Hill (representing a total gross floor area of approximately 209,327.21 sq.m.) to purchasers.

7. Pursuant to 2 Sale Permits — Guan Shang Fang Xian Zheng Zi Di Nos. 201200075 and 201500027 in favour of Dongguan Jade, the Group is entitled to sell portions of Royal Spring Hill (representing a total gross floor area of approximately 12,643.52 sq.m.) to purchasers.

8. Pursuant to 33 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900201207300002, 441900201207300011, 441900201207300013, 441900201207300016 to 441900201207300021, 441900201405040007 to 441900201405040009, 441900201405050023 to 441900201405050025, 441900201409290004, 441900201409290006, 441900201409290007 441900201409290011, 441900201409290013, 441900201409290016, 441900201508110015, 441900201703090001 to 441900201703090008, 441900201703210008, 441900201703210009 and 441900201909190012 in favour of Dongguan Jade, the construction of Royal Spring Hill (including the property) with a total gross floor area of approximately 266,415.77 sq.m. has been completed and passed the acceptance inspection.

9. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	1,095.32	—
	Retail	1,908.30	—
	Car parking spaces	11,218.84	918
	Total:	**14,222.46**	**918**

10. As advised by the Group, various residential units and car parking spaces with a total gross floor area of approximately 1,329.80 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB9,557,300. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

11. As advised by the Group, 47 car parking spaces with a total gross floor area of approximately 577.00 sq.m. of the property are subject to long term rental agreements. Despite such portions of the property have not been legally and virtually transferred, the proceeds from such portions have already been recognized as revenue. Therefore, we have attributed no commercial value to such portions.

12. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB11,000 to RMB18,000 per sq.m. for residential units, RMB18,000 to RMB22,000 sq.m. for retail units and RMB100,000 to RMB110,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Dongguan Jade has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Dongguan Jade has obtained all the necessary approvals and permits according to the present development progress except the lost Fire Protection Inspection Acceptance, Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

    c. Dongguan Jade has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Dongguan Jade no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Dongguan Jade unless the contract is cancelled or getting a prior approval from the buyer. In addition, Dongguan Jade has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	Yes

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	128,100,000
Grand-total:	128,100,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
4.	Unsold portion of City Valley located at the southern side of Qinghu West Road, Qingxi Town, Dongguan City, Guangdong Province, The PRC (城市山谷)	Qinghu City Valley is located at the southern side of Qinghu West Road. It is well-served with public transportation. The surrounding environment comprises street front shops and factories. Qinghu City Valley occupies a parcel of land with a site area of approximately 59,664.70 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of approximately 148,775.33 sq.m. was completed between 2016 and 2018, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Qinghu City Valley with a total gross floor area of approximately 8,429.70 sq.m. The classification, usage and gross floor area details of the property were set out in Note 9. The land use rights of the property have been granted for a term expiring on 18 May 2081 for residential use.	As at the valuation date, the unsold units of the property were vacant.	72,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Dong Guo Tu Chu Rang (Shi Chang) He [2010] Di No. 191 dated 18 November 2010, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 59,664.70 sq.m. was contracted to be granted to Dongguan Jade Peninsula Property Development Limited (東莞市翡翠半島房地產開發有限公司, "Dongguan Jade", an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 2013–22–1003, permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 59,664.70 sq.m. has been granted to Dongguan Jade.

3. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (2011) Di Te No. 196, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 59,664.70 sq.m. have been granted to Dongguan Jade for a term expiring on 18 May 2081 for residential use.

4. Pursuant to 12 Construction Work Planning Permits — Jian Zi Di Nos. 2014–22–1001 to 2014–22–1012 in favour of Dongguan Jade, the construction works of Qinghu City Valley (including the property) with a total gross floor area of approximately 148,775.33 sq.m. have been approved.

5. Pursuant to 12 Construction Work Commencement Permits — Nos. 441900201406100020l, 4419002014061000301, 4419002014061000401, 4419002014061000501, 4419002014061000601, 4419002014061000701, 4419002014061000801, 4419002014061000901, 4419002014061001001, 4419002014061001101, 4419002014061001201 and 441900201601190401 in favour of Dongguan Jade, permissions by the relevant local authority were given to commence the construction of Qinghu City Valley (including the property) with a total gross floor area of approximately 148,775.33 sq.m.

6. Pursuant to 8 Pre-sale Permits — Dong Guan Shang Fang Yu Zheng Zi Di Nos. 201400401 to 201400404, 201400467, 201500146, 201500147 and 201501062 in favour of Dongguan Jade, the Group is entitled to sell portions of Qinghu City Valley (representing a total gross floor area of approximately 114,053.64 sq.m.) to purchasers.

7. Pursuant to a Sale Permit — Guan Shang Fang Xian Zheng Zi Di Nos. 201800126 in favour of Dongguan Emerald Peninsula, the Group is entitled to sell portions of Qinghu City Valley (representing a total gross floor area of approximately 8,467.00 sq.m.) to purchasers.

8. Pursuant to 12 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900201606070002 to 441900201606070004, 441900201606290003 to 441900201606290008, 441900201806250010, 441900201806290010 and 441900201807060001 in favour of Dongguan Jade, the construction of Qinghu City Valley (including the property) with a total gross floor area of approximately 148,775.33 sq.m. has been completed and passed the acceptance inspection.

9. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	338.39	—
	Retail	1,782.56	—
	Car parking spaces	6,308.75	497
	Total:	**8,429.70**	**497**

10. As advised by the Group, various residential units with a total gross floor area of approximately 338.39 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB3,573,640. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

11. As advised by the Group, 95 car parking spaces with a total gross floor area of approximately 1,260.75 sq.m. of the property are subject to long term rental agreements. Despite such portions of the property have not been legally and virtually transferred, the proceeds from such portions have already been recognized as revenue. Therefore, we have attributed no commercial value to such portions.

12. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB11,000 to RMB13,000 per sq.m. for residential units, RMB18,000 to RMB22,000 sq.m. for retail units and RMB100,000 to RMB110,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Dongguan Jade has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Dongguan Jade has obtained all the necessary approvals and permits according to the present development progress except the Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

    c. Dongguan Jade has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Dongguan Jade no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Dongguan Jade unless the contract is cancelled or getting a prior approval from the buyer. In addition, Dongguan Jade has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	72,200,000
Grand-total:	72,200,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
5.	Portions of Huijing City Centre located at the western side of Dihao Road, Zhangmutou Town, Dongguan City, Guangdong Province, The PRC (滙景城市中心)	Huijing City Centre is located at the western side of Dihao Road. It is well-served with public transportation. The surrounding environment comprises several mega residential developments with street front shops and parks. Huijing City Centre occupies 3 parcels of land with a total site area of approximately 37,024.81 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of approximately 169,987.61 sq.m. were completed in various stages between 2017 and 2019, and the unsold portion of that (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Huijing City Centre with a total gross floor area of approximately 44,820.93 sq.m. The classification, usage and gross floor area details of the property were set out in Note 10. The land use rights of the property have been granted for terms expiring on 18 April 2063 and 8 December 2085 for residential use and 27 April 2047 and 8 December 2055 for commercial use.	As at the valuation date, the unsold units of the property were vacant, the remaining portion of the property were under construction.	563,700,000

Notes:

1. Pursuant to a land use rights transfer agreement signed between Dongguan Zhang Mou Tou Property Development Company (東莞市樟木頭房地產開發總公司) and Dongguan Daxi Property Development Limited (東莞市大喜房地產開發有限公司, "Dongguan Daxi", an indirect wholly-owned subsidiary of the Company) dated 29 January 2007, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 20,962.20 sq.m. was contracted to be transferred to Dongguan Daxi for a term expiring on 18 April 2063 for residential use. The total land premium was RMB48,700,000. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to 2 State-owned Land Use Rights Grant Contracts — Dong Guo Tu Chu Rang (Shi Chang) He [2007] Di No. 17 dated 4 June 2007 and Dong Guo Tu Chu Rang (Shi Chang) He [2015] Di No. 121 dated 2 December 2015, the land use rights of 2 parcel of land (including the land use rights of the property) with a site area of approximately 16,061.72 sq.m. were contracted to be granted to Dongguan Daxi for terms of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB96,900,000. As advised by the Group, the land premium has been fully paid as at the valuation date.

3. Pursuant to 3 Construction Land Planning Permits — Di Zi Di Nos. 2010–18–10002, 2010–18–10003 and 2015–18–1005, permission towards the planning of the aforesaid land parcels (including the property) with a total site area of approximately 37,024.82 sq.m. has been granted to Dongguan Daxi.

4. Pursuant to 3 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2004) Di Te No. 540, Dong Fu Guo Yong (2007) Di Te No. 470 and Dong Fu Guo Yong (2016) Di Te No. 20, the land use rights of 3 parcel of land (including the land use rights of the property) with a total site area of approximately 37,024.81 sq.m. have been granted to Dongguan Daxi for terms expiring on 18 April 2063 and 8 December 2085 for residential use and 27 April 2047 and 8 December 2055 for commercial use.

5. Pursuant to 16 Construction Work Planning Permits — Jian Zi Di Nos. 2015–18–1007 to 2015–18–1015, 2016–18–1036, 2016–18–1037 and 2016–18–1019 to 2016–18–1023 in favour of Dongguan Daxi, the construction works of Huijing City Centre (including the property) with a total gross floor area of approximately 169,944.25 sq.m have been approved.

6. Pursuant to 16 Construction Work Commencement Permits — Nos. 441900201510160901, 441900201510161001, 441900201510161101, 441900201510161201, 441900201510161301, 441900201510161401, 441900201510161501, 441900201510161601, 441900201510161701, 441900201610240201, 441900201610240301, 441900201610240401, 441900201610240501, 441900201610240601, 441900201612200101 and 441900201612200201 in favour of Dongguan Daxi, permissions by the relevant local authority were given to commence the construction of Huijing City Centre (including the property) with a total gross floor area of approximately 169,944.25 sq.m.

7. Pursuant to 12 Pre-sale Permits — Dong Guan Shang Fang Yu Zheng Zi Di Nos. 201600365, 201600439, 201600440, 201600441, 201600457, 201601411, 201601416, 201700931, 201700932, 201700933, 201800213 and 201800511 in favour of Dongguan Daxi, the Group is entitled to sell portions of Huijing City Centre (representing a total gross floor area of approximately 126,504.91 sq.m.) to purchasers.

8. Pursuant to 2 Sale Permits — Guan Shang Fang Xian Zheng Zi Di Nos. 201800137 and 201800155, in favour of Dongguan Daxi, the Group is entitled to sell portions of Huijing City Centre (representing a total gross floor area of approximately 8,159.80 sq.m.) to purchasers.

9. Pursuant to 16 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900201711140001, 441900201711140003 to 441900201711140009, 441900201804180001, 441900201812250002 to 441900201812250004, 441900201906110001, 441900201906120011, 441900201907080012 and 44190020190708013 in favour of Dongguan Daxi, the construction of Huijing City Centre (including the unsold units of the property) with a total gross floor area of approximately 169,987.61 sq.m. has been completed and passed the acceptance inspection.

10. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	2,162.01	—
	Retail	21,494.44	—
	Apartment	12,801.98	—
	Car parking spaces	8,362.50	669
	Total:	**44,820.93**	**669**

11. As advised by the Group, various residential units, apartment units and retail units with a total gross floor area of approximately 2,645.06 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB41,003,793. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

12. Our valuation has been made on the following basis and analysis:

a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units, apartment units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB11,000 to RMB16,000 per sq.m. for residential units, RMB27,000 to RMB39,000 sq.m. for retail units, RMB10,000 to RMB14,000 per sq.m. for apartment units and RMB84,000 to RMB110,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

a. Dongguan Daxi has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

b. Dongguan Daxi has obtained all the necessary approvals and permits according to the present development progress except the Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

c. Dongguan Daxi has the rights to legally pre-sell the portions of the property mentioned above according to the obtained Pre-sale Permits. For the remaining portions of the properties which for portions of the properties which have been transferred, Dongguan Daxi no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Dongguan Daxi unless the contract is cancelled or getting a prior approval from the buyer. In addition, Dongguan Daxi has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	Yes

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	563,700,000
Grand-total:	563,700,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
6.	Unsold portion of Century Gemini located at the junction of Bei Huan Road and Guantai Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (世紀雙子)	Century Gemini is located at the junction of Bei Huan Road and Guantai Road. It is well-served with public transportation. The surrounding environment comprises several mega residential developments with a shopping centre and street front shops. Century Gemini occupies 3 parcels of land with a site area of approximately 17,314.20 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of approximately 111,455.16 sq.m. was completed in 2014, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Century Gemini with a total gross floor area of approximately 9,040.53 sq.m. The classification, usage and gross floor area details of the property were set out in Note 9. The land use rights of the property have been granted for terms expiring on 15 February 2077 and 22 November 2080 for residential use.	As at the valuation date, the unsold units of the property were vacant.	115,700,000

Notes:

1. Pursuant to 3 State-owned Land Use Rights Grant Contracts — Dong Guo Tu Chu Rang (Shi Chang) He [2007] Di No. 10 dated 16 February 2007, Dong Guo Tu Chu Rang He Gai (2010) Di No. 11 dated 28 January 2010 and Dong Guo Tu Chu Rang (Shi Chang) He [2010] Di No. 187 dated 5 November 2010, the land use rights of 3 parcels of land (including the land use rights of the property) with a site area of approximately 17,313.20 sq.m. was contracted to be granted to Huijing Group Limited (滙景集團有限公司, "Huijing Group", an indirect wholly-owned subsidiary of the Company) for terms of 67 and 70 years for residential use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 2010–11–10003, permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 17,335.357 sq.m. has been granted to Huijing Group.

3. Pursuant to 3 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (1997) Di Te No. 366, Dong Fu Guo Yong (2007) Di Te No. 288 and Dong Fu Guo Yong (2010) Di Te No. 363, the land use rights of 3 parcels of land (including the land use rights of the property) with a site area of approximately 17,314.2 sq.m. have been granted to Huijing Group for terms expiring on 15 February 2077 and 22 November 2080 for residential use.

4. Pursuant to a Construction Work Planning Permit — Jian Zi Di No. 2010–11–1004 in favour of Huijing Group, the construction works of Century Gemini (including the property) with a total gross floor area of approximately 111,455.1 sq.m. have been approved.

5. Pursuant to a Construction Work Commencement Permit — No. 441900201101210010l in favour of Huijing Group, permissions by the relevant local authority were given to commence the construction of Century Gemini (including the property) with a total gross floor area of approximately 111,455.1 sq.m.

6. Pursuant to a Pre-sale Permit — Dong Guan Shang Fang Yu Zheng Zi Di No. 201200104 in favour of Huijing Group, the Group is entitled to sell portions of Century Gemini (representing a total gross floor area of approximately 78,830.56 sq.m.) to purchasers.

7. Pursuant to a Sale Permit — Guan Shang Fang Xian Zheng Zi Di No. 201600003 in favour of Huijing Group, the Group is entitled to sell portions of Century Gemini (representing a total gross floor area of approximately 6,934.67 sq.m.) to purchasers.

8. Pursuant to 2 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900201501050001 and 441900201504300020 in favour of Huijing Group, the construction of Century Gemini (including the property) with a total gross floor area of approximately 111,455.16 sq.m. has been completed and passed the acceptance inspection.

9. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	546.23	—
	Retail	1,558.63	—
	Car parking spaces	6,935.67	575
	Total:	**9,040.53**	**575**

10. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB16,000 to RMB17,000 per sq.m. for residential units, RMB17,000 to RMB18,000 sq.m. for retail units and RMB140,000 to RMB160,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Huijing Group has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Huijing Group has obtained all the necessary approvals and permits according to the present development progress except the Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

    c. Huijing Group has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Huijing Group no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Huijing Group unless the contract is cancelled or getting a prior approval from the buyer. In addition, Huijing Group has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	115,700,000
Grand-total:	115,700,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
7.	Huijing City located at the junction of Bei Huan Road and Guantai Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (滙景城)	Huijing City is located at the junction of Bei Huan Road and Guantai Road. It is well-served with public transportation. The surrounding environment comprises several mega residential developments with a shopping centre and street front shops. Huijing City occupies 3 parcels of land with a site area of approximately 17,314.20 sq.m., which had been developed into a shopping mall within a residential and commercial complex project, known as Century Gemini. The project was completed in 2014, and was held for investment as at the valuation date. As at the valuation date, the property comprised a 4-storey shopping centre with a total gross floor area of approximately 25,779.78 sq.m. The classification, usage and gross floor area details of the property were set out in Note 3. The land use rights of the property have been granted for terms expiring on 15 February 2077 and 22 November 2080 for residential use.	As at the valuation date, portions of the property were rented to various third parties for retail use. The remaining portion was vacant. (Please refer to Note 2 for details.)	[339,600,000]

Notes:

1. Pursuant to 13 Real Estate Title Certificates — Yue Fang Di Quan Zheng Guan Zi Di Nos. 1600869663 to 1600869673, 1600869685 and 1600869686, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 17,314.20 sq.m. have been granted to Huijing Group Limited (滙景集團有限公司, "Huijing Group" an indirect wholly-owned subsidiary of the Company), for terms expiring on 15 February 2077 and 22 November 2080. And the property with a total gross floor area of approximately 25,779.78 sq.m. is owned by Huijing Group for non-domestic use.

2. According to various tenancy agreements, various retail units of the property with a total leasable area of approximately 7,933.05 sq.m. were rented to various third parties for various terms with the expiry dates between 31 May 2021 and 31 May 2033. The total monthly rent as at the valuation date was approximately RMB320,615.28, exclusive of management fees, water and electricity charges and other outgoings.

3. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group II — held for investment	Retail	25,779.78	—
	Total:	**25,779.78**	**—**

4. Our valuation has been made on the following basis and analysis:

   a. We considered the actual rents of the existing tenancy agreements, identified and analyzed various relevant rental evidences in the locality which have similar characteristics as the property. The unit rent of these comparable retail units range from RMB3.3 to RMB4.3 per sq.m. per day; we have also make reference to the projected cash flow prepared by the Group and operating data of comparable shopping malls in the locality. Our major assumptions adopted are summarized as follows:

      i. Average market daily rent in the first year (RMB/sq.m.): 3.57
      ii. Stabilized growth rate: 3%
      iii. Discount rate: 8%
      iv. Terminal capitalization rate: 5%

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Huijing Group has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

   b. The tenancy agreements mentioned in Note 2 are legal and valid.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

7. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group II — held for investment by the Group	[339,600,000]
Grand-total:	[339,600,000]

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
8.	Unsold portion of Central Palace located at the north-eastern side of Beihuan Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (中央華府)	Central Palace is located between the north-eastern side of Beihuan Road, Houjie Town of Dongguan. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops and shopping malls. Central Palace occupies a parcel of land with a total site area of approximately 18,913.60 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of approximately 79,029.58 sq.m. was completed in 2011, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Central Palace with a total gross floor area of approximately 5,516.60 sq.m.. The classification, usage and gross floor area details of the property were set out in Note 10. The land use rights of the property have been granted for a term expiring on 29 January 2078 for residential use.	As at the valuation date, portions of the property was vacant. The remaining portion was rented to various third parties for retail use, (Please refer to Note 9 for details.)	110,100,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Dong Guo Tu Chu Rang (Shi Chang) He [2007] Di No. 44 dated 29 November 2007, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 18,913 sq.m. were contracted to be granted to Dongguan Huijing Property Development Company Limited (東莞市滙景房地產開發有限公司, "Dongguan Huijing Property Development", an indirect wholly-owned subsidiary of the Company) for terms of 70 years for residential use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permit — Di Zhi Di No. 2008–11–10009, permission towards the planning the aforesaid land parcels (including the property) with a site area of approximately 18,938.67 sq.m. has been granted to Dongguan Huijing Property Development.

3. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (2008) Di Te No. 104, the land use rights of a parcel of land with a site area of approximately 18,913.60 sq.m. have been granted to Dongguan Huijing Property Development for terms expiring on 29 January 2078 for residential use.

4. Pursuant to 4 Construction Work Planning Permits — Jian Zhi Di Nos. 2008-11-10038, 2008-11-10039, 2008-11-10040 and 2008-11-10041 in favour of Dongguan Huijing Property Development with a gross floor area of approximately 79,029.58 sq.m. has been approved for construction.

5. Pursuant to 4 Construction Work Commencement Permits — Nos. 419002010041400101, 419002010041400201, 419002010041400301 and 419002010041400401 in favour of Dongguan Huijing Property Development, permissions by the relevant local authority were given to commence the construction of Central Palace with a gross floor area of approximately 79,029.58 sq.m.

6. Pursuant to a Pre-sale Permit — 10 Dong Guan Shang Fang Yu Zheng Zi Di No. 00056 in favour of Dongguan Huijing Property Development, the Group is entitled to sell the residential units of Central Palace (representing a total gross floor area of approximately 57,547.89 sq.m.) to purchasers.

7. Pursuant to 2 Sale Permits — Guan Shang Fang Xian Zheng Zi Di Nos. 201200029 and 201200030, in favour of Huijing Real Estate, the Group is entitled to sell the retail units and car parking spaces of Central Palace (representing a total gross floor area of approximately 8,910.83 sq.m.) to purchasers.

8. Pursuant to 4 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900201111210001 and 441900201111210002 to 441900201111210004 in favour of Dongguan Huijing Property Development, the construction of Central Palace with a total gross floor area of approximately 79,029.58 sq.m. has been completed and passed the inspection acceptance.

9. According to various tenancy agreements, various retail units of the property with a total leasable area of approximately 799.00 sq.m. were rented to various third parties for various terms with the expiry dates between 14 September 2022 and 9 April 2024. The total monthly rent as at the valuation date was approximately RMB55,172, exclusive of management fees, water and electricity charges and other outgoings.

10. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Retail	5,504.60	—
	Car parking spaces	12.00	1
	Total:	**5,516.60**	**1**

11. As advised by the Group, various retail units with a total gross floor area of approximately 798.97 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB15,979,400. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

12. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB18,000 to RMB22,000 sq.m. for retail units and RMB140,000 to RMB180,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

13. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Huijing Group has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. According to Huijing Group, the property has passed the environmental protection acceptance, but the environmental protection acceptance documents are lost. According to the lawyer's interview with the staff of Dongguan Environmental Protection Bureau, the property has completed environmental protection procedures in accordance with laws and regulations;

    c. Huijing Group has obtained all the necessary approvals and permits according to the present development progress except the lost Environmental Protection Acceptance mentioned above, Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

    d. Huijing Group has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Huijing Group no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Huijing Group unless the contract is cancelled or getting a prior approval from the buyer. In addition, Huijing Group has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

    e. The tenancy agreements mentioned in Note 9 are legal and valid.

14. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

15. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	110,100,000
Grand-total:	110,100,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
9.	Unsold portion of Huijing Palace and Huijing Ginza located at the north-eastern side of Beihuan Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (滙景華府及滙景銀座)	Huijing Palace and Huijing Ginza are both located between the north-eastern side of Beihuan Road, Houjie Town of Dongguan. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops and shopping malls. Huijing Palace and Huijing Ginza occupies 3 parcels of land with a total site area of approximately 38,000.60 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of approximately 176,748.50 sq.m. was completed in 2008, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Huijing Palace and Huijing Ginza with a total gross floor area of approximately 1,021.67 sq.m.. The classification, usage and gross floor area details of the property were set out in Note 8. The land use rights of the property have been granted for a term expiring on 9 December 2074 for residential use.	As at the valuation date, the property was vacant.	12,700,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Dong Guo Tu Chu Rang (Shi Chang) He [2004] Di No. 51 dated 28 December 2004, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 38,216 sq.m. were contracted to be granted to Dongguan Huijing Property Development Company Limited (東莞市滙景房地產開發有限公司, "Huijing Real Estate", an indirect wholly-owned subsidiary of the Company) for terms of 70 years for residential use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permit — No. 2005–11–10001, permission towards the planning of the aforesaid land parcels (including the property) with a total site area of approximately 41,961.90 sq.m. has been granted to Dongguan Huijing Property Development and Dongguan Xianghong Trading Company Limited (東莞市祥虹貿易有限公司, Dongguan Xianghong).

3. Pursuant to 3 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2005) Di Te Nos. 21–1 to 21–3, the land use rights of 3 parcels of land with a total site area of approximately 38,000.6 sq.m. have been granted to Dongguan Huijing Property Development for terms expiring on 9 December 2074 for residential use.

4. Pursuant to 5 Construction Work Planning Permits — Nos. 2005–11–10017, 2005–11–10018 and 2005–11–10057 to 2005–11–10059 in favour of Dongguan Huijing Property Development and Dongguan Xianghong, the construction works of Huijing Palace and Huijing Ginza (including the property) with a total gross floor area of approximately 176,748.50 sq.m. has been approved.

5. Pursuant to 5 Construction Work Commencement Permits — Nos. 441900200506140301, 441900200506140401, 441900200506140601, 441900200506140701 and 441900200506140801 in favour of Dongguan Huijing Property Development and Dongguan Xianghong permissions by the relevant local authority were given to commence the construction of Huijing Palace and Huijing Ginza with a total gross floor area of approximately 176,748.50 sq.m.

6. Pursuant to 3 Pre-sale Permits — Dong Guan Shang Fang Yu Zheng Zi Di Nos. 00177, 00185 and 00219 in favour of Dongguan Huijing Property Development and Dongguan Xianghong, the Group is entitled to sell portions of Huijing Palace (representing a total gross floor area of approximately 151,764 sq.m.) to purchasers.

7. Pursuant to 5 Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di Nos. 441900200612250002, 441900200612250003 and 441900200809280006 to 441900200809280008 in favour of Dongguan Huijing Property Development and Dongguan Xianghong, the construction of Huijing Palace and Huijing Ginza with a total gross floor area of approximately 176,748.50 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Retail	200.67	—
	Car parking spaces	821.00	69
	Total:	**1,021.67**	**69**

9. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB21,000 to RMB23,000 sq.m. for retail units and RMB120,000 to RMB130,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Huijing Group has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. According to Huijing Group, the property has passed the environmental protection acceptance, but the environmental protection acceptance documents are lost. According to the lawyer's interview with the staff of Dongguan Environmental Protection Bureau, the property has completed environmental protection procedures in accordance with laws and regulations;

    c. Huijing Group has obtained all the necessary approvals and permits according to the present development progress except the lost Environmental Protection Acceptance mentioned above, Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

    d. Huijing Group has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Huijing Group no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Huijing Group unless the contract is cancelled or getting a prior approval from the buyer. In addition, Huijing Group has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	12,700,000
Grand-total:	12,700,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
10.	2 parcels of land known as Houjie Town Baotun Village Area located at the south-western side of Beihuan Road, Houjie Town, Dongguan City, Guangdong Province, The PRC (厚街鎮寶屯村地塊)	The property is located at the south-western side of Beihuan Road, Houjie Town of Dongguan. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops and shopping malls. The property occupies 2 parcels of land with a site area of approximately 10,722.10 sq.m. As advised by the Group, the construction of the project had not been commenced and there is no specific planning on the project as at the valuation date. The land use rights of the property have been granted for a term expiring on 19 December 2036 for commercial use.	As at the valuation date, the property was bare land.	187,600,000

Notes:

1. Pursuant to 2 land use rights transfer agreements signed between Dongguan Qinguan Economic Development Company Limited (東莞市秦莞經濟開發有限公司) and Dongguan Haiya Trading Company Limited (東莞市海亞貿易有限公司, "Dongguan Haiya", an indirect wholly-owned subsidiary of the Company) both dated 25 December 2003, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 10,722.10 sq.m. was contracted to be transferred to Dongguan Haiya for terms expiring on 19 December 2036 for commercial use. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to 2 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2003) Di Te Nos. 743 and 744, the land use rights of 2 parcels of land with a total site area of approximately 10,722.10 sq.m. have been granted to Dongguan Haiya for terms expiring on 19 December 2036 for commercial use.

3. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are commercial lands located in the area close to the subject property, which were transacted between 2017 and 2019. The unit price of these comparable land sites ranges from RMB17,000 to RMB19,000 per sq.m. on site area basis for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit price for the property.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Dongguan Haiya has obtained legal and valid State-Owned Land Use Rights certificates and has the right to use, transfer, lease, mortgage or otherwise legally dispose of its corresponding land use rights according to the State-owned Land Use Rights Certificate.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	N/A
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	N/A
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

7. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group IV — held for future development by the Group	187,600,000
Grand-total:	187,600,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
11.	Unsold portion of Emperor View Peak located the eastern side of Dongcheng Zhong Road, Dongcheng district, Dongguan City, Guangdong Province, The PRC (帝景峰)	Emperor View Peak is located at the eastern side of Dongcheng Zhong Road, Dongcheng district of Dongguan. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops and shopping malls. Emperor View Peak occupies 2 parcels of land with a total site area of approximately 12,239.58 sq.m., which had been developed into a residential and commercial complex project. The project with a total gross floor area of approximately 50,357.75 sq.m. was completed in 2009, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units with a total gross floor area of approximately 326.85 sq.m.. The classification, usage and gross floor area details of the property were set out in Note 9. The land use rights of the property have been granted for a term expiring on 24 June 2064 and 2 June 2072 for residential use.	As at the valuation date, the property was vacant.	3,200,000

Notes:

1. Pursuant to 2 land use rights transfer agreements signed between Dongguan Dongcheng District Real Estate Development Company Limited (東莞市東城區房地產開發有限公司) and Dongguan Huijing Property Development Company Limited (東莞市滙景房地產開發有限公司, "Dongguan Huijing Property Development", an indirect wholly-owned subsidiary of the Company) dated 30 December 2005, the land use rights of 2 parcels of land (including the land use rights of the property) with a total site area of approximately 12,239.58 sq.m. was contracted to be transferred to Dongguan Huijing Property Development for terms expiring on 24 June 2064 and 2 June 2072 for residential use. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permit — No. 200722001, permission towards the planning of the aforesaid land parcels (including the property) with a total site area of approximately 16,735 sq.m. has been granted to Dongguan Huijing Property Development.

3. Pursuant to 2 State-owned Land Use Rights Certificate — Dong Fu Guo Yong (2002) Di Te Nos. 408 and 410, the land use rights of 2 parcels of land with a total site area of approximately 12,239.58 sq.m. have been granted to Dongguan Huijing Property Development for terms expiring on 24 June 2064 and 2 June 2072 for residential use.

4. Pursuant to a Construction Work Planning Permit — No. A2007261, in favour of Dongguan Huijing Property Development, the construction works of Emperor View Peak (including the property) with a total gross floor area of approximately 50,357.75 sq.m. has been approved.

5. Pursuant to a Construction Work Commencement Permit — No. 4419002008031900301, in favour of Dongguan Huijing Property Development, permissions by the relevant local authority were given to commence the construction of Emperor View Peak with a total gross floor area of approximately 50,357.75 sq.m.

6. Pursuant to 2 Pre-sale Permits — Dong Guan Shang Fang Yu Zheng Zi Di Nos. 00222 and 00272, in favour of Dongguan Huijing Property Development, the Group is entitled to sell the portions of Emperor View Peak (representing a total gross floor area of approximately 31,691 sq.m.) to purchasers.

7. Pursuant to 2 Sale Permits — Guan Shang Fang Xian Zheng Zi Di Nos. 20090004 and 20090010, in favour of Dongguan Huijing Property Development, the Group is entitled to sell portions of Emperor View Peak (representing a total gross floor area of approximately 6,973 sq.m.) to purchasers.

8. Pursuant to a Construction Work Completion and Inspection Certificates — Jian Bei Zheng Zi Di No. 441900200909160003 in favour of Dongguan Huijing Property Development, the construction of Emperor View Peak with a total gross floor area of approximately 50,357.75 sq.m. has been completed and passed the inspection acceptance.

9. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Car parking spaces	326.85	22
	Total:	**326.85**	**22**

10. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB120,000 to RMB180,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Huijing Group has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Huijing Group has obtained all the necessary approvals and permits according to the present development progress except the Construction Approval of Civil Air Defense Properties and Completion and Inspection Acceptance of Civil Air Defense Properties; and

c. Huijing Group has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Huijing Group no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Huijing Group unless the contract is cancelled or getting a prior approval from the buyer. In addition, Dongguan Huijing Property Development has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Yes
g.	Construction Work Completion and Inspection Certificate/Table	Yes

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	3,200,000
Grand-total:	3,200,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
12.	Humen Marina City located between the northern side of Gaoke First Road and the southern side of Gaoke Third Road, Humen Town, Dongguan City, Guangdong Province, The PRC (虎門濱海城)	Humen Marina City is located between the northern side of Gaoke First Road and the southern side of Gaoke Third Road, Humen Town. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops and shopping malls. Humen Marina City occupies a parcel of land with a site area of approximately 37,406.80 sq.m. which is being developed into a residential and commercial development. The project was under construction as at the valuation date and is scheduled to be completed in December 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 121,556.06 sq.m. As at the valuation date, the property comprised the whole project of Humen Marina City. The classification, usage and gross floor area details of the property were set out in Note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB570,100,000, of which approximately RMB407,700,000 had been incurred up to the valuation date. The land use rights of the property have been granted for terms of expiring on 15 May 2086 for residential use 15 May 2056 for commercial use.	As at the valuation date, the property was under construction.	1,591,900,000 (interest attributable to the Group (98%): 1,560,062,000)

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — Dong Guo Tu Zhi Chu Rang Gai (San Jiu) He [2016] Di No. 20 dated 16 May 2016, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 37,406.80 sq.m. were contracted to be granted to Dongguan Humen Wanfang Properties Limited (東莞市虎門萬方實業有限公司, "Dongguan Wanfang", an indirect non-wholly owned subsidiary of the Company) for a term of 70 years for residential use and 40 years for commercial use. The total land premium was RMB39,277,140. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a Construction Land Planning Permits — Di Zi Di No. 2018–03–1003, permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 37,406.80 sq.m. has been granted to Dongguan Wanfang.

3. Pursuant to a Real Estate Title Certificates — Yue (2018) Dong Guan Bu Dong Chan Quan Di No. 0132770, the land use rights of a parcel of land with a site area of approximately 37,406.80 sq.m. have been granted to Dongguan Wanfang for a term of 70 years expiring on 15 May 2086 for residential use and 50 years expiring on 15 May 2056 for commercial use respectively.

4. Pursuant to 12 Construction Work Planning Permits — Jian Zi Di Nos. 2018–03–1030 to 2018–03–1041 in favour of Dongguan Wanfang, the construction works of Humen Marina City (including the property) with a total gross floor area of approximately 121,556.06 sq.m. has been approved.

5. Pursuant to 12 Construction Work Commencement Permits — Nos. 44190020180727101, 44190020180727201, 44190020180727301, 44190020180727401, 44190020180727501, 44190020180727601, 44190020180727701, 44190020180727801, 44190020180727901, 441900201807271001, 441900201807271101 and 441900201807271201, in favour of Dongguan Wanfang, permissions by the relevant local authority were given to commence the construction of Humen Marina City with a total gross floor area of approximately 121,556.06 sq.m.

6. Pursuant to 9 Pre-sale Permits — Dong Guan Shang Fang Yu Zheng Zi Di Nos. 201800704, 201800705, 201900031, 201900087, 201900156, 201900190, 201900259 to 201900261, in favour of Dongguan Wanfang, the Group is entitled to sell the portions of Humen Marina City (representing a total gross floor area of approximately 92,684.45 sq.m.) to purchasers.

7. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Planned Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group III — held under development	Residential	89,256.12	—
	Retail	3,428.33	—
	Car parking spaces	9,362.50	749
	Ancillary/Others	19,509.11	—
	Total:	**121,556.06**	**749**

8. As advised by the Group, various residential units and retail units with a total gross floor area of approximately 61,878.29 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB1,214,025,392 Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the uncompleted portion of the property as if completed as at the valuation date is estimated to be approximately RMB1,947,000,000.

10. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2019. The unit price of these comparable properties ranges from RMB18,000 to RMB20,000 per sq.m. for residential units, RMB24,000 to RMB28,000 sq.m. for retail units and RMB90,000 to RMB110,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Dongguan Wanfang has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Dongguan Wanfang has obtained all the necessary approvals and permits according to the present development progress except the Construction Approval of Civil Air Defense Properties; and

    c. Dongguan Wanfang has the rights to legally pre-sell the portions of the property mentioned above according to the obtained Pre-sale Permits. For the remaining portions of the properties which Dongguan Wanfang have not yet obtained the Pre-sale Permits, Dongguan Wanfang is not allowed to pre-sale.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	No

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group III — held under development by the Group	1,591,900,000
Grand-total:	1,591,900,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
13.	Portions of Bund No. 8 located between the western side of Yuanjiang West Road and the southern side of Wei Fifteen Road, Yuancheng District, Heyuan City, Guangdong Province, The PRC (外灘8號)	Bund No. 8 is located between the western side of Yuanjiang West Road and the southern side of Wei Fifteen Road of Yuancheng District. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops and shopping malls. Bund No. 8 occupies 3 parcels of land with a total site area of approximately 60,007.00 sq.m. which had been developed into a residential and commercial complex project. The project was with a total gross floor area of approximately 216,030.00 sq.m. completed in 2018 and 2019, and its unsold portion (the "unsold units") was vacant for sale as at the valuation date. As at the valuation date, the property comprised the unsold units of Bund No. 8 with a total gross floor area of 19,200.77 sq.m.. The classification, usage and gross floor area details of the property were set out in Note 8. The land use rights of the property have been granted for terms expiring on 20 January 2086 for residential use and 20 January 2056 for commercial use.	As at the valuation date, the property was vacant.	127,800,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract–No. 441602–2016–50 dated 20 January 2016, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 60,007.00 sq.m. were contracted to be granted to Heyuan Huijing Property Development Limited (河源市滙景房地產發展有限公司, "Heyuan Huijing Property", an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use and 40 years for commercial use. The total land premium was RMB180,021,000. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to 3 Construction Land Planning Permits — Di Zi Di Nos. 441600201600133 to 441600201600135, permission towards the planning of the aforesaid land parcels (including the property) with a total site area of approximately 60,007 sq.m. has been granted to Heyuan Huijing Property.

3. Pursuant to 3 Real Estate Title Certificates — Yue (2017) Heyuan City Bu Dong Chan Quan Di Nos. 0035104, 01788 and 01789, the land use rights of 3 parcels of land with a total site area of approximately 60,007.00 sq.m. have been granted to Heyuan Huijing Property for terms expiring on 20 January 2086 for residential and 20 January 2056 for commercial uses respectively.

4. Pursuant to 8 Construction Work Planning Permits — Jian Zi Di Nos. 441600201600173 to 441600201600176, 441600201600316 to 441600201600318 and 441600201700038 in favour of Heyuan Huijing Property, the construction works of Bund No. 8 (including the property) with a total gross floor area of approximately 204,883.47 sq.m. has been approved.

5. Pursuant to 6 Construction Work Commencement Permits — Nos. 4416012016072703201, 4416012016072703301, 4416012016072703401, 4416012017022700901(Bu), 4416012017022701001 and 4416012017031701401(Bu) in favour of Heyuan Huijing Property, permissions by the relevant local authority were given to commence the construction of Bund No. 8 with a total gross floor area of approximately 216,030.00 sq.m.

6. Pursuant to 10 Pre-sale Permits — He Shi Qu Yu Xu Di Nos. 201644 to 201646, 201663, 201678, 2017019, 2017030, 2017054, 2017085 and 2017089 in favour of Heyuan Huijing Property, the Group is entitled to sell portions of Bund No.8 (representing a total gross floor area of approximately 163,024.48 sq.m.) to purchasers.

7. Pursuant to 6 Construction Work Completion and Inspection Tables in favour of Heyuan Huijing Property dated 29 March 2018, 25 December 2018 and 8 May 2019 respectively, the construction of portions of Bund No. 8 with a total gross floor area of approximately 216,030.00 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	2,583.82	—
	Retail	2,294.23	—
	Car parking spaces	14,322.72	1,126
	Total:	**19,200.77**	**1,126**

9. As advised by the Group, various car parking spaces with a total gross floor area of approximately 648.72 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB3,532,710. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB7,500 to RMB9,000 per sq.m. for residential units, RMB13,000 to RMB16,000 sq.m. for retail units and RMB60,000 to RMB80,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Heyuan Huijing Property has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Heyuan Huijing Property has obtained all the necessary approvals and permits according to the present development progress; and

    c. Heyuan Huijing Property has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Heyuan Huijing Property no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Heyuan Huijing Property unless the contract is cancelled or getting a prior approval from the buyer. In addition, Heyuan Huijing Property has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	Yes

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	127,800,000
Grand-total:	127,800,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
14.	Nine Miles Bay located at the western side of Dongyuan Avenue, Dongyuan County, Heyuan City, Guangdong Province, The PRC (九里灣花園)	Nine Miles Bay is located at the western side of Dongyuan Avenue, Dongyuan county. The surrounding environment is a newly developed area where public facilities and community facilities are still under development. Nine Miles Bay occupies 15 parcels of land with a total site area of approximately 273,500.07 sq.m. which is being developed into a residential and commercial development. Portions of the project were under construction (the "CIP") as at the valuation and are scheduled to be completed in September 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 403,654.01 sq.m. The construction of the remaining portion of the project (the "bare land") with a plot ratio gross floor area of approximately 274,095.76 sq.m. had not been commenced as at the valuation date. As at the valuation date, the property comprised the CIP and the bare land of Nine Miles Bay. The classification, usage and gross floor area details of the property were set out in Note 7. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB14,488,000,000 of which approximately RMB494,600,000 had been incurred up to the valuation date. The land use rights of the property have been granted for terms expiring on 29 May 2085 and 31 August 2088 for residential use and 29 May 2055 and 31 August 2058 for commercial use.	As at the valuation date, portions of the property were under construction. Portions of the property were bare lands.	2,531,200,000

Notes:

1. Pursuant to 4 State-owned Land Use Rights Grant Contracts — Nos. 441625–2015–000141 and 441625–2018–000309 to 441625–2018–000311 dated 29 May 2015 and 31 August 2018 respectively, the land use rights of 4 parcels of land (including the land use rights of the property) with a total site area of approximately 273,500 sq.m. were contracted to be granted to Dongyuan Dongjiang River Village Long He Investment Development Limited (東源縣東江水鄉隆和投資發展有限公司, "Dongjiang Village Long He", an indirect wholly-owned subsidiary of the Company) for a term of 70 years for residential use and 40 years for commercial use commencing from the land delivery date. The total land premium was RMB377,429,000. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to 14 Construction Land Planning Permits — Di Zi Di Nos. 441625201500161 to 441625201500164, and 441625201800436 to 441625201800446, permission towards the planning of the aforesaid land parcels with a total site area of approximately 273,500.07 sq.m. has been granted to Dongjiang Village Long He.

3. Pursuant to 4 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2015) Di Nos. 5881 to 5884, and 11 Real Estate Title Certificates — Yue (2018) Dongyuan County Bu Dong Chan Quan Di Nos. 0008291 to 0008301 the land use rights of 15 parcels of land with a total site area of approximately 273,500.07 sq.m. have been granted to Dongjiang Village Long He, an indirect wholly owned subsidiary of Group) for a term expiring on 29 May 2085 and 31 August 2088 for residential use and 29 May 2055 and 31 August 2058 for commercial use.

4. Pursuant to 20 Construction Work Planning Permits — Jian Zi Di Nos. 441625201800333 to 441625201800352 in favour of Dongjiang Village Long He, the construction works of Nine Miles Bay (including the property) with a total gross floor area of approximately 281,688.48 sq.m. have been approved.

5. Pursuant to 4 Construction Work Commencement Permits — Nos. 441625201811300101, 441625201812040101, 441625201812100101 and 441625201905220101 in favour of Dongjiang Village Long He, permissions by the relevant local authority were given to commence the construction of Nine Miles Bay (including the property) with a total gross floor area of approximately 403,654.01 sq.m.

6. Pursuant to 13 Pre-sale Permits — Dong Yu Xu Nos. 2018032 to 2018034, 2018039, 2018040, 2019012 to 2019014, 2019017, 2019020, 2019023, 2019025 and 2019026 in favour of Dongjiang Village Long He, the Group is entitled to sell portions of Nine Miles Bay (representing a total gross floor area of approximately 224,314.09 sq.m.) to purchasers.

7. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Planned Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group III — held under development	Residential	311,293.77	—
	Retail/Wet market	6,897.50	—
	Car parking spaces	31,925.00	2,554
	Ancillary/Others	53,537.74	—
	Total:	**403,654.01**	**2,554**

8. As advised by the Group, various residential units and retail units with a total gross floor area of approximately 76,932.23 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB525,687,044 Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential lands located in the area close to the subject property, which were transacted in 2018 and 2019. The accommodation value of these comparable land sites ranges from RMB3,800 to RMB4,800 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

   b. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB6,000 to RMB8,000 per sq.m. for residential units, RMB13,000 to RMB16,000 sq.m. for retail units and RMB60,000 to RMB80,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. The market value of the portion of property which is under construction as if completed as at the valuation date is estimated to be approximately RMB2,674,000,000.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Dongjiang Village Long He has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

   b. Dongjiang Village Long He has obtained all the necessary approvals and permits according to the present development progress; and

   c. Dongjiang Village Long He has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Dongjiang Village Long He no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Dongjiang Village Long He unless the contract is cancelled or getting a prior approval from the buyer. In addition, Dongjiang Village Long He has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Portions
e.	Construction Work Commencement Permit	Portions
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	No

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group III — held under development by the Group	1,344,400,000
Group IV — held for future development by the Group	1,186,800,000
Grand-total:	2,531,200,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
15.	Dongjiang River Galleries located at the eastern side of Dongyuan Avenue, Dongyuan County, Heyuan City, Guangdong Province, The PRC (東江畫廊)	Dongjiang River Galleries is located at the eastern side of Dongyuan Avenue, Dongyuan County. The surrounding environment is a newly developed area where public facilities and community facilities are still under development. Dongjiang River Galleries occupies 14 parcels of land with a total site area of approximately 306,353.33 sq.m. which will be developed into a commercial and residential development with a total plot ratio gross floor area of approximately 612,706.66 sq.m. As advised by the Group, the construction of the project had not been commenced as at the valuation date. The land use rights of the property have been granted for terms expiring on 18 April 2060 and 4 December 2061 for residential use and 18 April 2050 for commercial use and tourism use.	As at the valuation date, the property was bare land.	2,300,200,000 (interest attributable to the Group (80%): 1,840,160,000)

Notes:

1. Pursuant to 10 State-owned Land Use Rights Grant Contracts — Nos. 441625–2010–000061 to 441625–2010–000070 dated 3 April 2010, the land use rights of 11 parcels of land (including the land use rights of the property) with a total site area of approximately 247,000 sq.m. were contracted to be granted to Dongyuan Dongjiang River Village Properties Limited (東源縣東江水鄉實業有限公司, "Dongjiang Village Properties", an indirect non-wholly owned subsidiary of the Company) for a term of 50 years for commercial and residential uses commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to a land use rights transfer agreement signed between Dongyuan Properties Company (東源縣地產公司) and Dongyuan Yayuan Property Investment Limited (東源縣雅園實業投資有限公司, "Yayuan Property", an indirect non-wholly owned subsidiary of the Company) dated 20 November 2011, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 19,353.33 sq.m. were contracted to be transferred to Yayuan Real Property for commercial and residential uses. As advised by the Group, the land premium has been fully paid as at the valuation date.

3. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 5 December 2012, the land use rights of 2 parcel of lands (including the land use rights of the property) with a total site area of approximately 40,000 sq.m. were contracted to be granted to Dongyuan Dongjiang Galleries Tourism Development Limited (東源縣東江畫廊旅遊發展有限公司, "Dongjiang Tourism") for a term of 40 years for tourism use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid as at the valuation date.

4. Pursuant to 11 Construction Land Planning Permits — Di Zi Di Nos. 441625201000088 to 441625201000097, permission towards the planning of portions of the aforesaid land parcels with a total site area of approximately 247,000 sq.m. has been granted to Dongjiang Village Properties. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 441625201100610, permission towards the planning of portions of the aforesaid land parcels with a total site area of approximately 19,353.33 sq.m. has been granted to Yayuan Property. Pursuant to 2 Construction Land Planning Permits — Di Zi Di Nos. 441625201000072 and 441625201200947, permission towards the planning of portions of the aforesaid land parcels with a total site area of approximately 40,000 sq.m. has been granted to Dongjiang Tourism.

5. Pursuant to 11 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2010) Di Nos. 1729 to 1736, 1784 and Dong Fu Guo Yong (2013) Di Nos. 4790 and 4791, the land use rights of 11 parcels of land with a total site area of approximately 247,000 sq.m. have been granted to Dongjiang Village Properties for a term expiring on 18 April 2060 for residential use and 18 April 2050 for commercial use. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (2011) Di No. 2446, the land use rights of a parcel of land with a site area of approximately 19,353.33 sq.m. have been granted to Yayuan Property for a term expiring on 4 December 2061 for residential use. Pursuant to 2 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2010) Di Nos. 1738 and 1739, the land use rights of 2 parcels of land with a total site area of approximately 40,000 sq.m. have been granted to Dongjiang Tourism for a term expiring on 4 December 2061 for residential use.

6. We have attributed no commercial value to 2 parcels of land granted to Dongjiang Tourism which the share transfer of Dongjiang Tourism have not been completed. However, for reference purpose, we are of the opinion that the market value of the 2 parcels of land as the valuation date would be RMB92,500,000 assuming the transfer have been completed and the 2 parcels of land could be freely transferred.

7. Our valuation has been made on the following basis and analysis:

   a. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential lands located in the area close to the subject property, which were transacted in 2018 and 2019. The accommodation value of these comparable land sites ranges from RMB3,800 to RMB4,800 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Dongjiang Village Properties and Yayuan Property have obtained legal and valid State-Owned Land Use Rights certificates and has the right to use, transfer, lease, mortgage or otherwise legally dispose of its corresponding land use rights according to the State-owned Land Use Rights Certificate.

   b. The share transfer mentioned in Note 6 is legal and valid.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	No
e.	Construction Work Commencement Permit	No
f.	Pre-sale Permit	No
g.	Construction Work Completion and Inspection Certificate/Table	No

10. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*	**Market value for reference (for properties without proper title certificates) as at the valuation date** *(RMB)*
Group IV — held for future development by the Group	2,300,200,000	—
Group V — to be acquired by the Group	—	92,500,000
Grand-total:	2,300,200,000	92,500,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
16.	Hefei Huijing City Centre located at the junction of Wangjiang West Road and Chuangxin Avenue, Gaoxin District, Hefei City, Anhui Province, The PRC (合肥滙景城市中心)	Hefei Huijing City Centre is located at the junction of Wangjiang West Road and Chuangxin Avenue. It is well-served with public transportation. The surrounding environment comprises several mega residential developments with street front shops and innovation industrial park. Hefei Huijing City Centre occupies a parcel of land with a site area of approximately 37,778.89 sq.m., which is being developed into a residential and commercial complex project. Portions of the project with a total gross floor area of approximately 88,883.51 sq.m. were completed in 2018, and the unsold portion of that (the "unsold units") was vacant for sale as at the valuation date. Portions of the project were under construction (the "CIP") as at the valuation and are scheduled to be completed in February 2020. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 272,657.91 sq.m. As at the valuation date, the property comprised the unsold units and the CIP of Hefei Huijing City Centre with a total completed and planned gross floor area of approximately 296,137.27 sq.m. The classification, usage and gross floor area details of the property were set out in Note 8. As advised by the Group, the development cost (including the land cost) of the CIP of the property is estimated to be approximately RMB1,694,000,000 of which approximately RMB950,500,000 had been incurred up to the valuation date. The land use rights of the property have been granted for terms expiring on 17 June 2082 for residential use and 17 June 2052 for commercial and office uses.	As at the valuation date, the unsold units of the property were vacant, portions of the property were under construction.	[2,201,600,000]

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract — He Di Gao Xin Jing Ying 2012 No. 56 dated 18 May 2012 and 4 Supplemental Agreements signed between 18 May 2012 and 21 June 2013, the land use rights of a parcel of land with a site area of approximately 37,778.89 sq.m. (including the land use rights of the property) were contracted to be granted to Hefei Fuhua Properties Limited (合肥富華置業有限公司, "Hefei Fuhua", an indirect wholly-owned subsidiary of the Company) for terms of 70 years for residential use and 40 years for commercial and office uses commencing from the land delivery date. As advised by the Group, the land premium has been fully paid.

2. Pursuant to a Construction Land Planning Permit — Di Zi Di No. 340101201330047, permission towards the planning of the aforesaid land parcel (including the property) with a site area of approximately 37,778.9 sq.m. has been granted to Hefei Fuhua.

3. Pursuant to a State-owned Land Use Rights Certificate — He Gao Xin Guo Yong (2014) Di No. 025, the land use rights of a parcel of land with a site area of approximately 37,778.89 sq.m. (including the land use rights of the property) have been granted to Hefei Fuhua for terms expiring on 17 June 2082 for residential use and 17 June 2052 for commercial and office uses.

4. Pursuant to 8 Construction Work Planning Permits — Jian Zi Di No. 340101201720002 to 340101201720004, 340101201720050 to 340101201720053 and 340101201720118 in favour of Hefei Fuhua, Hefei Huijing City Centre (including the property) with a gross floor area of approximately 361,541.42 sq.m. have been approved for construction.

5. Pursuant to 3 Construction Work Commencement Permits — Nos. 3401001608100101-SX-001(Bu) to 3401001608100101-SX-003(Bu) in favour of Hefei Fuhua, permission by the relevant local authority was given to commence the construction of Hefei Huijing City Centre (including the property) with a gross floor area of approximately 361,541.42 sq.m.

6. Pursuant to 4 Pre-sale Permits — He Fang Yu Shou Zheng Di Nos. 20170623, 20170694, 20170974 and 20180582 in favour of Hefei Fuhua, the Group is entitled to sell portions of Hefei Huijing City Centre (representing a total gross floor area of approximately 115,155.20 sq.m.) to purchasers.

7. Pursuant to 3 Construction Work Completion and Inspection Tables in favour of Hefei Fuhua, portions of the construction of Hehei Huijing Centre with a total gross floor area of approximately 88,883.51 sq.m. has been completed and passed the inspection acceptance.

8. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**(Planned) Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group I — held for sale	Residential	605.40	—
	Car parking spaces	22,873.96	627
	Sub-total:	**23,479.36**	**627**
Group II — held for investment	Retail	22,856.54	—
	Hotel	61,264.06	—
	Sub-total:	**84,120.60**	**—**
Group III — held under development	Retail	10,067.76	—
	Apartment	30,785.75	—
	Office	71,150.18	—
	Car parking spaces	11,088.88	667
	Ancillary/Others	65,444.74	—
	Sub-total:	**188,537.31**	**667**
	Total:	**296,137.27**	**1,294**

9. As advised by the Group, various residential units with a total gross floor area of approximately 462.67 sq.m. in Group I of the property have been pre-sold to various third parties at a total consideration of RMB6,013,191. Various apartment units with a total gross floor area of approximately 24,550.12 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB231,713,927. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB3,182,300,000.

11. Our valuation has been made on the following basis and analysis:

    a. For portions of the property in Group I, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB12,000 to RMB14,000 per sq.m. for residential units and RMB60,000 to RMB75,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property;

    b. For retail portion of the property in Group II, we have identified and analyzed various relevant rental evidences in the locality which have similar characteristics as the property. The unit rent of these comparable retail units range from RMB7.3 to RMB9.0 per sq.m. per day; Based on our research on retail market in the surrounding area of the property, the stabilized market yield ranged from 4.5% to 6.5% as at the valuation date. Considering the location, risks and characteristics of the property, we have applied a market yield of 5.5% for the property as the capitalization rate in the valuation;

    c. For the hotel portion and of the property in Group II, we have taken into account of main performance indicators of comparable hotels such as daily room rate and occupancy rate for the first year's data. We have also make reference to operating data of comparable hotels and the market statistics. Our major assumptions adopted are summarized as follows:

        i. Average daily room rate (''ADR'') in the first year (RMB): 950
        ii. Occupancy rate in the first year: 55%
        iii. Stabilized growth rate: 3%
        iv. Discount rate: 8%
        v. Terminal capitalization rate: 5%

    d. For portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are apartment units, office units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB9,000 to RMB12,000 per sq.m. for apartment units, RMB16,000 to RMB18,000 per sq.m. for office units, RMB30,000 to RMB55,000 per sq.m. for retail units (first floor) and RMB60,000 to RMB80,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Hefei Fuhua has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Hefei Fuhua has obtained all the necessary approvals and permits according to the present development progress; and

c. Hefei Fuhua has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Hefei Fuhua no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Hefei Fuhua Property unless the contract is cancelled or getting a prior approval from the buyer. In addition, Hefei Fuhua Property has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	Portions

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I — held for sale by the Group	51,300,000
Group II — held for investment by the Group	[637,300,000]
Group III — held under development by the Group	1,513,000,000
Grand-total:	[2,201,600,000]

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
17.	Residential and commercial portions of Huijing Yanhu International Resort located at the southern side of Hengyang Nanyue Airport, Yunji Town, Hengnan County, Hengyang City, Hunan Province, The PRC (衡陽滙景 • 雁湖生態文旅小鎮)	Huijing Yanhu International Resort is located at the southern side of Hengyang Nanyue Airport. The locality is a newly developed area where public facilities such as municipal facilities and living amenities are still under development. The surrounding environment comprises woodlands and waters. The property occupies 17 parcels of land with a site area of approximately 938,427.37 sq.m., which is being developed into a residential and commercial portion of a eco-tourism project Huijing Yanhu International Resort. Portions of the project were under construction (the "CIP") as at the valuation and are scheduled to be completed in August 2019. As advised by the Group, upon completion, the CIP will have a total gross floor area of approximately 106,338.67 sq.m. The construction of the remaining portion of the project (the "bare land") with a plot ratio gross floor area of approximately 1,185,342.39 sq.m. had not been commenced as at the valuation date. As at the valuation date, the property comprised the CIP and the bare land of Huijing Yanhu International Resort with a total planned gross floor area of approximately 106,338.67 sq.m. The classification, usage and gross floor area details of the property were set out in Note 7. The property also comprised several parcels of land with a site area of approximately 1,062,000 sq.m. which are under acquisition process. We have attributed no commercial value to this portion of the property as the titles of this portion had not been vested to the Group. (Please refer to Note 10 for details.) As advised by the Group, the development cost (excluding the land cost) of the CIP of the property is estimated to be approximately RMB490,100,000 of which approximately RMB271,600,000 had been incurred up to the valuation date. The land use rights of the property have been granted for terms expiring on 19 October 2084 and 18 May 2086 for residential use, 19 October 2054 and 18 May 2056 for commercial use and 18 May 2066 for science and education uses.	As at the valuation date, portions of the property were under construction. Portions of the property were bare lands.	4,356,300,000

Notes:

1. Pursuant to 17 State-owned Land Use Rights Grant Contracts — Nos. 2014012 to 2014018 dated 20 October 2014 and Nos. 2016019 to 2016028 dated 12 May 2016, the land use rights of 17 parcel of land (including the land use rights of the property) with a site area of approximately 938,427.81 sq.m. were contracted to be granted to Hengyang Huijing Property Development Limited (衡陽滙景房地產發展有限公司, "Hengyang Huijing", an indirect wholly-owned subsidiary of the Company) for terms of 70 years for residential use, 40 years for commercial use and 50 years for science and education use commencing from the land delivery date. The total land premium was RMB308,727,470. As advised by the Group, the land premium has been fully paid as at the valuation date.

2. Pursuant to 15 Construction Land Planning Permits — Jian Gui [Di] Zi Di Nos. Xian 201412–16 to Xian 201412–22, Xian 2016–12 to Xian 2016–20 permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 938,090.22 sq.m. has been granted to Hengyang Huijing.

3. Pursuant to 17 State-owned Land Use Rights Certificates — Nan Guo Yong (2014) Di Nos. A289 to A295 and Dong Fu Guo Yong (2016) Di Nos. A132 to A141, the land use rights of 17 parcel of land (including the land use rights of the property) with a site area of approximately 938,427.37 sq.m. have been granted to Hengyang Huijing for terms expiring on 19 October 2084 and 18 May 2086 for residential use, 19 October 2054 and 18 May 2056 for commercial use and 18 May 2066 for science and education uses.

4. Pursuant to 7 Construction Work Planning Permits–Nos. 2016–010 to 2016–012, 2018–080 to 2018–082 and 2019–050 in favour of Hengyang Huijing, the construction works of Huijing Yanhu International Resort (including the property) with a total gross floor area of approximately 132,262.46 sq.m. have been approved.

5. Pursuant to 2 Construction Work Commencement Permits — Nos. 430422201600013 and 430422201810090101 in favour of Hengyang Huijing, permissions by the relevant local authority were given to commence the construction of Huijing Yanhu International Resort (including the property) with a total gross floor area of approximately 106,338.67 sq.m.

6. Pursuant to 117 Pre-sale Permits — Heng Nan Yu Xu Zi (2017) Nos. 022 to 062, Heng Nan Yu Xu Zi (2018) Nos. 060 to 067, 101 to 137, 154 to 177, Heng Nan Yu Xu Zi (2019) Nos. 021 and 25 to 30 in favour of Hengyang Huijing, the Group is entitled to sell portions of Huijing Yanhu International Resort (representing a total gross floor area of approximately 66,144.81 sq.m.) to purchasers.

7. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Planned Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group III — held under development	Residential	82,813.44	—
	Retail	9,142.95	—
	Clubhouse	1,515.67	
	Ancillary/Others	12,866.61	—
	Total:	**106,338.67**	**—**

8. As advised by the Group, various residential units with a total gross floor area of approximately 31,424.07 sq.m. in Group III of the property have been pre-sold to various third parties at a total consideration of RMB271,325,043.18. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the CIP of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB936,000,000.

10. According to a development agreement (袁家湖水庫項目開發建設用地協議書) and a supplementary agreement (袁家湖水庫項目開發建設用地補充協議書) signed between the Government of Hengnan County and Hengyang Huijing dated 6 May 2010 and 1 September 2010 respectively, the proposed development has a total site area of approximately 2,000 mu (including the property). The Government of Hengnan County was responsible for the land resumption and Hengyang Huijing could obtain the relevant State-owned Land Use Rights Certificates after successfully acquired the land. As advised by the Company, Hengnan Huijing has obtained the State-owned Land Use Rights Certificates of a portion of the proposed development with a site area of approximately 1,407.64 mu (938,427.37 sq.m.). The remaining portion of the land was still under land resumption and bidding, auction or listing process as at the valuation date. Also, according to the agreements, the Government of Hengnan County had agreed to assist Hengyang Huijing to rent several parcels of land with a total site area of approximately 4,000 mu from several villages in the same locality.

According to a cooperation agreement (衡南縣臨蒸西路北段市政道路建設工程項目合作協議書) signed between the Government of Hengnan County and Hengyang Huijing dated 20 June 2016, the Government of Hengnan County agreed to entrust the construction of the Municipal Road Construction Project in the North Section of Linbian West Road of Hengnan County. As advised by the Company, Hengyang Huijing has been the project manager and had provided funding for the project as an advance payment of the construction, including the land resumption cost and construction application fee, etc. The source of repayment for the construction fund comprising two sources. First, in 2 years' time after the contract is signed into effect, the government of Hengnan County would resume and assign the 1,000 mu of land from the leased area rented from the villages by bidding, auction or listing. The land transfer fee would be used to repay the construction fund. If Hengyang Huijing or its designated company obtains the land according to law, the land transfer fee would be directly offset from the construction fund to be repaid by the government. The second source is the tax revenue collected from the construction and operation of the proposed development. The actual amount received by the Financial Department of Hengyang County would be used to repay the construction fund and the repayment should be completed within four years. If the above two sources still could not fully repay the construction fund, the remaining portion would then be paid by the government of Hengyang County.

We have attributed no commercial value to this portion of the property with a site area of approximately 1,062,000 sq.m. as the titles of this portion had not been vested in the Group, the relevant land use rights certificates had not been obtained. However, for reference purpose, we are of the opinion that the market value of the property as at the valuation date would be RMB7,109,000,000 assuming all relevant title certificates have been obtained and it could be freely transferred.

11. Our valuation has been made on the following basis and analysis:

    a. For the portions of the property in Group III, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units and retail units within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB9,000 to RMB10,000 per sq.m. for residential units and RMB10,000 to RMB17,000 per sq.m. for retail and clubhouse units. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

    b. For the remaining portions of the property in Group IV, we have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential lands for science and education uses located in the area close to the subject property, which were transacted in 2018 and 2019. The accommodation value of these comparable land sites ranges from RMB3,000 to RMB4,000 per sq.m. for residential use and RMB300 to RMB380 per sq.m. for science and education uses. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

12. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Hengyang Huijing has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Hengyang Huijing has obtained all the necessary approvals and permits according to the present development progress; and

    c. Hengyang Huijing has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Hengyang Huijing no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Hengyang Huijing unless the contract is cancelled or getting a prior approval from the buyer. In addition, Hengyang Huijing has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

    d. The development agreement mentioned in Note 10 at risk of being unenforceable under applicable laws. Portions of the land mentioned in the agreement with a site area of 1,407 mu have been acquired by the Group through bidding and the land use rights transfer of these portions are effective under laws.

    e. The cooperation agreement mentioned in Note 10 is legal and valid.

13. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Portions
d.	Construction Work Commencement Permit	Portions
e.	Pre-sale Permit	Portions
f.	Construction Work Completion and Inspection Certificate/Table	Portions

14. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*	**Market value for reference (for properties without proper title certificates) as at the valuation date** *(RMB)*
Group III — held under development	600,400,000	—
Group IV — held for future development by the Group	3,755,900,000	—
Group V — to be acquired by the Group	—	7,109,000,000
Grand-total:	4,356,300,000	7,109,000,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
18.	Huijing Global Centre located at eastern side of Xiangjing Middle Road, Tianxin District, Changsha City, Hunan Province, The PRC (滙景發展環球中心)	Huijing Global Centre is located at eastern side of Xiangjing Middle Road and along the shores of the Xiangjiang River. It is well-served with public transportation. The surrounding environment comprises several residential developments with street front shops and commercial developments. Huijing Global Centre occupies 2 parcels of land with a site area of approximately 27,081.00 sq.m., which is being developed into a commercial complex project. The project was under construction as at the valuation and is scheduled to be completed in December 2019. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 296,614.10 sq.m. As at the valuation date, the property comprised the whole project of Huijing Global Centre. The classification, usage and gross floor area details of the property were set out in Note 7. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB2,553,100,000 of which approximately RMB2,023,300,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term expiring on 30 January 2051 for commercial use.	As at the valuation date, the property was under construction.	6,216,300,000 (interest attributable to the Group (49%): 3,045,987,000)

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts — Nos. 2011000032 and 2016000014 dated 17 February 2011 and 3 February 2016 respectively, the land use rights of 2 parcels of land with a site area of approximately 27,081 sq.m. (including the land use rights of the property) were contracted to be granted to Hunan Development Gaoxin Properties Limited (湖南發展高新置業有限公司, "Hunan Development", a non-wholly owned joint venture company of the Group) for terms of 40 years for commercial use commencing from the land delivery date. As advised by the Group, the land premium has been fully paid.

2. Pursuant to 2 Construction Land Planning Permits — Jian Gui (Di) Zi Di Nos. Chu [2015] 0038 and Chu [2015] 0025, permission towards the planning of the aforesaid land parcels (including the property) with a site area of approximately 41,648.8 sq.m. has been granted to Hunan Development.

3. Pursuant to 2 State-owned Land Use Rights Certificates — Chang Guo Yong (2015) Di No. 068936 and Chang Guo Yong (2016) Di No. 049942, the land use rights of 2 parcels of land with a site area of approximately 27,081 sq.m. (including the land use rights of the property) have been granted to Hunan Development for terms expiring on 30 January 2051 for commercial use.

4. Pursuant to a Construction Work Planning Permit — Jian Gui (Jian) Zi Di No. Jian 2[2016]0050 in favour of Hunan Development, Huijing Global Centre (including the property) with a gross floor area of approximately 296,614.10 sq.m. have been approved for construction.

5. Pursuant to 2 Construction Work Commencement Permits — Nos. 430101201606300201 and 430101201606300301 in favour of Hunan Development, permission by the relevant local authority was given to commence the construction of Huijing Global Centre (including the property) with a gross floor area of approximately 296,614.1 sq.m.

6. Pursuant to a Pre-sale Permit — Chang Zhu Jian Wei Shou Xu Zi (2017) Di No. 0111 Bian Geng in favour of Hunan Development, the Group is entitled to sell portions of Huijing Global Centre (representing a total gross floor area of approximately 178,485.45 sq.m.) to purchasers.

7. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Planned Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group III — held under development	Office/Apartment	178,485.45	—
	Retail	34,775.16	—
	Car parking spaces	18,681.77	1,417
	Ancillary/Others	64,671.72	—
	Total:	**296,614.10**	**1,417**

8. As advised by the Group, various office units and apartment units with a total gross floor area of approximately 42,948.70 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB792,118,515. Such portions of the property have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB7,321,900,000.

10. Our valuation has been made on the following basis and analysis:

    a. We have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are apartment units, office units, retail units and car parking spaces within the same development/building of the subject property and other newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018 and 2019. The unit price of these comparable properties ranges from RMB18,000 to RMB24,000 per sq.m. for apartment units, RMB21,000 to RMB23,000 sq.m. for office units, RMB80,000 to RMB150,000 sq.m. for retail units (first floor) and RMB240,000 to RMB300,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

    a. Hunan Development has obtained legal and valid State-owned Land Use Rights Grant Contract and State-Owned Land Use Rights certificates;

    b. Hunan Development has obtained all the necessary approvals and permits according to the present development progress except the Fire Protection is under review; and

    c. Hunan Development has the rights to legally pre-sell the portions of the property aforementioned according to the obtained Pre-sale Permits. For portions of the properties which have been transferred, Hunan Development no longer owns the ownership of the properties and the corresponding land use rights. For portions of the properties which have been contracted to be pre-sold to various parties and the relevant ownership rights have not been transferred, they could not be freely transferred, leased, mortgaged or otherwise disposed of by Hunan Development unless the contract is cancelled or getting a prior approval from the buyer. In addition, Hunan Development has the right to use, transfer, lease, mortgage or otherwise legally dispose of the above-ground buildings and its corresponding land use rights within the land use period specified in the State-owned Land Use Rights Certificate.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Construction Land Planning Permit	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	Portions
g.	Construction Work Completion and Inspection Certificate/Table	No

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group III — held under development by the Group	6,216,300,000
Grand-total:	6,216,300,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
19.	A parcel of land known as Pinghu Area No. 1 located at the junction of Caojin Road and Daqiao Road, Pinghu City, Zhejiang Province, The PRC (平湖第一地塊)	The property is located at the junction of Caojin Road and Daqiao Road, Pinghu City. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops. The property occupies a parcel of land with a site area of approximately 25,114.30 sq.m. As advised by the Group, the construction of the project had not been commenced and there is no specific planning on the project as at the valuation date. The land use rights of the property have been granted for a term expiring on 14 April 2084 for residential use.	As at the valuation date, the property was bare land.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Ping Hu Guo Yong (2014) Di No. 03113, the land use rights of a parcel of land with a total site area of approximately 25,114.30 sq.m. have been granted to a wholly-owned subsidiary of Target Company E for terms expiring on 14 April 2084 for residential use.

2. Pursuant to a Planning Condition — Ping Jian Gui She (2013) No. 121, the maximum plot ratio of the aforesaid parcel of land is 2.5.

3. We have attributed no commercial value to the property as the share option transfer of Target Company E has not been completed. However, for reference purpose, we are of the opinion that the market value of property as the valuation date would be RMB608,400,000 assuming the transfer have been completed and the property could be freely transferred.

   Our valuation has been made on the following basis and analysis:

   We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are residential lands located in the area close to the subject property, which were transacted in 2017 and 2018. The accommodation value of these comparable land sites ranges from RMB9,000 to RMB10,000 per sq.m. for residential use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. According to the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法), the above share transfer involves overseas investment of domestic enterprises, and it is necessary to perform relevant overseas investment project approval or filing procedures. After fulfilling the procedures, this share transfer agreement is enforceable and the Company can fulfill its obligations.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	No
b.	Construction Land Planning Permits	N/A
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	N/A
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

6. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*	**Market value for reference (for properties without proper title certificates) as at the valuation date** *(RMB)*
Group V — to be acquired by the Group	No Commercial Value	608,400,000
Grand-total:	No Commercial Value	608,400,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
20.	A parcel of land known as Pinghu Area No. 2 located at the junction of Caodui Road and Dasheng Road, Pinghu City, Zhejiang Province, The PRC (平湖第二地塊)	The property is located at the junction of Caodui Road and Dasheng Road, Pinghu City. It is well-served with community facilities. The surrounding environment comprises several residential developments with street front shops, parks and schools. The property occupies a parcel of land with a site area of approximately 37,218.30 sq.m. As advised by the Group, the construction of the project had not been commenced and there is no specific planning on the project as at the valuation date. The land use rights of the property have been granted for a term expiring on 14 April 2054 for hotel and restaurant uses.	As at the valuation date, the property was bare land.	No Commercial Value

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Ping Hu Guo Yong (2014) Di No. 03114, the land use rights of a parcel of land with a total site area of approximately 37,218.30 sq.m. have been granted to a wholly-owned subsidiary of Target Company F for terms expiring on 14 April 2054 for hotel and restaurant uses.

2. Pursuant to a Planning Condition — Ping Jian Gui She (2013) No. 156, the range of plot ratio of the aforesaid parcel of land is between 2.5 and 3.5.

3. We have attributed no commercial value to the property as the share option transfer of Target Company F has not been completed. However, for reference purpose, we are of the opinion that the market value of property as the valuation date would be RMB481,200,000 assuming the transfer have been completed and the property could be freely transferred.

   Our valuation has been made on the following basis and analysis:

   We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property such as nature, use, site area, layout and accessibility of the property. The selected comparables are commercial lands located in the area close to the subject property, which were transacted between 2016 and 2018. The accommodation value of these comparable land sites ranges from RMB3,000 to RMB4,000 per sq.m. for commercial use. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed accommodation value for the property.

4. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. According to the Measures for the Administration of Overseas Investment of Enterprises (企業境外投資管理辦法), the above share transfer involves overseas investment of domestic enterprises, and it is necessary to perform relevant overseas investment project approval or filing procedures. After fulfilling the procedures, this share transfer agreement is enforceable and the Company can fulfill its obligations.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	No
b.	Construction Land Planning Permits	N/A
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	N/A
e.	Construction Work Commencement Permit	N/A
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

6. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*	**Market value for reference (for properties without proper title certificates) as at the valuation date** *(RMB)*
Group V — to be acquired by the Group	No Commercial Value	481,200,000
Grand-total:	No Commercial Value	481,200,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
21.	Fenghua Mansion located at the junction of Zhangshen Road and Jingfu Road, Zhangmutou Town, Dongguan City, Guangdong Province, The PRC (豐華公館)	The property is located at the junction of Zhangshen Road and Jingfu Road, Zhangmutou Town, Dongguan City. It is well-served with community facilities. The surrounding environment comprises several commercial developments with street front shops. Fenghua Mansion occupies a parcel of land with a site area of approximately 6,042.40 sq.m., which is being developed into a residential and commercial complex project. The project was under construction as at the valuation and is scheduled to be completed in June 2020. As advised by the Group, upon completion, the project will have a total gross floor area of approximately 18,894.27 sq.m. As at the valuation date, the property comprised the whole project of Fenghua Mansion. The classification, usage and gross floor area details of the property were set out in Note 6. As advised by the Group, the development cost (including the land cost) of the property is estimated to be approximately RMB116,900,000 of which approximately RMB101,800,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term expiring on 27 December 2068 for residential and commercial uses.	As at the valuation date, the property was under construction.	No Commercial Value

Notes:

1. Pursuant to a Construction Land Planning Permit — No. 2004–18–10005, permission towards the planning of a parcel of land (including the property) with a total site area of approximately 6,042 sq.m. has been granted to Dongguan Fenghua Automobile Sales Service Co. Ltd (東莞市豐華汽車銷售服務有限公司, "Fenghua Automobile").

2. Pursuant to a State-owned Land Use Rights Certificate — Dong Hu Guo Yong (2004) Di No. Te 808, the land use rights of a parcel of land with a total site area of approximately 6,042.4 sq.m. (including the land use rights of the property) have been granted to [Fenghua Automobile] for terms expiring on 27 December 2068 for residential and commercial uses.

3. Pursuant to 2 Construction Work Planning Permits — Jian Zi Di Nos. 2018–18–1028 and 2018–18–1029 in favour of Fenghua Automobile, Fenghua Mansion (including the property) with a gross floor area of approximately 18,894.272 sq.m. have been approved for construction.

4. Pursuant to 2 Construction Work Commencement Permits — Nos. 441900201810240101 and 441900201810240201 in favour of Fenghua Automobile, permissions by the relevant local authority were given to commence the construction of Fenghua Mansion (including the property) with a total gross floor area of approximately 18,894.272 sq.m.

5. Pursuant to a Construction-in-progress Transfer Agreement signed between Fenghua Automobile and Dongguan Huijing Jianuo Property Development Limited (東莞市滙景嘉諾置業有限公司, "Huijing Jianuo Property", an indirect wholly owned subsidiary of the Company) dated 25 March 2019, the property was contracted to be transferred to Huijing Jianuo Property.

6. According to the information provided by the Company, the details of the property are set out as below:

Group	**Usage**	**Planned Gross Floor Area** *(sq.m.)*	**Nos. of Car parking spaces**
Group V — to be acquired	Residential	14,568.34	—
	Commercial	346.87	—
	Car parking spaces	1,137.50	91
	Ancillary/Others	2,841.56	—
	Total:	**18,894.27**	**91**

7. The market value of the property as if completed as at the valuation date according to the development proposal as described above and which can be freely transferred in the market, would be RMB[236,900,000].

8. We have attributed no commercial value to the property as the transfer of the property has not been completed. However, for reference purpose, we are of the opinion that the market value of property as the valuation date would be RMB234,300,000 assuming the transfer have been completed and the property could be freely transferred.

   Our valuation has been made on the following basis and analysis:

   we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are residential units, retail units and car parking spaces within newly completed or to be completed buildings located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB11,000 to RMB16,000 per sq.m. for residential units, RMB27,000 to RMB39,000 sq.m. for retail units and RMB84,000 to RMB110,000 per lot for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The construction-in-progress transfer agreement mentioned in Note 5 is legal and valid.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	N/A
b.	Construction Land Planning Permits	Yes
c.	State-owned Land Use Rights Certificate	Yes
d.	Construction Work Planning Permit	Yes
e.	Construction Work Commencement Permit	Yes
f.	Pre-sale Permit	N/A
g.	Construction Work Completion and Inspection Certificate/Table	N/A

11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*	**Market value for reference (for properties without proper title certificates) as at the valuation date** *(RMB)*
Group V — to be acquired by the Group	No Commercial Value	234,300,000
Grand-total:	No Commercial Value	234,300,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
22.	Project Nancheng Gedi located at Nancheng District, Dongguan City, Guangdong Province, The PRC (南城蛤地片區項目)	Project Nancheng Gedi is located at Nancheng District. The surrounding environment is a mix of old residential area and industrial area. As advised by the Group, Project Nancheng Gedi is under the application of the "Three-Old Transformation Scheme" and occupies 2 parcels of land. After the transformation, the total site area would be approximately 29,519.41 sq.m. for emerging industry use (M0). The proposed plot ratio gross floor area is approximately 88,557.00 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of a parcel of land of the property with a site area of 14,266 sq.m. have been granted for a term expiring in September 2042 for industrial use. The land use rights of another parcel of land of the property with a site area of 15,253.41 sq.m. are collectively owned for industrial use.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date RMB** 865,700,000

Notes:

1. Pursuant to an Approval for Construction Land and some application forms submitted and replies from the relevant Government authorities, the land use rights of another parcel of land (including the land use rights of the property) with a site area of approximately 15,253.41 sq.m. will be re-granted to Target Company A after the application process has been completed.

2. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (1996) Di Te No. 99, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 14,266.00 sq.m. have been granted to Target Company B for a term of 50 years commencing from September 1992 to September 2042 for industrial use.

3. Pursuant to a Cooperation Framework Agreement dated 3 February 2018, signed between the all shareholders of the Target Company A, all shareholders of the Target Company B and Huijing Group Limited (滙景集團有限公司, "Huijing Group", an indirect wholly-owned subsidiary of the Company), have agreed to cooperate to apply for the "Three-Old Transformation Scheme".

4. Pursuant to a Share Transfer Agreement dated 3 February 2018, all shareholders of the Target Company A and all shareholders of the Target Company B have agreed to transfer 100% share of Company A and Company B to Huijing Group with conditions precedent.

5. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB865,700,000.

6. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB29,519,000.

7. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to emerging industry use (M0) and it would be developed to a commercial and residential complex with a total gross floor area of approximately 88,557 sq.m. with a land premium of approximately RMB79,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The share transfer agreement mentioned in Note 4 is legal and valid.

9. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
23.	Project Qingxi Sanzhong located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪三中片區項目)	Project Qingxi Sanzhong is located at Qingxi Town. The surrounding environment is a mix of old residential area and industrial area. As advised by the Group, Project Qingxi Sanzhong is under the application of the "Three-Old Transformation Scheme" and occupies a parcel of land. After the transformation, the site area would be approximately 35,945.34 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is approximately 107,835.00 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property have been granted for a term expiring on 11 February 2054 for industrial use.	As at the valuation date, the property was occupied by the Group for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	58,600,000 **Calculated Value as at the valuation date RMB** 681,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (2004) Di Te No. 194, the land use rights of the parcel of land with a site area of approximately 35,945.34 sq.m. have been granted to Songsen Furniture (Dongguan) Company Limited (松森家俱(東莞)有限公司, "Songsen Furniture", an indirect wholly-owned subsidiary of the Company), for a term expiring on 11 February 2054 for industrial use.

2. Pursuant to 8 Real Estate Title Certificates — Yue (2018) Dong Guan Bu Dong Chan Quan Di Nos. 0280765 to 0280770, 0280772 and 0280773, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 35,945.34 sq.m. have been granted to Songsen Furniture for a term expiring on 11 February 2054 for industrial use. And the property with a total gross floor area of approximately 16,343.21 sq.m. is owned by Songsen Furniture for industrial use.

3. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB681,600,000.

4. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB35,945,000.

5. Our valuation has been made on the following basis and analysis:

   a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are industrial properties located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2019. The unit price of these comparable properties ranges from RMB2,200 to RMB3,900 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

6. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB10,000,000.

7. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to a residential complex with a total gross floor area of approximately 107,835 sq.m. with a land premium of approximately RMB550,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Songsen Furniture has obtained legal and valid State-Owned Land Use Rights certificate and Real Estate Title Certificates and has the right to use, transfer, lease, or otherwise legally dispose of its corresponding land use rights and property rights according to the relevant certificates. For the units set for mortgage, Songsen Furniture is not allowed to transfer, lease, mortgage or dispose the land use rights (including the respective units erected thereon the land) without getting consent from mortgage holder.

9. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group IV — held for future development by the Group	58,600,000
Grand-total:	58,600,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
24.	Zhangmutou Baoshan Area located at Zhangmutou Town, Dongguan City, Guangdong Province, The PRC (樟木頭寶山片區項目)	Zhangmutou Baoshan Area is located at Zhangmutou Town. The surrounding environment is a mix of residential area and industrial area. As advised by the Group, Zhangmutou Baoshan Area is under the application of the "Three-Old Transformation Scheme" and occupies various parcels of land. After the transformation, the site area would be approximately 175,000 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is about 385,000 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property are mixed of stated-owned land and collectively owned land.	As at the valuation date, portions of the property were leased for industrial purpose. Portions of the property were bare lands. The whole property will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date RMB** 4,342,400,000

Notes:

1. Pursuant to a Cooperation Agreement dated 14 August 2013, signed between Dongguan City Zhangmutou Town Xuzhen Incorporated Economic Organization (東莞市樟木頭鎮墟鎮股份經濟聯合社), the owner a land parcel with a site area of 89,123.38 sq.m. which is a collectively owned land for industrial use, and Huijing Group Limited (滙景集團有限公司, "Huijing Group", an indirect wholly-owned subsidiary of the Company), both parties have agreed to cooperate to apply for the "Three-Old Transformation Scheme".

2. Pursuant to a Cooperation Agreement dated 27 February 2014, signed between the Government of Zhangmutou Town and Huijing Group, regarding a land parcel with a total site area of 82,197.7 sq.m. which composed of state-owned land and collectively owned land for industrial use, the Government of Zhangmutou Town has agreed to take lead to carry out the Three-Old Transformation.

3. Pursuant to a Cooperation Agreement dated 26 October 2014, signed between Dongguan City Zhangmutou Town Zhangluo Incorporated Economic Organization (東莞市樟木頭鎮樟羅股份經濟聯合社), the owner of 2 land parcels with a total site area of 27,767.96 sq.m. which is a collectively owned land for industrial use, and Huijing Group, both parties have agreed to cooperate to apply for the "Three-Old Transformation Scheme".

4. As advised by the Group and according to the Land and Building Investigation List of "Three-Old Transformation Scheme" of Dongguan Zhangmutou Town (Street) Baoshan Lands issued by the Government of Zhangmutou Town, the property has various parcels of land with a total site area of approximately 171,330.12 sq.m.

5. According to the Supplementary Agreement of the Cooperation Agreement mentioned in Note 1, 2 additional parcels of land with at total site area of approximately 3,741.86 sq.m. are included to the property.

6. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB4,342,400,000.

7. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to integrated complex with a total gross floor area of approximately 385,000 sq.m. with a land premium of approximately RMB616,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The cooperation agreements mentioned in Notes 1 to 3 are legal and valid.

9. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
25.	Project Humen Xinwan located at Humen Town, Dongguan City, Guangdong Province, The PRC (虎門新灣片區項目)	Project Humen Xinwan is located at Humen Town. The surrounding environment is an industrial area and well connected to Binhai Avenue and Taisha road while public facilities and community facilities are still under development. It is 3km away from the centre of Humen and 8km from Nansha of Guangzhou. As advised by the Group, Project Humen Xinwan is under the application of the "Three-Old Transformation Scheme". After the transformation, the site area would be approximately 14,909.70 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is approximately 44,730.00 sq.m. The land use rights of the property have been granted for a term expiring on 10 August 2047 for industrial use.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date RMB** 405,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (1997) Di Te No. 315, the land use rights of the parcel of land with a site area of approximately 14,909.70 sq.m. have been granted to the property owner for a term of 50 years expiring on 10 August 2047 for industrial use.

2. Pursuant to 2 Real Estate Title Certificates — Yue Fang Di Zheng Zi Di Nos. C4275867 to 868, issued by the People's Government of Guangdong Province, the land use rights of the parcel of land with a site area of approximately 14,909.70 sq.m. and the building ownership rights of 2 buildings with a total gross floor area of approximately 8,172.16 sq.m. are owned by the property owner.

3. Pursuant to a reply letter about the "Three-Old Transformation Scheme" of the land parcel of Xinwan District of Humen Town (44190012184–1) issued by the Leading Group Office of the Three-Old Transformation of Dongguan (東莞市"三舊"改造領導小組辦公室) dated 14 December 2011, the government of Dongguan approved and agreed the scheme to change the land use of the land parcel from industrial use to residential and commercial uses with a plot ratio of 3.0 and granted to the land owner by Agreement-based Assignment basis.

4. Pursuant to a land use rights transfer agreement signed between the property owner and Huijing Group Limited (滙景集團有限公司, "Huijing Group", an indirect wholly-owned subsidiary of the Company) in form of joint-venture with the shareholders representative of the property owner dated 17 January 2017, the land use rights of the parcel of land (including the land use rights of the property) with a site area of approximately 14,909.70 sq.m. were contracted to be transferred to Huijing Group. The total land premium was RMB145,500,000.

5. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB405,000,000.

6. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB14,910,000.

7. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to a residential complex with a total gross floor area of approximately 44,730 sq.m. with a land premium of approximately RMB222,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The land use rights transfer agreement mentioned in Note 4 is legal and valid.

9. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
26.	Project Hongmei Hongwugao located at Hongmei Town, Dongguan City, Guangdong Province, The PRC (洪梅洪屋渦片區項目)	Project Hongmei Hongwugao is located at Hongmei Town. The surrounding environment is an industrial area where public facilities and community facilities are still under development. As advised by the Group, Project Hongmei Hongwugao is under the application of the "Three-Old Transformation Scheme" and occupies 3 parcels of land. After the transformation, the site area would be approximately 115,543.68 sq.m. for emerging industry use (M0). The proposed plot ratio gross floor area is approximately 462,176.00 sq.m. The land use rights of the property have been granted for terms of expiring on 17 August 2053, 27 October 2054 and 30 August 2055 for industrial use.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	123,300,000 **Calculated Value as at the valuation date RMB** 2,380,000,000

Notes:

1. Pursuant to 5 Real Estate Title Certificates — Yue (2019) Dong Guan Bu Dong Chan Quan Di Nos. 0199568, 0199569, 0200241, 0200243 and 0200311, the land use rights of 3 parcels of land (including the land use rights of the property) with a total site area of approximately 115,541.51 sq.m. have been granted to Dongguan Jiayishi Investment Limited (東莞市嘉益仕實業投資有限公司, "Dongguan Jiayishi", an indirect wholly-owned subsidiary of the Company) for terms expiring on 17 August 2053, 27 October 2054 and 30 August 2055 for industrial use. And the property with a total gross floor area of approximately 58,969.82 sq.m. is owned by Dongguan Jiayishi for industrial use.

2. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB2,380,000,000.

3. Our valuation has been made on the following basis and analysis:

   a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The selected comparables are industrial properties located in the area close to the subject property with similar building conditions and facilities as the subject property, which were transacted in 2018. The unit price of these comparable properties ranges from RMB1,700 to RMB3,300 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

4. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB50,000,000.

5. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to emerging industry use (M0) and it would be developed to an commercial and residential complex with a total gross floor area of approximately 462,176 sq.m. with a land premium of approximately RMB451,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. Dongguan Jiayishi has obtained legal and valid Real Estate Title Certificates and has the right to use, transfer, lease, or otherwise legally dispose of its corresponding land use rights and property rights according to the relevant certificates. For the units set for mortgage, Dongguan Jiayishi is not allowed to transfer the land use rights (including the respective units erected thereon the land) without getting consent from mortgage holder.

7. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group IV — held for future development by the Group	123,300,000
Grand-total:	123,300,000

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
27.	Project Qingxi Luhu located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪鹿湖片區項目)	Project Qingxi Luhu is located at Qingxi Town. The surrounding environment is a mix of old residential area and industrial area. As advised by the Group, Project Qingxi Luhu is under the application of the "Three-Old Transformation Scheme" and occupies 4 parcels of land. After the transformation, the site area would be approximately 65,205.66 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is approximately 195,618.00 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property have been granted for expiring on 18 April 2054 and 30 December 2056 for industrial use.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date RMB** 1,079,200,000

Notes:

1. Pursuant to 4 State-owned Land Use Rights Certificates — Dong Fu Guo Yong (2007) Di Te Nos. 338, 361, 381 and 437, the land use rights of 4 parcels of land (including the land use rights of the property) with a total site area of approximately 65,205.66 sq.m. have been granted to the property owner for terms expiring on 18 April 2054 and 30 December 2056 for industrial use.

2. Pursuant to 11 Real Estate Title Certificates — Yue Fang Di Quan Zheng Guan Zi Di Nos. 2600361962 to 2600361972, 11 industrial and ancillary buildings of the property with a total gross floor area of 17,629.17 sq.m. is owned by the property owner for industrial use. For the remaining buildings which have not obtained property title certificate, the total gross floor area is 74,475 sq.m..

3. Pursuant to a Share Transfer Agreement dated 2 January 2018, the property was contracted to be transferred to Dongguan Huijing Jiawan Properties Limited (東莞市滙景嘉萬置業有限公司, "Dongguan Huijing Jiawan") by way of Transfer of Shares.

4. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB1,079,200,000.

5. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB50,000,000.

6. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to a residential complex with a total gross floor area of approximately 195,618 sq.m. with a land premium of approximately RMB1,155,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The share transfer agreement mentioned in Note 3 is legal and valid.

8. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
28.	Project Qingxi Sanxing No. 1 located at Qingxi Town, Dongguan City, Guangdong Province, The PRC (清溪三星片區項目一)	Project Qingxi Sanxing No. 1 is located at Qingxi Town. The surrounding environment is a mix of old residential area and industrial area. As advised by the Group, Project Qingxi Sanxing No. 1 is under the application of the "Three-Old Transformation Scheme" and occupies a parcel of land. After the transformation, the site area would be approximately 30,157.20 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is approximately 90,471.00 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property have been granted for a term expiring on 24 November 2054 for industrial use.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date RMB** 499,300,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (2005) Di Te No. 16, the land use rights of the parcel of land with a site area of approximately 30,157.20 sq.m. have been granted to the property owner for a term expiring on 24 November 2054 for industrial use.

2. Pursuant to 8 Real Estate Title Certificates — Yue Fang Di Zhang Zi Di Nos. C4283567 to C4283574, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 30,157.20 sq.m. have been granted to the property owner. And the property with a total gross floor area of approximately 20,838.82 sq.m. is owned by the property owner for industrial use.

3. Pursuant to a Cooperation Agreement and 4 supplementary agreements dated between 24 April 2017 and 2 August 2018, the property owner and Dongguan Huijing Jiayu Properties Limited (東莞市滙景嘉愉置業有限公司, "Dongguan Huijing Jiayu", an indirect wholly-owned subsidiary of the Company) had agreed to form a joint-venture company, which the property owner has 30% interest while Dongguan Baihui has 70% interest, to transform and develop the property.

4. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB499,300,000.

5. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB30,157,000.

6. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to a residential complex with a total gross floor area of approximately 90,471 sq.m. with a land premium of approximately RMB534,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The cooperation and supplementary agreements mentioned in Note 3 are legal and valid.

8. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
29.	Project Shatian Yanggongzhou located at Shatian Town, Dongguan City, Guangdong Province, The PRC (沙田楊公洲片區)	Project Shatian Yanggongzhou is located at Shatian Town. The surrounding environment is a mix of old residential area and industrial area. As advised by the Group, Project Shatian Yanggongzhou is under the application of the "Three-Old Transformation Scheme" and occupies a parcel of land. After the transformation, the site area would be approximately 9,366.00 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is approximately 28,098.00 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property have been granted for a term of 50 years commencing from 30 December 1996 and expiring on 29 December 2046 for industrial use.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date RMB** 139,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate — Dong Fu Guo Yong (1997) Di Te No. 163, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 9,366.00 sq.m. have been granted to the property owner for a term of 50 years commencing from 30 December 1996 and expiring on 29 December 2046 for industrial use.

2. Pursuant to 2 Real Estate Title Certificates — Yue Fang Di Chan Zheng Zi Di Nos. 0964012 and 0964013, the property with a total gross floor area of 7,572.64 sq.m. are owned by the property owner for industrial use.

3. Pursuant to 3 Share Transfer Agreements dated 24 December 2018, the property was contracted to be transferred to Dongguan Zhanhua Investment Limited (東莞湛華實業投資有限公司, "Dongguan Zhanhua", an indirect wholly-owned subsidiary of the Company) by way of Transfer of Shares.

4. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB139,600,000.

5. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB9,366,000.

6. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to an industrial complex with a total gross floor area of approximately 28,098 sq.m. with a land premium of approximately RMB130,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The share transfer agreements mentioned in Note 3 are legal and valid.

8. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
30.	Project Qingxi Sanxing No. 2 located at Qingxi Town Dongguan City, Guangdong Province, The PRC (清溪三星片區項目二)	Project Qingxi Sanxing No. 2 is located at Qingxi Town. The surrounding environment is a mix of old residential area and industrial area. As advised by the Group, Project Qingxi Sanxing No. 2 is under the application of the "Three-Old Transformation Scheme" and occupies a parcel of land. After the transformation, the site area would be approximately 16,000 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is approximately 48,000 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property is collectively owned.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date RMB** 264,200,000

Notes:

1. Pursuant to a Fixed-term-and-paid rental land contract (有期有償租賃土地合同書), a Fixed-term-and-paid rental land contract supplementary agreement (有期有償租賃土地合同書補充協定) and a mediation agreement (調解協定書), a parcel of land with a site area of approximately 16,000 sq.m. has been leased to Company G for a term commencing from 29 March 1998 to 29 March 2048.

2. Pursuant to a Rights and Duties Transfer Agreement dated 13 May 2017, Company G has agreed to transfer the rights and duties of the contract and agreements mentioned in Note 1 to Company H.

3. Pursuant to a Share Transfer Agreement dated 15 May 2017, 100% share of Company H was contracted to be transferred to Huijing Group Limited (滙景集團有限公司, "Huijing Group", an indirect wholly-owned subsidiary of the Company).

4. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB264,200,000.

5. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB16,000,000.

6. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to a residential complex with a total gross floor area of approximately 48,000 sq.m. with a land premium of approximately RMB284,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

7. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. According to the interview with the Natural Resources Bureau of Dongguan, a property without any title certificate could not be registered after transaction. However, the property interest holder may obtain the State-Owned Land Use Rights Certificate of the property after completion of the "Three-Old Transformation Scheme". The transfer of property without any title certificate is at risk of being unenforceable under applicable laws. If the above mentioned land involved urban renewal, the transferee can declare it as the beneficiary.

   b. The share transfer agreement mentioned in Note 3 is legal and valid.

8. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
31.	Project Wanjiang Gonglian located at Wanjiang District, Dongguan City, Guangdong Province, The PRC (萬江共聯片區項目)	Project Wanjiang Gonglian is located at Wanjiang District. The surrounding environment is a mix of old residential area and industrial area. As advised by the Group, the Project Wanjiang Gonglian is under the application of the "Three-Old Transformation Scheme". After the transformation, the site area would be approximately 58,230.00 sq.m. for residential and commercial uses. The proposed plot ratio gross floor area is approximately 174,690.00 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property are collectively owned.	As at the valuation date, the property was leased for industrial purpose and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date** *RMB* 1,849,200,000

Notes:

1. Pursuant to the Cooperation Framework Agreement dated 18 June 2015, Dongguan Wanjing Incorporated Economic Organization (東莞市萬江街道共聯股份經濟聯合社) and Huijing Group Limited (滙景集團有限公司, "Huijing Group", an indirect wholly-owned subsidiary of the Company) had agreed to jointly develop the property by application of the "Three-Old Transformation Scheme".

2. Pursuant to a voting record of shareholder representative meeting of Dongguan Wanjing Incorporated Economic Organization dated 9 January 2017, 98.3% of the shareholder representatives agreed the terms in the aforesaid Cooperation Framework Agreement.

3. Pursuant to a voting record of council meeting of Dongguan Wanjing Incorporated Economic Organization dated 9 January 2017, 100% of the council members agreed the terms in the aforesaid Cooperation Framework Agreement.

4. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB1,849,200,000.

5. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB58,230,000.

6. According to the Cooperation Framework Agreement mentioned in Note 1, Dongguan Wanjiang Incorporated Economic Organization is entitled to 30% of the property interests after the transformation and completion of the project. Under this arrangement, the estimated resettlement fee based on our calculated value is RMB1,103,500,000.

7. Our valuation of calculated value has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the "Three-Old Transformation Scheme" (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to residential and commercial uses and it would be developed to a residential complex with a total gross floor area of approximately 174,690 sq.m. with a land premium of RMB269,000,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. The framework agreement mentioned in Note 1 is legal and valid.

9. For the purpose of this report, the property is classified into the group as "Group V — to be acquired by the Group" according to the purpose for which it is held.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
[32].	Project Shatian Renzhou, located at Shatian Town, Dongguan City, Guangdong Province, The PRC (沙田稔洲片區項目)	Project Shatian Renzhou is located at Shatian Town, Dongguan City. The surrounding environment is a mix of old residential area and industrial area. As advised by the group, the Project Shatian Renzhou is under the application of the "Three-Old" Transformation Scheme. After the transformation, the site area would be approximately 77,688.10 sq.m. for emerging industry use (M0). The proposed plot ratio gross floor area is approximately 194,221.00 sq.m. As at the valuation date, various industrial buildings and structures were erected thereon. The land use rights of the property have been granted for a term expiring on 17 April 2055 for industrial use.	As at the valuation date, the property was vacant and will be applied for the "Three-Old Transformation Scheme".	No Commercial Value **Calculated Value as at the valuation date** *RMB* 754,200,000

Notes:

1. Pursuant to 3 Real Estate Title Certificates — Yue (2017) Dong Guan Bu Dong Chan Quan Di Nos. 0179772 to 0179774, the land use rights of a parcel of land (including the land use rights of the property) with a site area of approximately 77,688.10 sq.m. have been granted to the property owner for a term expiring on 17 April 2055 for industrial use. And the property with a total gross floor area of approximately 23,202.24 sq.m. is owned by property owner for industrial use.

2. Pursuant to an Asset Transfer Agreement signed between the property owner and Dongguan Huijing Jiaxin Properties Limited (東莞市滙景嘉信置業有限公司, "Dongguan Huijing Jiaxin", an indirect wholly owned subsidiary of the Company) dated 20 March 2019, the property was contracted to be transferred to Dongguan Huijing Jiaxin. According to the agreement, two buildings of the property with a gross floor area of approximately 1,960 sq.m. have not been provided with any Building Ownership Certificate or Real Estate Title Certificate.

3. We are of the opinion that the calculated value for reference purpose on a vacant and clear site basis assuming their title certificates have been obtained according to the proposed change of land use and development parameters provided by the Company under the "Three-Old Transformation Scheme" as at the valuation date is approximately RMB754,200,000.

4. As advised by the Group, the estimated demolition cost of the property to be paid by the Group is approximately RMB1,259,000.

5. Our valuation has been made on the following assumptions and analysis:

   a. According to the information provided by the Company, the application of redevelopment of the property according to the ''Three-Old Transformation Scheme'' (三舊改造) is in progress. As advised by the Company, the land use rights of the property would be changed to emerging industry use (M0) and it would be developed to industrial and residential complex with a total gross floor area of approximately 194,221 sq.m. with a land premium of approximately RMB176,300,000.

   b. We have identified and analyzed various relevant sales evidences of land in the locality which have similar characteristics as the subject property and conducted an interview with the Urban Renewal Bureau of Dongguan, the proposed plot ratio gross floor area provided by the Group is within a reasonable range.

6. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisers, which contains, inter alia, the following:

   a. According to the interview with the Natural Resources Bureau of Dongguan, a property without any title certificate could not be registered after transaction. However, the property interest holder may obtain the State-Owned Land Use Rights Certificate of the property after completion of the ''Three-Old Transformation Scheme''. The transfer of property without any title certificate is at risk of being unenforceable under applicable laws. If the above mentioned land involved urban renewal, the transferee can declare it as the beneficiary.

   b. The asset transfer agreement mentioned in Note 2 is legal and valid.

7. For the purpose of this report, the property is classified into the group as ''Group V — to be acquired by the Group'' according to the purpose for which it is held.

REGULATIONS ON TAXATION

Income Tax

According to the Corporate Income Tax Law of the People's Republic of China (中華人民共和國企業所得稅法) ("**CIT Law**") enacted by the NPC on March 16, 2007 and amended on February 24, 2017, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the CIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Furthermore, pursuant to the CIT Law and the Implementation Rules on the Enterprise Income Tax (企業所得稅法實施條例) promulgated by the State Council on December 6, 2007 and effective on January 1, 2008, a withholding tax rate of 10% will be applicable to any dividend payable by foreign-invested enterprises to their non-PRC enterprise investors. In addition, pursuant to the Arrangement between Mainland China and Hong Kong for the Avoidance of Double Taxation and Prevention of Fiscal Evasion with respect to Taxes on Income (內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排) signed on August 21, 2006 and applicable in Hong Kong to income derived in any year of assessment commencing on or after April 1, 2007 and in mainland China to any year commencing on or after January 1, 2007, a company incorporated in Hong Kong will be subject to withholding income tax at a rate of 5% on dividends it receives from its PRC subsidiaries if it holds a 25% or more of equity interest in each such PRC subsidiary at the time of the distribution, or 10% if it holds less than a 25% equity interest in that subsidiary. According to the Notice of the State Administration of Taxation, or SAT on issues regarding the Administration of Dividend Provisions in Tax Treaties (國家稅務總局關於執行稅收協定股息條款有關問題的通知), which was promulgated on February 20, 2009, recipients of dividends paid by PRC enterprises must satisfy certain requirements in order to obtain a preferential income tax rate pursuant to a tax treaty. One such requirement is that the taxpayer must be the "beneficiary owner" of relevant dividends. In order for a corporate recipient of dividends paid by a PRC enterprise to enjoy preferential tax treatment pursuant to a tax treaty, such recipient must be the direct owner of a certain proportion of the share capital of the PRC enterprise at all times during the 12 months preceding its receipt of the dividends. On August 27, 2015, SAT issued the Announcement of the State Administration of Taxation on Promulgation of the "Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties" (國家稅務總局關於發佈《非居民納稅人享受稅收協定待遇管理辦法》的公告), effective on November 1, 2015, and revised on June 15, 2018, which applies to entitlement to tax treaty benefits by non-resident taxpayers incurring tax payment obligation in the PRC. According to the Administrative Measures on Entitlement of Non-residents to Treatment under Tax Treaties, non-resident taxpayers who make their own declaration shall make self-assessment regarding whether they are entitled to tax treaty benefits and submit the relevant reports, statements and materials stipulated in Article 7 of the Measures. Also, all levels of tax authorities shall, through strengthening follow-up administration for non-resident taxpayers' entitlement to tax treaty benefits, implement tax treaties and international transport agreements accurately, and prevent abuse of tax treaties and tax evasion and tax avoidance risks.

Value-added Tax

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

According to the Interim Administrative Measures on the Management of Levying and Collection of Value-Added Tax on sale of Self-developed Real Estate Project by the Real Estate Developers (房地產開發企業銷售自行開發的房地產項目增值稅徵收管理暫行辦法) issued on March 31, 2016 and implemented on May 1, 2016 by SAT, real estate developer shall pay value-added tax for the sales of its self-developed real estate project.

Land Appreciation Tax

In accordance with the requirements of the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例) (the "**Land Appreciation Tax Provisional Regulations**") promulgated on December 13, 1993, implemented on January 1, 1994 and amended on January 8, 2011, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax (中華人民共和國土地增值稅暫行條例實施細則) (the "**Land Appreciation Tax Detailed Implementation Rules**") which were promulgated and implemented on January 27, 1995, land appreciation tax is payable on the appreciation value derived from the transfer of land use rights and buildings or other facilities on such land, after deducting the deductible items. Deductible items include:

1. payment for the acquisition of land use rights;

2. cost and expenses for land development;

3. cost and expenses for building new houses and supporting facilities, or evaluated prices of old houses and buildings;

4. taxes relating to transfer of real estate; and

5. other deductions specified by the Ministry of Finance.

Progressive tax rate in excess of specific amount of LAT is calculated as follows:

LAT	**LAT rate (%)**
Not in excess of 50% of the amount of deductions	30
In excess of 50% and not in excess of 100% of the amount of deductions	40
In excess of 100% and not in excess of 200% of the amount of deductions	50
In excess of 200% of the amount of deductions	60

If a taxpayer builds and sells an ordinary house and the appreciated value does not exceed 20% of the total deductions permitted by the PRC laws, LAT may be exempted.

Deed Tax

Pursuant to the Interim Regulations of the People's Republic of China on Deed Tax (中華人民共和國契稅暫行條例) promulgated by the State Council on July 7, 1997 and implemented on October 1, 1997, the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC shall be subject to the payment of deed tax. The rate of deed tax is 3 percent to 5 percent. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and the SAT for record.

The Notice of the MOF, the SAT and the MOHURD on Adjusting the Preferential Policies on Deed Tax and Business Tax during Real Estate Transactions (財政部、國家稅務總局、住房城鄉建設部關於調整房地產交易環節契稅、營業稅優惠政策的通知) promulgated on February 17, 2016 and effective on February 22, 2016 provides that: (1) the purchase of a property by an individual as the only house for his/her family (covering the purchaser and the spouse and minor children thereof) is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 1.5% if the area is over 90 square meters; and (2) the purchase of a second house by an individual for making house improvements for his/her family is subject to deed tax at a reduced rate of 1% if the area of the house is 90 square meters or less, or 2% if the area is over 90 square meters.

Urban Land Use Tax

Pursuant to the Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas (中華人民共和國城鎮土地使用稅暫行條例) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and last amended on December 7, 2013, land use tax in respect of urban land is levied according to the area of relevant land.

Building Tax

In accordance with the PRC Provisional Regulations on Real Estate Tax (中華人民共和國房產稅暫行條例) promulgated by the State Council on September 15, 1986 and amended on January 8, 2011 and the PRC State Council Order 546 (中華人民共和國國務院令2008第546號), for enterprises in PRC, no matter domestic or foreign-invested, the building tax is calculated at the rate of 1.2% on the value of self-owned real estate or at the rate of 12% on rental income derived from real estate.

Stamp Duty

Under the Interim Regulations of the People's Republic of China on Stamp Duty (中華人民共和國印花稅暫行條例) promulgated by the State Council on August 6, 1988 and implemented on October 1, 1988 and amended on January 8, 2011, for real estate transfer instruments, including those in respect of real estate ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein; for permit and certificates relating to rights, including real estate title certificates and land use rights certificates, stamp duty shall be levied on an item basis of RMB5 per item.

Municipal Maintenance Tax and Education Surcharge

On October 18, 2010, the State Council issued Notice Issued by the State Council to Unify the Collection of Municipal Maintenance Tax and Education Surcharges on Domestic and Foreign-Invested Enterprises and Individuals (國務院關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知) to resume the collection of surtaxes from foreign invested enterprises, foreign enterprises and individuals, effective from December 1, 2010. Similar to the rate applicable to the domestic enterprises, the applicable municipal maintenance tax rate for foreign invested enterprises and foreign enterprises and individuals is 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county or a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town; the unified applicable education surcharge rate for foreign invested enterprises and foreign enterprises and individuals is 3%.

REGULATIONS ON FOREIGN EXCHANGE REGISTRATION AND FOREIGN CURRENCY EXCHANGE

Foreign currency exchange

Under the PRC Foreign Currency Administration Rules (中華人民共和國外匯管理條例) promulgated in January 29, 1996 and revised in January 14, 1997 and August 5, 2008 and various regulations issued by SAFE and other relevant PRC government authorities, RMB is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividend. The conversion of RMB into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval from SAFE or its local office. Payments for transactions that take place within China must be made in RMB. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, approval from SAFE is required for its retention or sale to a financial institution engaging in settlement and sale of foreign exchange, except where such approval is not required under the rules and regulations of the State.

According to the Circular on Further Simplifying and Improving the Direct-investment-related Foreign Exchange Administration Policies (關於進一步簡化和改進直接投資外匯管理政策的通知) (the "**Circular 13**") which was promulgated on February 13, 2015 and became effective on June 1, 2015, the above mentioned registration will be handled directly by the bank that has obtained the financial institution identification codes issued by the foreign exchange regulatory authorities and has opened the capital account information system at the foreign exchange regulatory authorities in the place where it is located and the foreign exchange regulatory authorities shall perform indirect regulation over the direct investment-related foreign exchange registration via banks.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on January 9, 2019 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). The Company's constitutional documents consist of the Memorandum of Association (the "**Memorandum**") and the Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on [●] with effect from the **[REDACTED]**. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) Classes of shares

The share capital of the Company consists of ordinary shares.

(ii) Variation of rights of existing shares or classes of shares

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) Alteration of capital

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) subdivide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) Transfer of shares

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

Notwithstanding the foregoing, for so long as any shares are listed on the Stock Exchange, titles to such listed shares may be evidenced and transferred in accordance with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares. The register of members in respect of its listed shares (whether the principal register or a branch register) may be kept by recording the particulars required by Section 40 of the Companies Law in a form otherwise than legible if such recording otherwise complies with the laws applicable to and the rules and regulations of the Stock Exchange that are or shall be applicable to such listed shares.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) Power of the Company to purchase its own shares

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

The board may accept the surrender for no consideration of any fully paid share.

(vi) Power of any subsidiary of the Company to own shares in the Company

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) Calls on shares and forfeiture of shares

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) Directors

(i) Appointment, retirement and removal

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or (ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) Power to allot and issue shares and warrants

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants or convertible securities or securities of similar nature conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount to their nominal value.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) Power to dispose of the assets of the Company or any of its subsidiaries

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.

(iv) Borrowing powers

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) Remuneration

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or past Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

The board may resolve to capitalise all or any part of any amount for the time being standing to the credit of any reserve or fund (including a share premium account and the profit and loss account) whether or not the same is available for distribution by applying such sum in paying up unissued shares to be allotted to (i) employees (including directors) of the Company and/or its affiliates (meaning any individual, corporation, partnership, association, joint-stock company, trust, unincorporated association or other entity (other than the Company) that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with, the Company) upon exercise or vesting of any options or awards granted under any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting, or (ii) any trustee of any trust to whom shares are to be allotted and issued by the Company in connection with the operation of any share incentive scheme or employee benefit scheme or other arrangement which relates to such persons that has been adopted or approved by the members in general meeting.

(vi) Compensation or payments for loss of office

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) Loans and provision of security for loans to Directors

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) Disclosure of interests in contracts with the Company or any of its subsidiaries

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) Proceedings of the Board

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) Alterations to constitutional documents and the Company's name

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) Meetings of members

(i) Special and ordinary resolutions

A special resolution of the Company must be passed by a majority of not less than three fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

(ii) Voting rights and right to demand a poll

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorized representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) Annual general meetings and extraordinary general meetings

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

Extraordinary general meetings may be convened on the requisition of one or more shareholders holding, at the date of deposit of the requisition, not less than one-tenth of the paid up capital of the Company having the right of voting at general meetings. Such requisition shall be made in writing to the board or the secretary for the purpose of requiring an extraordinary general meeting to be called by the board for the transaction of any business specified in such requisition. Such meeting shall be held within 2 months after the deposit of such requisition. If within 21 days of such deposit, the board fails to proceed to convene such meeting, the requisitionist(s) himself/herself (themselves) may do so in the same manner, and all reasonable expenses incurred by the requisitionist(s) as a result of the failure of the board shall be reimbursed to the requisitionist(s) by the Company.

(iv) Notices of meetings and business to be conducted

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting and, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in newspapers in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of the directors and of the auditors.

(v) Quorum for meetings and separate class meetings

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one third in nominal value of the issued shares of that class.

(vi) Proxies

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise as if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) Accounts and audit

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. Moreover, the members may, at any general meeting, by special resolution remove the auditor at any time before the expiration of his terms of office and shall by ordinary resolution at that meeting appoint another auditor for the remainder of his term. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) Inspection of corporate records

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) Subscription rights reserve

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) Company operations

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "**Court**"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) Disposal of assets

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) Accounting and auditing requirements

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) Exchange control

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) Taxation

Pursuant to the Tax Concessions Law of the Cayman Islands, the Company has obtained an undertaking:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from January 16, 2019.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) Inspection of corporate records

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) Register of members

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) Register of Directors and Officers

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) Beneficial Ownership Register

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, more than 25% of the equity interests or voting rights of the company or have rights to appoint or remove a majority of the directors of the company. The beneficial ownership register is not a public document and is only accessible by a designated competent authority of the Cayman Islands.

Such requirement does not, however, apply to an exempted company with its shares listed on an approved stock exchange, which includes the Stock Exchange. Accordingly, for so long as the shares of the Company are listed on the Stock Exchange, the Company is not required to maintain a beneficial ownership register.

(q) Winding up

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(r) Reconstructions

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) Take-overs

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) Economic Substance Requirements

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on January 1, 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VII to this document. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY AND OUR SUBSIDIARIES

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on January 9, 2019. Our registered office is at Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Cayman, KY1-1111, Cayman Islands. We have established a principal place of business in Hong Kong at Unit 2403–2408, 24/F, Shui On Centre, 6–8 Harbour Road, Wanchai, Hong Kong, and have been registered with the Registrar of Companies in Hong Kong as a non-Hong Kong company under Part 16 of the Companies Ordinance on March 20, 2019. Mr. Lau Kam Kwok Dickson has been appointed as the authorized representative of our Company for the acceptance of service of process and notices on behalf of our Company in Hong Kong.

As our company was incorporated in the Cayman Islands, our operations are subject to the Memorandum of Association and the Articles of Association and the Cayman Companies Law. A summary of certain provisions of the Memorandum of Association and the Articles of Association and certain aspects of the Cayman Companies Law is set out in Appendix V to this document.

2. Changes in the share capital of our Company

As at the date of incorporation of our Company on January 9, 2019, our Company had an authorized share capital of HK$380,000, divided into 38,000,000 Shares of par value of HK$0.01 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this document:

(a) On the date of incorporation of our Company on January 9, 2019, one Share was allotted and issued as nil-paid to Sharon Pierson. On the same day, Sharon Pierson transferred the one nil-paid Share to Mr. Lun RX;

(b) On March 25, 2019, Mr. Lun RX transferred the one nil-paid Share to Wui Ying at a nominal value of HK$1.00;

(c) On March 27, 2019, 98 Shares and 1 Share were allotted and issued to Wui Ying and Wui Shing, respectively; and

(d) Pursuant to the extraordinary general meeting of our Shareholders held on [●] 2019, the authorized share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$[100,000,000] divided into [10,000,000,000] Shares by the creation of a further [9,962,000,000] Shares.

Immediately following the completion of the **[REDACTED]** and **[REDACTED]** but without taking into account any Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]** and any Shares to be **[REDACTED]** upon the exercise of options which have been granted under the **[REDACTED]** or which may be granted under the Share Option Schemes, the issued share capital of our Company will be HK$**[REDACTED]** divided into **[REDACTED]**

Shares, all fully paid or credited as fully paid, and **[REDACTED]** Shares will remain unissued.

Other than pursuant to the exercise of the **[REDACTED]**, any options granted under the **[REDACTED]**, and any options to be granted under the Share Option Schemes, there is no present intention to issue any of the authorized but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Our Company has no founder shares, management shares or deferred shares.

Save as disclosed above and in the subsection headed "3. Extraordinary general meeting of our Shareholders held on [●] 2019" below, there has been no alteration in the share capital of our Company since its incorporation.

3. Extraordinary general meeting of our Shareholders held on [●] 2019

Pursuant to the extraordinary general meeting of our Shareholders held on [●] 2019:

(a) we approved and adopted the Memorandum of Association and the Articles of Association in substitution for and to the exclusion of the then memorandum of association and articles of association of our Company with effect from the **[REDACTED]**;

(b) the authorized share capital of our Company will be increased from HK$380,000 divided into 38,000,000 Shares with par value of HK$0.01 each to HK$[100,000,000] divided into [10,000,000,000] Shares with par value of HK$0.01 each;

(c) subject to the conditions set out in the section headed "Structure of the **[REDACTED]** — **[REDACTED]**" in this document having been fulfilled or waived:

  (i) the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]** were approved and the Directors were authorized to allot and **[REDACTED]** the new Shares pursuant to the **[REDACTED]**, the **[REDACTED]** and the **[REDACTED]**;

  (ii) the grant of the **[REDACTED]** by our Company to the **[REDACTED]** (on behalf of the **[REDACTED]**), pursuant to which the **[REDACTED]** may require the Company to allot and **[REDACTED]** up to an aggregate of **[REDACTED]** additional new Shares to cover, among other thing, the **[REDACTED]** in the **[REDACTED]** be approved;

  (iii) the **[REDACTED]** was approved and the Directors were authorized to implement the **[REDACTED]**;

(iv) subject to the restrictions under Rule 10.08 of the Listing Rules, a general unconditional mandate was granted to the Directors to allot, **[REDACTED]** and deal with Shares or securities convertible into Shares or options, warrants or similar rights to subscribe for Shares or such convertible securities and to make or grant offers, agreements or options which would or might require the exercise of such powers, provided that the aggregate number of Shares allotted or agreed to be allotted by the Directors other than pursuant to (aa) a rights issue, (bb) any scrip dividend scheme or similar arrangement providing for the allotment of Shares in lieu of the whole or part of a dividend on Shares, (cc) the exercise of options granted pursuant to the **[REDACTED]** and the Share Option Schemes, (dd) a specific authority granted by the Shareholders in general meeting, shall not exceed the aggregate of (1) **[REDACTED]** of the number of Shares in issue immediately following the completion of the **[REDACTED]** and the **[REDACTED]** but without taking into account any Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]** and any Shares to be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and which may be granted under the Share Option Schemes (subject to adjustment in the case of a consolidation or subdivision of the Shares) and (2) the number of Shares repurchased by our Company (if any) under the general mandate to repurchase Shares referred to in sub-paragraph (iv) below, such mandate to remain in effect during the period from the passing of the resolution until the earliest of (I) the conclusion of the next annual general meeting of our Company, (II) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold the next annual general meeting of our Company and (III) the date on which the authority given to the Directors by this resolution is revoked or varied or renewed by an ordinary resolution of our Shareholders in general meeting (the "**Relevant Period**");

(iv) a general unconditional mandate was granted to the Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or on any other stock exchange on which the securities of our Company may be **[REDACTED]** and which is recognized by the SFC and the Stock Exchange for this purpose in accordance with all applicable laws and the requirements of the Listing Rules, not with an aggregate number of Shares not exceeding 10% of the total number of Shares in issue immediately following completion of the **[REDACTED]** and the **[REDACTED]** but without taking into account any Shares which may be **[REDACTED]** upon the exercise of the **[REDACTED]** and any Shares to be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and which may be granted under the Share Option Schemes (subject to adjustment in the case of a consolidation or subdivision of the Shares), such mandate to remain in effect during the Relevant Period; and

(d) conditional upon the Listing Committee granting the **[REDACTED]** of, and permission to deal in, the Shares to be **[REDACTED]** pursuant to the exercise of any options which have been granted under the **[REDACTED]** and which may be granted pursuant to the Share Option Schemes and the commencement of **[REDACTED]** of the Shares on the Stock Exchange, the rules of the **[REDACTED]** were approved, ratified, confirmed and adopted, the rules of the **[REDACTED]** were approved and adopted and our Directors were authorized to grant options to subscribe for Shares under the Share Option Schemes, and to allot, **[REDACTED]** and deal with the Shares pursuant to the exercise of the options granted under the **[REDACTED]** and which may be granted under the Share Option Schemes.

4. Our subsidiaries

Certain details of our subsidiaries are set out in Appendix I to this document. Save as set out in Appendix I to this document, we do not have any other subsidiaries.

Save as disclosed in the section headed "History, Reorganization and Group Structure" in this document, there has been no alteration in the share capital of our subsidiaries within the two years immediately preceding the date of this document.

5. Corporate Reorganization

Please refer to the subsection headed "History, Reorganization and Group Structure — Reorganization" in this document.

6. Repurchase of Shares

This paragraph sets out information required by the Stock Exchange to be included in this document relating to the repurchase by our Company of our own securities.

(a) Provision of the Listing Rules

The Listing Rules permit a company with a primary **[REDACTED]** on the Stock Exchange to repurchase its securities on the Stock Exchange subject to certain restrictions, the more important of which are summarized below:

(i) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company with a primary **[REDACTED]** on the Stock Exchange must be approved in advance by an ordinary resolution by shareholders in general meeting, either by way of general mandate or by specific approval of a particular transaction.

(ii) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with our Memorandum of Association and the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. A **[REDACTED]** company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange as amended from time to time. Subject to the foregoing, any repurchase by our Company may be made out of the profits of our Company out of our Company's share premium account or out of the **[REDACTED]** of a fresh **[REDACTED]** of Shares made for the purpose of the repurchase or, subject to the Cayman Companies Law, out of capital and, in the case of any premium payable on the purchase, out of the profits of our Company or from sums standing to the credit of the share premium account of our Company or, subject to the Cayman Companies Law, out of capital.

(iii) Trading restrictions

The total number of shares which a listed company may repurchase on the Stock Exchange is the number of shares representing up to a maximum of 10% of the aggregate number of shares in issue. A company may not issue or announce a proposed issue of new securities for a period of 30 days immediately following a repurchase (other than an issue of securities pursuant to an exercise of warrants, share options or similar instruments requiring the company to issue securities which were outstanding prior to such repurchase without the prior approval of the Stock Exchange. In addition, a listed company is prohibited from repurchasing its shares on the Stock Exchange if the purchase price is 5% or more than the average closing market price for the five preceding trading days on which its shares were traded on the Stock Exchange. The Listing Rules also prohibit a listed company from repurchasing its securities if the repurchase would result in the number of listed securities which are in the hands of the public falling below the relevant prescribed minimum percentage as required by the Stock Exchange. A listed company is required to procure that the broker appointed by it to effect a repurchase of securities shall disclose to the Stock Exchange such information with respect to the repurchase as the Stock Exchange may require.

(iv) Status of repurchased securities

All repurchased securities (whether effected on the Stock Exchange or otherwise) will be automatically delisted and the certificates for those securities must be cancelled and destroyed.

(v) Suspension of repurchases

A listed company may not make any repurchase of securities at any time after inside information has come to its knowledge until the information has been made publicly available. In particular, during the period of one month immediately preceding the earlier of (a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of a listed company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules) and (b) the deadline for publication of an announcement of a listed company's results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcement, the listed company may not repurchase its shares on the Stock Exchange other than in exceptional circumstances. In addition, the Stock Exchange may prohibit a repurchase of securities on the Stock Exchange if a listed company has breached the Listing Rules.

(vi) Reporting requirements

Certain information relating to repurchases of securities on the Stock Exchange or otherwise must be reported to the Stock Exchange not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the following business day. In addition, a listed company's annual report is required to disclose details regarding repurchases of securities made during the year, including a monthly analysis of the number of securities repurchased, the purchase price per share or the highest and lowest price paid for all such repurchases, where relevant, and the aggregate prices paid.

(vii) Connected persons

A listed company is prohibited from knowingly repurchasing securities on the Stock Exchange from a core connected person (as defined in the Listing Rules) and a core connected person is prohibited from knowingly selling his securities to the company.

(b) Reasons for repurchases

The Directors believe that the ability to repurchase Shares is in the interests of our Company and our Shareholders. Repurchases may, depending on market conditions, funding arrangements and other circumstances, result in an increase in the net assets and/or earnings per Share. The Directors sought the grant of a general mandate to repurchase Shares to give our Company the flexibility to do so if and when appropriate. The number of Shares to be repurchased on any occasion and the price and other terms upon which the same are repurchased will be decided by the Directors at the relevant time having regard to the circumstances then pertaining. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders.

(c) Funding of repurchases

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. There could be a material and adverse impact on the working capital and/or gearing position of our Company (as compared with the position disclosed in this document) in the event that the repurchase mandate were to be carried out in full at any time during the share repurchase period. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for our Company.

(d) General

The exercise in full of the repurchase mandate, on the basis of **[REDACTED]** Shares in issue immediately following the completion of the **[REDACTED]** and **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and without taking into account any

Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Options Schemes), could accordingly result in up to **[REDACTED]** Shares being repurchased by our Company during the period prior to:

(i) the conclusion of our next annual general meeting; or

(ii) the expiry of the period within which we are required by any applicable laws or the Articles of Association to hold our next annual general meeting; or

(iii) the date on which the repurchase mandate is revoked or varied by an ordinary resolution of our Shareholders in general meeting,

whichever is the earliest.

None of the Directors nor any of their respective close associates, to the best of their knowledge having made all reasonable enquiries, has any present intention to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the repurchase mandate in accordance with the Listing Rules and the applicable laws in the Cayman Islands.

No core connected person (as defined in the Listing Rules) of our Company has notified our Company that he or she has a present intention to sell Shares to our Company, or has undertaken not to do so, if the repurchase mandate is exercised.

If, as a result of any repurchase of Shares pursuant to the repurchase mandate, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purposes of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the repurchase mandate.

Any repurchase of Shares that results in the number of Shares held by the **[REDACTED]** falling below **[REDACTED]** of the total number of Shares in issue, being the relevant minimum prescribed percentage as required by the Stock Exchange, could only be implemented if the Stock Exchange agreed to waive the requirement regarding the public float under Rule 8.08 of the Listing Rules. However, our Directors have no present intention to exercise the repurchase mandate to such an extent that, under the circumstances, there would be insufficient public float as prescribed under the Listing Rules.

B. FURTHER INFORMATION ABOUT OUR BUSINESS

1. Material contracts

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by our Company or its subsidiaries within the two years preceding the date of this document and are or may be material:

(a) the equity transfer agreement dated January 28, 2019 signed between Mr. Chen GL and Huijing Group, pursuant to which Mr. Chen GL transferred 60% shareholding interest in Huijing Property Development to Huijing Group for the consideration of RMB2,000.0;

(b) the equity transfer agreement dated January 28, 2019 signed between Ms. Lin JL and Huijing Group, pursuant to which Ms. Lin JL transferred 40% shareholding interest in Huijing Property Development to Huijing Group for the consideration of RMB2,000.0;

(c) the equity transfer agreement dated December 18, 2018 signed between Mr. Chen GL and Dongguan Huijing Jiayu pursuant to which Mr. Chen GL transferred 50% shareholding interest in Dongguan Zhengyun to Dongguan Huijing Jiayu for the consideration of RMB2.0 million;

(d) the equity transfer agreement dated December 18, 2018 signed between Ms. Lin JL and Dongguan Huijing Jiayu pursuant to which Ms. Lin JL transferred 50% shareholding interest in Dongguan Zhengyun to Dongguan Huijing Jiayu for the consideration of RMB2.0 million;

(e) the equity transfer agreement dated January 30, 2019 signed between Dongguan Haiqi and Dongguan Huijing Jiayu pursuant to which Dongguan Haiqi transferred 100% of shareholding interest in Dongguan Zhanfeng to Dongguan Huijing Jiayu for the consideration of RMB1.0 each;

(f) the equity transfer agreement dated January 14, 2019 signed between Dongguan Haiqi and Dongguan Huijing Jiayu pursuant to which Dongguan Haiqi transferred 100% of shareholding interest in Dongguan Zhanrun to Dongguan Huijing Jiayu for zero consideration;

(g) the equity transfer agreement dated January 14, 2019 signed between Dongguan Haiqi and Dongguan Huijing Jiayu pursuant to which Dongguan Haiqi transferred 100% of shareholding interest in Dongguan Zhanhua to Dongguan Huijing Jiayu for zero consideration;

(h) the equity transfer agreement dated January 28, 2019 signed between Dongguan Haiqi and Dongguan Huijing Jiayu pursuant to which Dongguan Haiqi transferred 100% of shareholding interest in Dongguan Guanfeng to Dongguan Huijing Jiayu for consideration of RMB1;

(i) the share transfer agreement dated January 30, 2019 signed between Sing Hui Holdings and Hai Feng Holdings pursuant to which Sing Hui Holdings transferred 100% of the shareholding in Dongguan Haiya to Hai Feng Holdings at the consideration of RMB1.0;

(j) the Deed of Non-competition;

(k) the Deed of Indemnity;

(l) the **[REDACTED]**; and

(m) the Share Swap Agreement.

2. Material intellectual property rights

(a) Registered trademarks owned by the Group

As at the Latest Practicable Date, we had registered the following trademarks in the PRC which our Directors consider to be or may be material to our business.

Trademark	Registration number	Class	Name of registered owner	Place of registration	Expiry date
	7453216	36	Huiing Group	PRC	October 27, 2020
	7453207	36	Huiing Group	PRC	October 27, 2020
	7453174	35	Huijing Group	PRC	November 23, 2020
汇景	8850983	37	Huiing Group	PRC	January 6, 2022
汇景	8850961	36	Huiing Group	PRC	February 6, 2022
	7453183	35	Huijing Group	PRC	November 27, 2023
	8812606	35	Huijing Group	PRC	January 27, 2024
	8812631	36	Huiing Group	PRC	January 27, 2024

As at the Latest Practicable Date, our Group had made applications for trademark registration in Hong Kong the following trademarks which our Directors consider to be or may be material to our Group's business:

Trademark	Application number	Class	Name of registered owner	Place of registration	Status
HUIJING滙景	305065281	16, 19, 35, 36, 37, 42	Our Company	Hong Kong	Application in progress
HUIJING汇景	305065308	16, 19, 35, 36, 37, 42	Our Company	Hong Kong	Application in progress
HUIJING滙景	305065254	16, 19, 35, 36, 37, 42	Our Company	Hong Kong	Application in progress
HUIJING汇景	305065263	16, 19, 35, 36, 37, 42	Our Company	Hong Kong	Application in progress

(b) Domain names

As at the Latest Practicable Date, we had registered the following domain names which are material to our business:

Domain name	Registrant	Expiry Date
huijingdc.com	Huijing Group	March 13, 2020
huijinggroup.com.cn	Huijing Group	March 13, 2020
huijingholdings.com	Huijing Group	January 30, 2029

(c) Patents

As at the Latest Practicable Date, our Group had not registered patents which are material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

Immediately following completion of the **[REDACTED]** and **[REDACTED]** and without taking into account any Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]** and any Shares to be **[REDACTED]** upon the exercise of the options which may be granted under the Share Option Schemes, the interests and/or short positions of the Directors and chief executive of our Company in the shares, underlying shares and debentures of our Company and our associated companies (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are **[REDACTED]** on the Stock Exchange, will be as follows:

(i) Interest in the Shares

Name of Director	Capacity/nature of interest	Number of Shares held in our Company immediately after the completion of the [REDACTED] and the [REDACTED] *(Note 1)*	Percentage of shareholding in our Company immediately after the completion of the [REDACTED] and the [REDACTED]
Mr. Lun RX	Interest in a controlled corporation *(Note 2)*	**[REDACTED]** (L)	**[REDACTED]**%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be owned as to **[REDACTED]**% by Wui Ying immediately after completion of the **[REDACTED]** and the **[REDACTED]** (assuming that the **[REDACTED]** is not exercised and without taking into account any Shares which may be **[REDACTED]** upon the exercise of the options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes). Wui Ying is wholly-owned by Mr. Lun RX.

(ii) Interest in underlying Shares

Name of Director	Nature of Interest	Number of underlying Shares subject to the [REDACTED]	Approximate percentage of shareholding *(Note 1)*
Mr. Lun RX	Beneficial owner	**[REDACTED]**	**[REDACTED]**
Ms. Chan *(Note 2)*	Interest of spouse	**[REDACTED]**	**[REDACTED]**
Mr. Lun ZM	Beneficial owner	**[REDACTED]**	**[REDACTED]**
Mr. Lu	Beneficial owner	**[REDACTED]**	**[REDACTED]**
Mr. Lau	Beneficial owner	**[REDACTED]**	**[REDACTED]**

Notes:

1. The percentage is for illustrative purpose only and is calculated based on the number of Shares in issue immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account the Shares which may be allotted and **[REDACTED]** upon the exercise of the **[REDACTED]**, the **[REDACTED]** and the options which may be granted under the **[REDACTED]**).

2. Mr. Lun RX was granted options under the **[REDACTED]** to subscribe for **[REDACTED]** Shares. Mr. Lun RX and Ms. Chan are spouses. Pursuant to Part XV of the SFO, Ms. Chan is deemed to be interested in the Shares subject to the share option granted to Mr. Lun RX.

(iii) Interests in the associated companies

Name of Director	Name of associated company	Capacity/nature of interest	Number of class of securities in the associated company	Percentage of shareholding interests in associated company
Mr. Lun RX	Wui Ying	Beneficial owner *(Note)*	**[REDACTED]**	**[REDACTED]**%

Note:

1. The disclosed interest represents the interests in the associated company.

So far as is known to any Director or the chief executive of our Company as at the Latest Practicable Date, save as disclosed above, none of the Directors or chief executive of our Company will, immediately following completion of the **[REDACTED]** and **[REDACTED]** and without taking into account any Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]** and options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes or any Shares to be **[REDACTED]** upon the exercise of the options which may be granted under the Share Option Schemes, have any interests or short positions in the shares, underlying shares or debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to Section 352 of the SFO, to be entered in the register referred to in that section, or which will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers as set out in Appendix 10 to the Listing Rules, to be notified to our Company and the Stock Exchange, once the Shares are **[REDACTED]** on the Stock Exchange.

So far as is known to any Director or the chief executive of our Company as at the Latest Practicable Date, immediately following completion of the **[REDACTED]** and **[REDACTED]** and taking no account of any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]** or any Shares to be **[REDACTED]** upon the exercise of options which may be granted under the Share Option Schemes, the persons (other than a Director or the chief executive of our Company) who will have interests and/or short positions in our Shares, underlying Shares or debentures of our Company which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares are **[REDACTED]** on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group are as follows:

Name	Capacity/nature of interest	Number of Shares held in our Company immediately after the completion of the [REDACTED] and the [REDACTED] *(Note 1)*	Percentage of shareholding in our Company immediately after the completion of the [REDACTED] and the [REDACTED]
Wui Ying	Beneficial interest *(Note 2)*	**[REDACTED]** (L)	**[REDACTED]**%
Mr. Lun RX	Interest in controlled corporation and interest of spouse *(Note 3)*	**[REDACTED]** (L)	**[REDACTED]**%
Ms. Chan	Interest of spouse and interest of spouse *(Note 4)*	**[REDACTED]** (L)	**[REDACTED]**%
Wui Shing	Beneficial interest *(Note 2)*	**[REDACTED]** (L)	**[REDACTED]**%

Notes:

1. The letter "L" denotes a person's "long position" (as defined under Part XV of the SFO) in such Shares.

2. Our Company will be directly owned as to **[REDACTED]**% and **[REDACTED]**% by Wui Ying and Wui Shing, respectively immediately after the completion of the **[REDACTED]** and the **[REDACTED]** (without taking into account any options that may be granted under the Share Option Schemes). Each of Wui Ying and Wui Shing is beneficially wholly-owned by Mr. Lun and Ms. Chan respectively.

3. Wui Ying is beneficially wholly-owned by Mr. Lun RX and Mr. Lun RX is deemed to be interested in the same number of Shares held by Wui Ying by virtue of the SFO. Since Mr. Lun RX is the spouse of Ms. Chan, he is also deemed to be interested in the same number of Shares which are held by Ms. Chan and Wui Shing by virtue of the SFO. As such, each of Mr. Lun RX and Wui Ying was interested in 100 Shares, representing 100.0% of the total number of Shares of the Company prior to the **[REDACTED]** and the **[REDACTED]**, and was **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total number of Shares of the Company immediately following the completion of the **[REDACTED]** and **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**).

4. Wui Shing is beneficially wholly-owned by Ms. Chan and Ms. Chan is deemed to be interested in the same number of Shares held by Wui Shing by virtue of the SFO. Since Ms. Chan is the spouse of Mr. Lun RX, she is also deemed to be interested in the same number of Shares which are held by Mr. Lun RX and Wui Ying by virtue of the SFO. As such, each of Ms. Chan and Wui Shing was interested in 100 Shares, representing 100.0% of the total number of Shares of the Company prior to the **[REDACTED]** and the **[REDACTED]**, and was **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total number of Shares of the Company immediately following the completion of the **[REDACTED]** and **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**).

Save as disclosed in the section headed ''Substantial Shareholders'' and the paragraph headed "C. Further Information about our Directors and Chief Executive and Substantial Shareholders'' of this document, so far as is known to any Directors or the chief executive of our Company as at the Latest Practicable Date, immediately following completion of the **[REDACTED]** and **[REDACTED]** and taking no account of any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]** and options which have been granted under the **[REDACTED]** and any options which may be granted under the Share Option Schemes or any Shares to be **[REDACTED]** upon the exercise of options which may be granted under the Share Option Schemes, there are no other person (other than a Director or the chief executive of our Company) who will have interests and/or short positions in the Shares, the underlying Shares or debentures of our Company which will fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO once our Shares are **[REDACTED]** on the Stock Exchange or who will be directly or indirectly interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

2. Directors' service contracts and letters of appointment

Our Company entered into a service contract with each of our Executive Directors and Non-executive Directors and a letter of appointment with each of our Independent Non-executive Directors on [●] 2019. Each of the service contracts and the letters of appointment is for an initial fixed term of three years commencing from the **[REDACTED]**.

Save as disclosed above, none of our Directors has entered into, or has proposed to enter into, a service contract with any member of our Group (other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation)).

3. Directors' remuneration

The aggregate remuneration (including fees, salaries, contributions to pension schemes, discretionary bonuses, housing and other allowances and other benefits in kind) paid to the Directors for each of the three years ended December 31, 2018 and the six months ended June 30, 2019 were approximately HK$2.2 million, HK$2.7 million, HK$4.2 million and RMB8.1 million, respectively.

Save as disclosed above, no other payments have been made or are payable by any of member of our Group to any of the Directors during the Track Record Period.

Under the arrangements currently in force, we estimate the aggregate remuneration, excluding discretionary bonus, of the Directors for the year ending December 31, 2019 to be approximately HK$5.6 million.

4. Directors' competing interests

None of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

(a) none of the Directors has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to, any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group; and

(b) none of the Directors is materially interested in any contract or arrangement subsisting at the date of this document which is significant in relation to the business of our Group taken as a whole.

D. SHARE OPTION SCHEMES

1. [REDACTED]

The following is a summary of the principal terms of the **[REDACTED]** effective from April 6, 2019. The terms of the **[REDACTED]** are not subject to the provisions of Chapter 17 of the Listing Rules as the **[REDACTED]** will not involve the grant of options by us to subscribe for Shares after the **[REDACTED]**.

(a) Purpose

The purpose of the **[REDACTED]** is to provide selected participants with the opportunity to acquire proprietary interests in the Company and to encourage selected participants to work towards enhancing the value of the Company and its Shares for the benefit of the Company and its Shareholders as a whole. The **[REDACTED]** provides the Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Who may join

Our Board (which expression shall, for the purpose of this paragraph, include a duly authorized committee thereof) may determine any directors and employees of any member of our Group, whom our Board considers, in its sole discretion, have contributed to our Group, to take up options to subscribe for Shares.

(c) Maximum number of Shares

The overall limit on the number of Shares which may be **[REDACTED]** upon exercise of all outstanding options granted and yet to be exercised under the **[REDACTED]** at any time shall not exceed **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total issued Shares immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**, the **[REDACTED]** and the options which may be granted under the **[REDACTED]**) (the "**Scheme Limit**").

(d) Vesting Period

The underlying Shares in respect of the options may be vested in the Grantees in accordance with the vesting schedule set out below, subject to the satisfaction of the performance condition as determined by the Board at its discretion.

Vesting date	**Maximum percentage of underlying Shares in respect of the options may be vested**
At any time on or after the **[REDACTED]** to the date immediately before the first anniversary of the **[REDACTED]**	20%
At any time on or after the date falling on the first anniversary of the **[REDACTED]** to the date immediately before the second anniversary of the **[REDACTED]**	20%
At any time on or after the date falling on the second anniversary of the **[REDACTED]** to the date immediately before the third anniversary of the **[REDACTED]**	20%
At any time on or after the date falling on the third anniversary of the **[REDACTED]** to the date immediately before the fourth anniversary of the **[REDACTED]**	20%
At any time on or after the date falling on the fourth anniversary of the **[REDACTED]** to the date immediately before the fifth anniversary of the **[REDACTED]**	20%

Notwithstanding the above, the Board may in its sole discretion amend the vesting schedule and vest any percentage of the underlying Shares in respect of the options.

(e) Subscription price for Shares

The subscription price in relation to each option granted under the **[REDACTED]** shall be **[REDACTED]**% to **[REDACTED]**% of the **[REDACTED]**.

A nominal consideration of RMB1.0 is payable by a Grantee upon acceptance of the grant of the options.

(f) Time of acceptance and exercise of option

An option may be accepted by a participant within 10 business days from the date of the offer of grant of the option.

An option may be exercised in accordance with the terms of the **[REDACTED]** at any time during a period to be determined and notified by our Directors to each Grantee, which period may commence on a day after the date upon which the offer for the grant of options is made but shall end in any event not later than 10 years from the date of grant of the option subject to the provisions for early termination under the **[REDACTED]**.

(g) Cancellation of options granted

Any options granted but not exercised may be cancelled if the relevant Grantee so agrees in writing. Issuance of new options to the same Grantee may only be made if there are unissued options available under the **[REDACTED]** (excluding the cancelled options) and in compliance with the terms of the **[REDACTED]**.

(h) Lapse of an option

An option shall lapse automatically (to the extent not already exercised and subject always to the terms and conditions upon which such option was granted) on the earliest of the expiry of the period referred to in sub-paragraph (f) or:

(i) the expiry of the periods or dates referred to in sub-paragraphs (j), (k), (m) and (n);

(ii) the date on which the Grantee (being an employee or a director of the Group) ceases to be a participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offense involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily;

(iii) the date on which the Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of our Company;

(iv) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;

(v) unless our Board otherwise determines, and other than in the circumstances referred to in sub-paragraphs (j) or (k), the date the Grantee ceases to be a participant (as determined by a Board resolution) for any other reason;

(vi) the date on which the Board determines at its sole discretion that allowing the relevant Grantee to exercise the option is not in the best interests of the Company; or

(vii) the date on which the Board determines at its sole discretion that there is no reasonable prospect of obtaining the **[REDACTED]** approval for the Shares to be **[REDACTED]** pursuant to the exercise of the options from the Stock Exchange.

*(i) Term of the **[REDACTED]***

The **[REDACTED]** will remain in force for the term ending on the latest practicable date for ascertaining certain information contained in this document prior to the printing of this document (inclusive of the date).

(j) Rights on ceasing employment

If the Grantee of an option is an eligible employee and ceases to be an eligible employee for any reason other than death, or on other grounds referred to in sub-paragraph (l) below before exercising his or her option in full, the Grantee may exercise the options then vested at any time prior to or the date of cessation unless the Board otherwise determines, in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the Grantee was physically at work with our Group whether salary is paid in lieu of notice or not.

(k) Rights on death

If the Grantee of an option ceases to be a participant by reason of his death, before exercising the option in full, the personal representative(s) of the Grantee shall be entitled to exercise the option in whole or in part within a period following the date of death of the Grantee as determined by the Board.

(l) Rights on dismissal

If the Grantee of an option ceases to be a participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offense involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily, his option will lapse automatically.

(m) Rights on a general offer, a compromise or arrangement

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, the Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if our Company shall forthwith give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

In the event of a compromise or arrangement, other than a scheme of arrangement, between our Company and our Shareholders and/or creditors being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors summoning the meeting to consider such a scheme or arrangement and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(n) Rights on winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(o) Effects of alterations in the capital structure of our Company

In the event of an alteration in the capital structure of the Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of the Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of the Company as a result of an issue of Shares as consideration in a transaction to which the Company is a party), such corresponding alterations (if any) shall be made to:

(i) the number or nominal amount of Shares comprised in each option so far as unexercised;

(ii) the subscription price; and/or

(iii) the method of exercise of the option,

or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular Grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each Grantee the same proportion of the equity capital of our Company as that to which that Grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) in this sub-paragraph is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the Grantees. The costs of the auditors or financial adviser (as the case may be) shall be borne by our Company.

The Shares to be allotted and **[REDACTED]** upon the exercise of an option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the memorandum and articles of association of our Company for the time being in force and will rank pari passu with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared or recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(p) Others

The exercise of the **[REDACTED]** is conditional on the Listing Committee granting or agreeing to grant approval of (subject to such condition as the Stock Exchange may impose) the **[REDACTED]** of and permission to **[REDACTED]** such number of Shares to be **[REDACTED]** pursuant to the exercise of any **[REDACTED]** and the commencement of **[REDACTED]** in the Shares on the Stock Exchange. Application has been made to the Listing Committee for the **[REDACTED]** of and permission to **[REDACTED]** the Shares to be **[REDACTED]** pursuant to the exercise of any **[REDACTED]**.

The rights of the Grantee of an option referred to in sub-paragraphs (j) to (n) above are subject to the terms and conditions upon the option was granted.

Any alterations to the terms and conditions of the **[REDACTED]** which are of a material nature or any change to the terms of options granted (except changes made to the terms and conditions of options granted at the request of the Stock Exchange and/or other regulatory authorities) must be approved by our Shareholders in a general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the **[REDACTED]**.

Any change to the authority of our Directors or the scheme administrators in relation to any alteration to the terms of the **[REDACTED]** shall be approved by our Shareholders in a general meeting.

(q) Outstanding options granted

As at April 6, 2019, options to subscribe for an aggregate of **[REDACTED]** Shares, representing approximately **[REDACTED]**% of the total issued Shares immediately following the **[REDACTED]** and completion of the **[REDACTED]** (without taking into account any Shares which may be allotted and **[REDACTED]** pursuant to the exercise of the **[REDACTED]**, the **[REDACTED]** and the options which may be granted under the **[REDACTED]**) have been granted by our Company under the **[REDACTED]** to 43 Grantees, including four Directors, four members of our senior management, one connected person of our Company (other than Directors and chief executive of our Company) and 34 other Grantees. As at the Latest Practicable Date, options to subscribe for **[REDACTED]** Shares had lapsed and on October 23, 2019, we have conditionally granted **[REDACTED]** **[REDACTED]** ("**Second Grant**").

The table below sets out the details of outstanding options granted under the **[REDACTED]**:

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED] *(Note 1)*
Mr. Lun Ruixiang (倫瑞祥) *(Notes 2 and 8)*	Flat C, 18th Floor Block 5 The Regalia 33 King's Park Rise Kowloon, Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
		[REDACTED]	October 23, 2019	**[REDACTED]**%

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED] *(Note 1)*
Mr. Lun Zhao Ming (倫照明) *(Note 3)*	Flat 701, Block A Lakeview Residence Dongjun Palace 28 Dongjun Road Dongguan, Guangzhou PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Mr. Lu Peijun (盧沛軍) *(Note 3)*	Room D401 Development Building Houjie Dongguan, Guangzhou PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Mr. Lin Shugen (林樹根) *(Note 5)*	2531, Haiyi Haoting Houjie Dongguan City District Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Mr. Chen Shaobin (陳少斌) *(Notes 4, 5)*	Flat C, 19th Floor Block 5 The Regalia 33 King's Park Rise Kowloon, Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Ms. Chan Hau Wan (陳巧雲) *(Note 8)*	House 98, King's Park Hill, I-98 King's Park Hill Road King's Park, Kowloon Hong Kong	**[REDACTED]**	October 23, 2019	**[REDACTED]**%
Mr. Lau Kam Kwok Dickson (劉金國) *(Note 3)*	Flat C, 7th Floor Lotus Mansion No. 6 Taikoo Wan Road Quarry Bay, Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED] *(Note 1)*
Fan Nian (范念)	Room 503 Lianhu Regal Garden Tangxia Town Guangzhou, Dongguan PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Wang Bo (王波) *(Note 5)*	2A-401 Lidao Purple Garden Hongshan District Wuhan City, Hubei Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Luo Chengyu (羅成煜)	Block 4, Zone A Juxing Island Dongcheng E Road Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Long Bo (龍波) *(Note 5)*	Room 1605, Tower C, Block 1, Oceanwide City Square Nanshan District Shenzhen PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Ye Yangchun (葉楊春)	1601, Unit 2, Block 3, Jincheng Haufu, Phase 1, 21 Hong Wei Road Nancheng District Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Tang Lixiang (唐立湘) *(Note 8)*	Room 2708, Block 1, Zhongyang Haomen 152 Longsheng Road Shilong Town Dongguan	**[REDACTED]**	October 23, 2019	**[REDACTED]**%

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED] *(Note 1)*
Yeung Wai Fai Andrew (楊煒輝) *(Note 8)*	3A Mount Parker Residences 1 Sai Wan Terrace Island East Hong Kong	**[REDACTED]**	October 23, 2019	**[REDACTED]**%
Han Linsong (韓林松) *(Note 8)*	22F, Mingshuixuan, Jinri Jiayuan 78 Dongchang Road Luohu District Shenzhen Guangdong Province	**[REDACTED]**	October 23, 2019	**[REDACTED]**%
Wen Jia (文甲)	Unit 301, Apartment A4 Fengshang Apartment 9 Hongtu Road Nancheng District Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Huang Yue (黃越)	Room 2501, Unit 1 Block 11, Lanxi Valley CITIC Forest Lake 139 Dongguan Avenue Nancheng Sub-district Office Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Wang Di (王迪)	Room 17B Han Cheong Building 20–26 Shanghai Street Jordan Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Wang Hui (王輝)	Room 1715, Block A Century Gemini Hostel Houjie Town Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%

Name of Grantee	**Address**	**Number of Shares under the options granted**	**Date of grant**	**Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED]** *(Note 1)*
Lu Xiaomei (盧笑梅)	Room 601, Block 7 Huijing Central Palace 1 North Ring Road Houjie Town Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Fang Yuejuan (方月娟)	Room 702, Block 8 Huijing Central Palace 1 North Ring Road Houjie Town Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Ms. Lin Jinlan (林金蘭) *(Note 6)*	No. 6, Section 9 Qiaotou Phongchung Road West Houjie Town Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Lin Yuqi (林瑀琦) *(Note 7)*	Block C4B, Diaoyutai Villa 1 Hepingyiheng Road Haidian Island, Meilan District Haikou City, Hainan Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Liu Yamin (劉亞敏)	Room 902, Block 12 Bauhinia Court Gemdale Green Town Hong Wei Road Nancheng District Dongguan Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED] *(Note 1)*
Pan Zhou (潘舟)	Room 21G, Haiyi Court Huijing Garden 10 Kexing Road Nanshan District Shenzhen Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Wang Chao (王超)	Room 1801, A4 7 Haiqing Road Guangzhou City, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Chen Xiuwei (陳秀瑋)	Flat 2, 4/F, Block J Tai Fong Building Cosmopolitan Estate 55 Ivy Street, Tai Kok Tsui Kowloon, Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Lo Chi Ho Wilfred (羅熾顥)	Flat B, 53/F, Block 5, Park Central 9 Tong Tak Street Tseung Kwan O Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Hui Sum Yi (許心怡)	Room 4, 10/F, Yee Yan House Yeek Kok Court Shamshuipo, Kowloon Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Hang Chu Kwong (幸曙光)	Flat 2313, 23/F Pang Ching Court Chuk Yuen, Wong Tai Sin Kowloon, Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Jiang Chunming (江春明)	Room 206, Block 3, Versailles Citic Kaixuancheng Dongcheng Dongguan, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED] *(Note 1)*
Xu Jike (徐繼科)	B505, Block 2, Juxian Village North Ring Road Houjie Town Dongguan City Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Yu Jingyao (余敬堯)	Room 1806, Block D Huijing Haoting, Houjie Dongguan, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Yi Weiping (易偉平)	3–2102, Danguixuan Liaobu Vanke City Golf Garden Dongguan, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Xu Xianjun (徐顯軍)	Room 515, 5/F Huijing International Apartment Yuewang Avenue Heyuan, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Fang Jinhong (方錦洪)	Room 1105, Unit 1 Huijing Mansion 262 North Ring Road Houjie Town Dongguan, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Long Xiangping (龍向平)	No. 1210, Gemini Mansion, Houjie Town Dongguan, Guangdong Province, PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Guo Jianping (郭建平)	Room 9#402 East Lake West Road Guangzhou, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%

Name of Grantee	Address	Number of Shares under the options granted	Date of grant	Approximate percentage of [REDACTED] Shares immediately after completion of the [REDACTED] *(Note 1)*
Zhao Chunhua (趙春華)	102, Unit 3, No.12 Jinse Huating Hongwei Road Dongguan Avenue Xiping, Nancheng Dongguan City District Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Cheung Chun Man (張俊文)	Flat E, 12/F, Block 6 Tuen Mun Town Plaza Tuen Mun, NT Hong Kong	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Sun Shengbo (孫聖波)	Block 1, Zhonghui Liyang Times Guanzhang Road Dongcheng Dongguan, Guangdong Province PRC	**[REDACTED]**	April 6, 2019	**[REDACTED]**%
Total		**[REDACTED]**		**[REDACTED]**%

Notes:

1. The above table assumes that the **[REDACTED]**, the **[REDACTED]** and the options which may be granted under the Share Option Schemes are not exercised. On every vesting date, a maximum of **[REDACTED]**% of the underlying Shares in respect of the **[REDACTED]** may be vested in the Grantee, subject to the satisfaction of performance condition as determined by the Board at its discretion. Notwithstanding the above, the Board may in its sole discretion amend the vesting schedule and vest any percentage of the underlying Shares in respect of the **[REDACTED]**.

2. Mr. Lun RX is our Chairman, Non-executive Director and Controlling Shareholder.

3. Mr. Lun ZM, Mr. Lau Kam Kwok Dickson and Mr. Lu Peijun are our Executive Directors.

4. From June 2011 and up to October 2015, Mr. Chen Shaobin held 100% of the equity interest in Hai Feng Holdings Limited on trust for Mr. Lun RX. Such trust arrangement was unwound in October 2015.

5. Mr. Wang Bo, Mr. Chen Shaobin, Mr. Lin Shugen and Mr. Long Bo are members of our senior management.

6. Ms. Lin Jinlan is spouse of Mr. Chen GL and sister-in-law of Ms. Chan and therefore a connected person of our Company upon **[REDACTED]**.

7. Lin Yuqi failed to reply his acceptance of the option to subscribe for **[REDACTED]** Shares within the specified time frame. As such, the grant had lapsed as at the Latest Practicable Date.

8. Lun Ruixiang, Chan Hau Wan, Yeung Wai Fai Andrew, Tang Lixiang and Han Linsong were granted the option to subscribe for **[REDACTED]**, **[REDACTED]**, **[REDACTED]**, **[REDACTED]** and **[REDACTED]** Shares under the Second Grant on October 23, 2019, respectively.

2. [REDACTED]

The following is a summary of the principal terms of the **[REDACTED]** conditionally adopted by the resolutions in writing of our Shareholders passed on [●] 2019.

(a) Purpose of the ***[REDACTED]***

The purpose of the **[REDACTED]** is to provide selected participants with the opportunity to acquire proprietary interests in our Company and to encourage selected participants to work towards enhancing the value of our Company and its Shares for the benefit of our Company and Shareholders as a whole. The **[REDACTED]** will provide our Company with a flexible means of retaining, incentivising, rewarding, remunerating, compensating and/or providing benefits to selected participants.

(b) Selected participants to the ***[REDACTED]***

Any individual, being an employee, director, officer, consultant, adviser, distributor, contractor, customer, supplier, agent, business partner, joint venture business partner or service provider of any member of our Group or any affiliate who the Board or its delegate(s) considers, in their sole discretion, to have contributed or will contribute to our Group is entitled to be offered and granted options. However, no individual who is resident in a place where the grant, acceptance or exercise of options pursuant to the **[REDACTED]** Scheme is not permitted under the laws and regulations of such place or where, in the view of the Board or its delegate(s), compliance with applicable laws and regulations in such place makes it necessary or expedient to exclude such individual, is eligible to be offered or granted options.

(c) Maximum number of Shares

The total number of Shares which may be **[REDACTED]** upon exercise of all options to be granted under the **[REDACTED]** and any other schemes is **[REDACTED]** Shares, being no more than **[REDACTED]**% of the Shares in issue on the date the Shares commence trading on the Stock Exchange (the "**Option Scheme Mandate Limit**") (excluding any Shares which may be **[REDACTED]** pursuant to the exercise of the **[REDACTED]**, the **[REDACTED]** and the options which may be granted under the **[REDACTED]**). Options which have lapsed in accordance with the terms of the rules of the **[REDACTED]** (or any other share option schemes of our Company) shall not be counted for the purpose of calculating the Option Scheme Mandate Limit.

The overall limit on the number of Shares which may be **[REDACTED]** upon exercise of all outstanding options granted and yet to be exercised under the **[REDACTED]** and any other share option schemes of our Company at any time (and to which the provisions of Chapter 17 of the Listing Rules are applicable) must not exceed **[REDACTED]**% of the Shares in issue from time to time (the "**Option Scheme Limit**"). No options may be granted under any schemes of our Company (or our Subsidiaries) if this will result in the Option Scheme Limit being exceeded.

The Option Scheme Mandate Limit may be refreshed at any time by obtaining prior approval of our Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time. However, the refreshed Option Scheme Mandate Limit cannot exceed **[REDACTED]**% of the Shares in issue as at the date of such approval. Options previously granted under the **[REDACTED]** and any other share option schemes of our Company (and to which provisions of Chapter 17 of the Listing Rules are applicable) (including those outstanding, cancelled or lapsed in accordance with its terms or exercised), shall not be counted for the purpose of calculating the refreshed Option Scheme Mandate Limit.

Our Company may also grant options in excess of the Option Scheme Mandate Limit, provided such grant is to specifically identified selected participant and is first approved by Shareholders in general meeting.

(d) Maximum entitlement of a grantee

Unless approved by our Shareholders, the total number of Shares **[REDACTED]** and to be **[REDACTED]** upon exercise of the options granted and to be granted under the **[REDACTED]** and any other share option scheme(s) of our Company to each selected participant (including both exercised and outstanding options) in any 12-month period shall not exceed **[REDACTED]**% of the total number of Shares in issue (the "**Individual Limit**"). Any further grant of options to a selected participant which would result in the aggregate number of Shares issued and to be issued upon exercise of all options granted and to be granted to such selected participant (including exercised, cancelled and outstanding options) in the 12 month period up to and including the date of such further grant exceeding the Individual Limit shall be subject to separate approval of our Shareholders (with such selected participant and his associates abstaining from voting).

(e) Performance target

The **[REDACTED]** does not set out any performance targets that must be achieved before the options may be exercised. However, the Board or its delegate(s) may at their sole discretion specify, as part of the terms and conditions of any option, such performance conditions that must be satisfied before the option can be exercised.

(f) Subscription price

The amount payable for each Share to be subscribed for under an option (the "**Subscription Price**") in the event of the option being exercised shall be determined by the Board but shall be not less than the greater of:

(i) the **[REDACTED]** of a Share as stated in the daily quotations sheet issued by the Stock Exchange on the date of grant;

(ii) the average **[REDACTED]** of the Shares as stated in the daily quotations sheets issued by the Stock Exchange for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share on the date of grant.

(g) Rights are personal to grantee

An option is personal to the grantee and shall not be transferable or assignable and no grantee shall in any way sell, transfer, charge, mortgage, encumber or otherwise dispose of or create any interest in favor of or enter into any agreement with any other person over or in relation to any option, except for the transmission of an option on the death of the grantee to his personal representative(s) on the terms of the **[REDACTED]**.

(h) Options granted to directors or substantial shareholders of our Company

Each grant of options to any director, chief executive or substantial shareholder of our Company (or any of their respective associates) must first be approved by the Independent Non-executive Directors (excluding any Independent Non-executive Director who is a proposed recipient of the grant of options).

Where any grant of options to a substantial shareholder or an Independent Non-executive Director of our Company (or any of their respective associates) would result in the number of Shares **[REDACTED]** and to be **[REDACTED]** upon exercise of all options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over **[REDACTED]**% (or such other higher percentage as may from time to time be specified by the Stock Exchange) of the Shares in issue; and

(ii) having an aggregate value, based on the **[REDACTED]** of the Shares as stated in the daily quotations sheets issued by the Stock Exchange on the date of grant, in excess of HK$**[REDACTED]** (or such other higher amount as may from time to time be specified by the Stock Exchange),

such further grant of options must also be first approved by the Shareholders (voting by way of poll) in a general meeting. In obtaining the approval, our Company shall send a circular to the Shareholders in accordance with and containing such information as is required under the

Listing Rules. All connected persons of our Company shall abstain from voting at such general meeting, except that any connected person may vote against the relevant resolution at the general meeting provided that his intention to do so has been stated in the circular to be sent to the Shareholders in connection therewith.

(i) Grant offer letter and notification of grant of options

An offer shall be made to selected participants by a letter in duplicate which specifies the terms on which the option is to be granted. Such terms may include any minimum period(s) for which an option must be held and/or any minimum performance target(s) that must be achieved, before the option can be exercised in whole or in part, and may include at the discretion of the Board or its delegate(s) such other terms either on a case basis or generally.

An offer shall be deemed to have been accepted and the option to which the offer relates shall be deemed to have been granted and to have taken effect when the duplicate of the offer letter comprising acceptance of the offer duly signed by the grantee with the number of Shares in respect of which the offer is accepted clearly stated therein, together with a remittance in favor of our Company of HK$1.00 by way of consideration for the grant thereof, which must be received by our Company within 20 business days from the date on which the offer letter is delivered to the grantee.

Any offer may be accepted in respect of less than the number of Shares for which it is offered provided that it is accepted in respect of a board lot for dealing in Shares or a multiple thereof. To the extent that the offer is not accepted within 20 business days from the date on which the letter containing the offer is delivered to that selected participant, it shall be deemed to have been irrevocably declined.

(j) Restriction of grant of options

No offer shall be made and no option shall be granted to any selected participant in circumstances prohibited by the Listing Rules or at a time when the selected participant would or might be prohibited from dealing in the Shares by the Listing Rules or by any applicable rules, regulations or law. No offer shall be made and no options shall be granted to any selected participants after inside information has come to our Company's knowledge until it has announced the information. In particular, during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date is first notified to the Stock Exchange in accordance with the requirements of the Listing Rules) for the approval of our Company's quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of its quarterly, interim or annual results or its results for any other interim period (whether or not required under the Listing Rules), and ending on the date of the results announcements, no option may be granted.

Such period will also cover any period of delay in the publication of any results announcement.

(k) Time of exercise of an option

An option may, subject to the terms and conditions upon which such option is granted, be exercised in whole or in part by the grantee giving notice in writing to our Company in such form as the Board may from time to time determine stating that the option is thereby exercised and the number of Shares in respect of which it is exercised.

(l) Cancellation of options

Any breaches of the rules of the **[REDACTED]** by a grantee may result in the options granted to such grantee being cancelled by our Company. Any options granted but not exercised may be cancelled if the grantee so agrees. Issuance of new options to the same grantee may only be made if there are unissued options available under the **[REDACTED]** (excluding the cancelled options) and in compliance with the terms of the **[REDACTED]**.

(m) Lapse of option

An option shall lapse automatically (to the extent not already exercised and subject always to the terms and conditions upon which such option was granted) on the earliest of:

(i) the expiry of the period within which an option may be exercised, which is to be determined and notified by the Board to each grantee at the time of making an offer, and shall not expire later than 10 years from the date of grant (the "**Option Period**");

(ii) the expiry of any of the periods or dates as referred to in paragraphs (p), (q) and (r) below;

(iii) the date on which the Grantee (being an employee or a director of our Group) ceases to be a participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offense involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily;

(iv) the date on which the Grantee joins a company which the Board believes in its sole and reasonable opinion to be a competitor of our Company;

(v) the date on which the Grantee (being a corporation) appears either to be unable to pay or to have no reasonable prospect of being able to pay its debts or has become insolvent or has made any arrangement or composition with its creditors generally;

(vi) unless the Board otherwise determines, and other than in the circumstances referred to in paragraphs (p), (q) and (r) below, the date the grantee ceases to be a selected participant (as determined by a Board resolution) for any other reason;

(vii) the date on which the Board determines at its sole discretion that allowing the relevant Grantee to exercise the option is not in the best interests of our Company; and

(viii) the date on which the grantee commits a breach of the rules of the **[REDACTED]**.

(n) Voting and dividend rights

No dividends shall be payable and no voting rights shall be exercisable in relation to any options or Shares that are the subject of options that have not been exercised.

(o) Effects of alterations in the capital structure of our Company

In the event of an alteration in the capital structure of our Company whilst any option remains exercisable by way of capitalization of profits or reserves, rights issue, subdivision or consolidation of shares, or reduction of the share capital of our Company in accordance with legal requirements and requirements of the Stock Exchange (other than any alteration in the capital structure of our Company as a result of an issue of Shares as consideration in a transaction to which our Company is a party), such corresponding alterations (if any) shall be made to:

(i) the number or nominal amount of Shares comprised in each option so far as unexercised;

(ii) the Subscription Price; and/or

(iii) the method of exercise of the option,

or any combination thereof, as the auditors or a financial adviser engaged by our Company for such purpose shall, at the request of our Company, certify in writing, either generally or as regards any particular grantee, to be in their opinion fair and reasonable, provided always that any such adjustments should give each grantee the same proportion of the equity capital of our Company as that to which that grantee was previously entitled prior to such adjustments, and no adjustments shall be made which will enable a Share to be issued at less than its nominal value. The capacity of the auditors or financial adviser (as the case may be) is that of experts and not of arbitrators and their certification shall, in the absence of manifest error, be final and binding on our Company and the grantees. The costs of the auditors or financial advisor (as the case may be) shall be borne by our Company.

(p) Rights on ceasing employment

If the Grantee of an option is an eligible employee and ceases to be an eligible employee for any reason other than death, or on other grounds referred to in sub-paragraph (l) below before exercising his or her option in full, the Grantee may exercise the options then vested at any time prior to or the date of cessation unless the Board otherwise determines, in whole or in part within such period as our Directors may determine following the date of such cessation, which will be taken to be the last day on which the Grantee was physically at work with our Group whether salary is paid in lieu of notice or not.

(q) Rights on death

If the Grantee of an option ceases to be a participant by reason of his death, before exercising the option in full, the personal representative(s) of the Grantee shall be entitled to exercise the option in whole or in part within a period following the date of death of the Grantee as determined by the Board.

(r) Rights on dismissal

If the Grantee of an option ceases to be a participant by reason of the termination of his employment or engagement on the grounds that he has been guilty of serious misconduct, or has been convicted of any criminal offense involving his integrity or honesty or on any other ground on which an employer would be entitled to terminate his employment summarily, his option will lapse automatically.

(s) Rights on takeover, a compromise or arrangement

If a general offer by way of takeover or otherwise (other than by way of scheme of arrangement) is made to our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee shall be entitled to exercise the option to its full extent or, if our Company shall forthwith give the relevant notification, to the extent notified by our Company, at any time within such period as shall be notified by our Company.

If a general offer for Shares by way of scheme of arrangement is made to all our Shareholders and has been approved by the necessary number of Shareholders at the requisite meetings, our Company shall forthwith give notice thereof to the Grantee and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company.

In the event of a compromise or arrangement, other than a scheme of arrangement, between our Company and our Shareholders and/or creditors being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of the jurisdiction in which our Company was incorporated, our Company shall give notice thereof to all Grantees on the same day as it first gives notice of the meeting to its members and/or creditors summoning the meeting to consider such a scheme or arrangement and the Grantee may at any time thereafter (but before such time as shall be notified by our Company) exercise the option to its full extent or, if our Company shall give the relevant notification, to the extent notified by our Company, and our Company shall as soon as possible and in any event no later than three days prior to the date of the proposed meeting, allot, issue and register in the name of the Grantee such number of fully paid Shares which fall to be issued on exercise of such option.

(t) Rights on a voluntary winding up

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it dispatches such notice to each member of our Company give notice thereof to all grantees (together with a notice of the existence of the provisions of this sub-paragraph) and thereupon, each grantee (or his personal representatives) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid. If the option is not exercised within the time specified, the option shall lapse.

(u) Ranking of shares

The Shares to be allotted and issued upon the exercise of an option shall be identical to the then existing issued shares of our Company and subject to all the provisions of the memorandum and articles of association of our Company for the time being in force and will rank pari passu with the other fully paid Shares in issue on the date the name of the grantee is registered on the register of members of our Company or if that date falls on a day when the register of members of our Company is closed, the first day of the re-opening of the register of members, save that the grantee shall not have any voting rights, or rights to participate in any dividends or distributions (including those arising on a liquidation of our Company) declared, recommended or resolved to be paid to the Shareholders on the register on a date prior to such registration.

(v) Duration

The **[REDACTED]** shall be valid and effective for the period of 10 years commencing on the **[REDACTED]** (after which, no further options shall be offered or granted under the **[REDACTED]**), but in all other respects the provisions of the **[REDACTED]** shall remain in full force and effect to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the rules of the **[REDACTED]**.

*(w) Alteration of the **[REDACTED]***

The Board may subject to the rules of the **[REDACTED]** amend any of the provisions of the **[REDACTED]** (including without limitation amendments in order to comply with changes in legal or regulatory requirements and amendments in order to waive any restrictions, imposed by the provisions of the **[REDACTED]**, which are not found in Chapter 17 of the Listing Rules) at any time (but not so as to affect adversely any rights which have accrued to any grantee on that date).

Those specific provisions of the **[REDACTED]** which relate to the matters set out in Rule 17.03 of the Listing Rules cannot be altered to the advantage of selected participants, and no changes to the authority of the administrator of the **[REDACTED]** in relation to any alteration of the terms of the **[REDACTED]** shall be made, without the prior approval of Shareholders in general meeting. Any alterations to the terms of the **[REDACTED]** which are of a material nature, or any change to the terms and conditions of options granted, must also, to be effective, be approved by the Shareholders in general meeting and the Stock Exchange, except where the alterations take effect automatically under the existing terms of the **[REDACTED]**. The options and the **[REDACTED]** so altered must comply with Chapter 17 of the Listing Rules. Any change to the authority of the Directors or scheme administrators in relation to any alternation to the terms of the **[REDACTED]** must be approved by Shareholders in general meeting.

Notwithstanding any provisions to the contrary in the **[REDACTED]**, if on the relevant date of exercise there are restrictions or conditions imposed by the relevant laws and regulations to which the grantee is subject and the grantee has not obtained approval, exemption or waiver from the relevant regulatory authorities for the subscription of and dealing in the Shares, the grantee may sell the options to such transferee, subject to the approval by the Board, which shall not unreasonably withhold or delay such approval. In the event that the options are transferred to a connected person of our Company, no Shares shall be allotted and issued upon the exercise of the options by a connected person of our Company unless the Board is satisfied that the allotment and issue of Shares will not trigger any breach of the Listing Rules, the Articles of Association, the Companies Law or the Takeovers Code.

(x) Termination

The Shareholders by ordinary resolution in general meeting or the Board may at any time resolve to terminate the operation of the **[REDACTED]** prior to the expiry of the **[REDACTED]** and in such event no further options will be offered or granted but the provisions of the **[REDACTED]** shall remain in full force to the extent necessary to give effect to the exercise of any options granted prior thereto or otherwise as may be required in accordance with the provisions of the **[REDACTED]**. Options complying with the provisions of Chapter 17 of the Listing Rules which are granted during the life of the **[REDACTED]** and remain unexercised and unexpired immediately prior to the termination of the operation of the **[REDACTED]** shall continue to be valid and exercisable in accordance with their terms of issue after the termination of the **[REDACTED]**.

Details of the options granted, including options exercised or outstanding, under the **[REDACTED]** shall be disclosed in the circular to the Shareholders seeking approval of the new scheme established after the termination of the **[REDACTED]**.

E. OTHER INFORMATION

1. Estate duty

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries.

2. Tax and other indemnities

Our Controlling Shareholders have entered into a Deed of Indemnity in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being a contract referred to in the subsection headed "B. Further Information About Our Business — 1. Material contracts" in this appendix) to provide indemnities on a joint and several basis in respect of, among other things:

(a) any taxation (including estate duty) falling on any member of our Group resulting from or by reference to any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into (or deemed to be so earned, accrued, received or entered into) or occurring on or before the date on which the **[REDACTED]** becomes unconditional; and

(b) any liabilities and penalties which may arise as a result of any work injuries, outstanding litigations (including criminal litigations), claims, and non-compliances of our Group on or before the date on which the **[REDACTED]** becomes unconditional.

3. The Sole Sponsor's fees and its independence

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the **[REDACTED]** of, and permission to **[REDACTED]**, the Shares in issue, the Shares to be **[REDACTED]** as mentioned in this document. All necessary arrangements have been made to enable such Shares to be admitted into **[REDACTED]**.

The Sole Sponsor will receive a fee of HK$**[REDACTED]** for acting as the sole sponsor for the **[REDACTED]**. The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

4. Qualification of experts

The qualifications of the experts (as defined under the Listing Rules and the Companies (Winding Up and Miscellaneous Provisions) Ordinance) who have given opinions or advice which are contained or referred to in this document (the "**Experts**") are set out below:

Name	Qualifications
China Galaxy International Securities (Hong Kong) Co., Limited	A corporation licensed by the SFC to carry on Type 1 (dealing in securities), Type 4 (advising on securities) and Type 6 (advising on corporate finance) regulated activities under the SFO
Ernst & Young	Certified Public Accountants
Conyers Dill & Pearman	Legal advisers to our Company as to Cayman Islands law
Dentons	Legal advisers to our Company as to the laws of the PRC
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Property valuer
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	Industry consultant
Corporate Governance Professionals Limited	Internal control consultant

5. Consents of experts

Each of the Experts has given and has not withdrawn its consent to the issue of this document with the inclusion of its report and/or letter and/or legal opinion (as the case may be) and references to its name included in the form and context in which it respectively appears.

6. Interests of experts

None of the Experts has any shareholding interests in our Company or any of our subsidiaries or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in our Company or any of our subsidiaries.

None of the Experts has any direct or indirect interest in the promotion of, or in any assets which have been, within the two years immediately preceding the issue of this document, acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group.

7. Promoter

Our Company has no promoter for the purpose of the Listing Rules. No amount or benefit has been paid or given within the two years immediately preceding the date of this document or intended to be paid or given to any promoter.

8. Preliminary expenses

The preliminary expenses incurred by our Company relating to the incorporation of our Company are approximately HK$43,800 and were paid by our Company.

9. Binding effect

This document shall have the effect, if an application is made in pursuance of this document, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance insofar as applicable.

10. Bilingual prospectus

The English language and Chinese language versions of this document are being published separately, in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

11. Miscellaneous

(a) Within the two years immediately preceding the date of this document:

(i) no share or loan capital of any member of our Group has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of any member of our Group; and

(iii) no commission (except commission to **[REDACTED]**) has been paid or payable to any person for subscribing, agreeing to subscribe, or procuring or agreeing to procure subscription, for any shares in or debentures of our Company.

(b) Except for the shares which may be **[REDACTED]** pursuant to the exercise of **[REDACTED]**, any options granted under the **[REDACTED]** and any options to be granted under the Share Option Schemes, no share or loan capital of any member of our Group is under option, or agreed conditionally or unconditionally to be put under option.

(c) No founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued.

(d) Our Company has no outstanding convertible debt securities or debentures.

(e) There is no arrangement under which future dividends are waived or agreed to be waived.

Save as disclosed in this document, there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this document.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this document and delivered to the Registrar of Companies in Hong Kong for registration, amongst other documents, were:

(a) copies of the **[REDACTED]**;

(b) the written consents referred to in the subsection headed "Statutory and General Information — E. Other Information — 5. Consent of experts" in Appendix VI to this document; and

(c) certified copies of the material contracts referred to in the subsection headed "Statutory and General Information — B. Further Information About Our Business — 1. Material contracts" in Appendix VI to this document.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Deacons at 5th Floor, Alexandra House, 18 Chater Road, Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this document:

(a) the Memorandum of Association and the Articles of Association;

(b) the accountants' report of the Group prepared by Ernst & Young, the text of which is set out in Appendix I to this document;

(c) the report on the unaudited **[REDACTED]** financial information of the Group prepared by Ernst & Young, the text of which is set out in Appendix II to this document;

(d) the Companies Law;

(e) the PRC legal opinion issued by the PRC Legal Advisers;

(f) the letter of advice prepared by Conyers Dill & Pearman, summarising certain aspects of the constitution of the Company and Cayman Islands company law as referred to in Appendix V to this document;

(g) the Industry Research Report;

(h) the property valuation report prepared by JLL, the text of which is set out in Appendix III to this document;

(i) the material contracts referred to in the subsection headed "Statutory and General Information — B. Further Information About Our Business — 1. Material Contracts" in Appendix VI to this document;

(j) the service contracts and letters of appointment referred to in the subsection headed "Statutory and General Information — C. Further Information About Our Directors and Chief Executive and Substantial Shareholders" in Appendix VI to this document;

(k) the written consents referred to in the subsection headed "Statutory and General Information — E. Other Information — 5. Consent of experts" in Appendix VI to this document;

(l) the rules of the **[REDACTED]** and **[REDACTED]**; and

(m) the Cayman Companies Law.