景業名邦
JY GRANDMARK

景業名邦集團控股有限公司
JY GRANDMARK HOLDINGS LIMITED

(Incorporated in the Cayman Islands with limited liability)

Stock Code: 2231

GLOBAL OFFERING

Sole Sponsor

DBS

Sole Global Coordinator, Joint Bookrunner and Joint Lead Manager

DBS

Joint Bookrunners and Joint Lead Managers

農銀國際 ABC INTERNATIONAL

中國銀河國際 CHINA GALAXY INTERNATIONAL

聯合證券 Head & Shoulders Securities

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

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GLOBAL OFFERING

Number of Offer Shares in the Global Offering	:	**400,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares	:	**40,000,000 Shares (subject to reallocation)**
Number of International Placing Shares	:	**360,000,000 Shares (subject to reallocation and the Over-allotment Option)**
Offer Price (subject to Downward Offer Price Adjustment)	:	**not more than HK$3.63 per Offer 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) and expected to be not less than HK$2.91 per Offer Share (If the Offer Price is set at 10% below the low end of the indicative Offer Price range after making the Downward Offer Price Adjustment, the Offer Price will be HK$2.62 per Hong Kong Offer Share)**
Nominal Value	:	**HK$0.01 per Share**
Stock Code	:	**2231**

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Co-lead Managers

CGSCIMB   港利資本 GLAM Capital

Hong Kong Exchanges and Clearing Limited, The Stock Exchange of Hong Kong Limited and Hong Kong Securities Clearing Company Limited take no responsibility for the contents of this prospectus, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus.

A copy of this prospectus, with the documents specified in the section "Appendix VI — Documents Delivered to the Registrar of Companies in Hong Kong and Available for Inspection" in this prospectus, has been registered by the Registrar of Companies in Hong Kong as required by section 342C of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong). The Securities and Futures Commission and the Registrar of Companies in Hong Kong take no responsibility for the contents of this prospectus or any other document referred to above.

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

The Offer Price is expected to be determined by agreement between the Sole Global Coordinator, on behalf of the Underwriters, and the Company on or around Thursday, 28 November 2019 and, in any event, not later than Monday, 2 December 2019. The Offer Price will be not more than HK$3.63 and is currently expected to be not less than HK$2.91 unless otherwise announced. If the Offer Price is not agreed between the Sole Global Coordinator, on behalf of the Underwriters, and the Company, the Global Offering will lapse and will not proceed. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section "Underwriting — Hong Kong Public Offer — Grounds for termination" in this prospectus.

The Sole Global Coordinator, on behalf of the Underwriters, may, with our consent, reduce the number of Offer Shares in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, notices of the reduction in the number of Offer Shares in the Global Offering and/or the indicative Offer Price range will be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.jygrandmark.com** no later than on 2 December 2019.

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

25 November 2019

If there is any change in the following expected timetable of the Hong Kong Public Offer, we will issue an announcement in Hong Kong to be published the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.jygrandmark.com**.

	Date(1)
Latest time to complete electronic applications under **White Form eIPO** service through the designated website **www.eipo.com.hk**(2)	11:30 a.m. on Thursday, 28 November 2019
Application lists open(3)	11:45 a.m. on Thursday, 28 November 2019
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Thursday, 28 November 2019
Latest time to give **electronic application instructions** to HKSCC(4)	12:00 noon on Thursday, 28 November 2019
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Thursday, 28 November 2019
Application lists close(3)	12:00 noon on Thursday, 28 November 2019
Expected Price Determination Date(5)	Thursday, 28 November 2019
Where applicable, announcement of the Offer Price being set below the bottom end of the indicative Offer Price range after making a Downward Offer Price Adjustment (see the section headed "Structure of the Global Offering — Pricing and Allocation") on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.jygrandmark.com** on or before	***(in a separate announcement)***(6) Monday, 2 December 2019

Announcement of:

- the final Offer Price,
- the indication of levels of interest in the International Placing,
- the basis of allotment and the results of applications in the Hong Kong Public Offer to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.jygrandmark.com** on or before . . . . Wednesday, 4 December 2019

Announcement of results of allocations in the Hong Kong Public Offer (with successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including our website at **www.jygrandmark.com** and the website of the Stock Exchange at **www.hkex.com.hk** (for further details, please see "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus) from . . . . .Wednesday, 4 December 2019

Results of allocations in the Hong Kong Public Offer will be available at **www.iporesults.com.hk** (alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment**) with a "search by ID Number/Business Registration Number" function from . . . . .Wednesday, 4 December 2019

Despatch/Collection of White Form e-Refund payment instructions/refund cheques in respect of wholly or partially successful applications if the final Offer Price is less than the price payable on application (if applicable) and wholly or partially unsuccessful applications pursuant to the Hong Kong Public Offer on or before *(Notes 7 to 9)* . . . . .Wednesday, 4 December 2019

Despatch/Collection of Share certificates on or before . . . . .Wednesday, 4 December 2019

Dealings in the Shares on the Stock Exchange expected to commence on . . . . .9:00 a.m. on Thursday, 5 December 2019

Notes:

1. All times and dates refer to Hong Kong local time, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus.

2. You will not be permitted to submit your application through the designated website at **www.eipo.com.hk** after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained an application reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.

3. If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, 28 November 2019, the application lists will not open on that day. For further details, please see the section headed "How to Apply for Hong Kong Offer Shares — 10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

4. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to the section headed "How to apply for Hong Kong Offer Shares — 6. Applying by Giving Electronic Application Instructions to HKSCC via CCASS" in this prospectus.

5. The Price Determination Date is expected to be on or around Thursday, 28 November 2019. If, for any reason, the Offer Price is not agreed on Monday, 2 December 2019 between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse accordingly.

6. To be announced as soon as practicable after the Price Determination Date but before the allotment result announcement.

7. Share certificates for the Offer Shares are expected to be issued on or before Wednesday, 4 December 2019 but will only become valid certificates of title at 8:00 a.m. on Thursday, 5 December 2019 provided that (a) the Global Offering has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.

8. Applicants for 1,000,000 Hong Kong Offer Shares or more on **WHITE** Application Forms who have indicated in their Application Forms that they wish to collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally may collect refund cheques (where relevant) and/or Share certificates (where relevant) from our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong from 9:00 a.m. to 1:00 p.m. on Wednesday, 4 December 2019 or any other day that we publish in the newspaper as the date of despatch of Share certificates/e-Refund payment instructions/refund cheques.

   Individuals who are eligible for personal collection must not authorise any other person(s) to make collection on their behalf. Corporate applicants which are eligible for personal collection must attend by their authorised representative(s) bearing a letter of authorisation from such corporation(s) stamped with the corporation's chop. Both individuals and authorised representatives (if applicable) must produce, at the time of collection, evidence of identity acceptable to our Hong Kong Share Registrar. Applicants for 1,000,000 Hong Kong Offer Shares or more on **YELLOW** Application Forms may collect their refund cheques, if any, in person but may not elect to collect their Share certificates personally, which will be deposited into CCASS for the credit of their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedures for collection of refund cheques for **YELLOW** Application Form applicants are the same as those for **WHITE** Application Form applicants.

   Applicants who apply through the **White Form eIPO** service and paid their applications monies through single bank account may have refund monies (if any) dispatched to their application payment bank account, in the form of e-Refund payment instructions; Applicants who apply through the **White Form eIPO** service and paid their application monies through multiple bank accounts may have refund monies (if any) dispatched to the address as specified in their application instructions to the **White Form eIPO** Service Provider, in the form of refund cheques, by ordinary post at their own risk.

   Uncollected Share certificates and refund cheques (if any) will be despatched by ordinary post at the applicant's own risk to the address specified in the relevant Application Form. For further information, applicants should refer to "How to Apply for Hong Kong Offer Shares — 14. Despatch/Collection of Share Certificates and Refund Monies" in this prospectus.

9. Refund cheques/e-Refund payment instructions will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the maximum Offer Price of HK$3.63 per Offer Share.

For details of the structure of the Global Offering, including conditions of the Global Offering, applicants should refer to the section headed "Structure of the Global Offering" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

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

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorised anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering.

CONTENTS

This summary aims to give you an overview of the information contained in this prospectus. Since this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide to invest in the Offer Shares. There are risks associated with any investment. Some of the particular risks in investing in the Offer Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Offer Shares.

OVERVIEW

We are a property developer, operator and property management service provider based in the PRC and principally offered residential properties in Guangdong and Hainan provinces during the Track Record Period. We have land resources in Guangdong, Hainan, Yunnan and Hunan provinces for our future development. We position ourselves as an "Eco-friendly and People-oriented Property Developer" (生態人文地產發展商), leveraging the natural resources, unique landscapes and features as well as rich culture of our selected project sites to develop homes and communities that we consider to be truly liveable for our buyers. Ever since our incorporation in 2013, this positioning has been clear and it is what differentiates our Group from other property developers in the PRC. As a young member of the industry, we had 10 completed project phases, six project phases under development and three of which had commenced pre-sale activities up to the Valuation Date, and held 14 project phases for our future development as at the Valuation Date. Our first project JY Lychee Town was awarded Green Residential Area in Guangdong Province* (廣東省綠色住區) by Guangdong Province Real Estate Industry Association* (廣東省房地產行業協會) in 2019. Our JY Gaoligong Town was awarded "Yang Meng" Quality Project* (羊盟好項目) by Yangcheng Design Alliance, Guangzhou City Space Design Association* (羊城設計聯盟，廣州市空間設計協會) in 2018.

We mainly target purchasers looking for a home upgrade, a second home or a vacation home, those who value a home that is surrounded by tranquil environment while still located in proximity to first-tier cities for convenience. As the consumption power of the PRC residents increases, people looking for home upgrade, second home and vacation home are becoming more aware of the quality of life and lifestyle that the real property brings about as well as the liveability of the neighbourhood in selecting their new homes. Meanwhile, high speed rail and highway network in the PRC are facilitating working and living across districts and expanding the "one-hour living circle" of provincial capital cities to cover their surrounding satellite towns. We believe that the combined effect of these development trends has increased urbanisation, and therefore, growth in the property markets of provincial capital cities' surrounding satellite towns. In terms of geographical market, our strategy is to focus on areas covered by China's national development strategies, in particular, Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區) and areas covered by the Belt and Road Initiative (一帶一路) within mainland China.

In line with our positioning, we select our project sites strategically, with priority for places with iconic natural resources. For example, our first property project, namely JY Lychee Town (景業荔都), is located next to woods, providing city mountainous landscape view, local fresh produces and clean air which are all valued qualities sought after by urban dwellers; our JY Hot Spring Villas (景業瓏泉灣) is situated at a famous hot spring area in Conghua, Guangzhou, and for which we built a series of low-rise houses targeting vacation home buyers and a hot spring resort which we operate; and certain phases of our JY Clearwater Bay No. 3 (景業清水灣3號) are located in proximity to coastline or surrounding golf courses with rich greenery. Our JY Gaoligong Town (景業高黎貢小鎮) is located in hot spring geological area in Yunnan and is surrounded by mountainous landscape while our JY Maofengshan Project (景業帽峰山項目) is close to Maofengshan Forest Park. Recently, we have expanded our product portfolio into developing residential properties that cater for the need of first home buyers and our first such project is our JY Donghuzhou Haoyuan (景業東湖洲豪園) in Nansha, Guangzhou, which is followed by JY Grand Garden (景業雍景園) in Qingyuan, Guangdong and JY Mountain Lake Gulf (景業山湖灣) in Zhuzhou, Hunan.

We experienced increases in our revenue, gross profit margin, as well as our adjusted net profit margin from FY2016 to FY2017 and then to FY2018, as well as from 1H2018 to 1H2019. During the Track Record Period, our property development and sales business contributed to over 90% of our Group's revenue, profits and assets. During FY2016, FY2017, FY2018 and 1H2019, our revenue from our property development business were RMB624.7 million, RMB783.4 million, RMB1,245.8 million and RMB712.5 million, respectively, representing a growth of 25.4% from FY2016 to FY2017, 59.0% from FY2017 to FY2018, and 742.2% from 1H2018 to 1H2019. During FY2016, FY2017, FY2018 and 1H2019, the gross profit margin of our property development and sales business have increased from 26.0% for FY2016 to 36.4% for FY2017, and further to 40.4% in FY2018, and from 43.0% for 1H2018 to 54.8% for 1H2019.

As at the Valuation Date, we had a property portfolio of 30 property project phases in 10 locations with an aggregate GFA attributable to us of approximately 3.0 million sq.m., comprising completed properties available for sale or lease with an aggregate GFA of approximately 0.2 million sq.m., properties under development with an aggregate GFA of approximately 0.9 million sq.m. and properties held for future development with an aggregate GFA of approximately 1.9 million sq.m..

We are expanding our businesses to develop our brand as a "360˚ Asset and Lifestyle Service Provider" (360˚資產生活服務商) with an aim to provide all-round services for convenient-living to owners of properties that we developed. As a continuation of our core value in pursuing quality and excellence in our product from our principal business of property development, we provide property management services to our residents and plan to expand into development of specialty residential products such as our JY Well-being Valley in Lingao, Hainan, providing leisure and well-being services for our residents. Moreover, as part of our JY Hot Spring Villas project, we have a hot spring resort that we own and operate, which together with our Just Stay Hotel in Panyu, Guangzhou, form our hotel operations business. We also have certain commercial properties in Panyu for investment and have contracted to acquire certain commercial properties which will be held for sale in Zhongshan. We may retain the office and shop premises in our projects for leasing in future.

OUR BUSINESS MODEL

Our business operations are primarily located in Guangdong, Hainan, Yunnan and Hunan provinces and comprise four principal business segments: (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial properties investment. Our core business is development of residential properties, offering a range of products for purchasers looking for their first home, a home upgrade, second home and vacation home. During the Track Record Period, we mainly acquire land reserves through (i) participating in public tenders, auctions and listings-for-sale activities organised by government authorities; (ii) acquiring equity interest in companies holding land parcels that fit our selection criteria; and (iii) acquisition of old factories for redevelopment under the "Urban Renewal Policy" (城市更新改造政策). We also obtain development rights of collectively-owned construction land through bidding in assets management platform of collective economic organisation and entering into land use right transfer agreements with collective economic organisations. Properties developed on collectively-owned construction land can be leased and operated by us upon completion. We pre-sell our properties before completion in compliance with the applicable PRC laws and regulations and we mainly sell our properties through our internal sales and marketing personnel, external property brokerage firms and referral by residents of our developed properties. We also derive income from our property management services provided in respect of our developed properties. Apart from our core business, we also operate a Just Stay Hotel and a Just Stay Resort under our hotel operations business, and receive rental income from certain commercial properties that we lease or sub-lease to third parties. Our operations are capital intensive and we fund our operations through a combination of cash generated mainly from our operations including proceeds from the pre-sale of our properties, bank borrowing and shareholders' loan.

Please see "Business — Our Business Model" for further details.

OUR COMPETITIVE STRENGTHS

We believe that our accurate positioning as an "Eco-friendly and People-oriented Property Developer" has distinguished us from our competitors. With our abilities to (i) identify and acquire strategically located land reserves, (ii) develop diverse types of high quality residential properties based on unique land features, (iii) execute our meticulous project plans with effective cost and quality control, and (iv) enrich resident experience with tailored and all-round services, we have achieved high growth during the Track Record Period. We believe that led by our strong and loyal senior management team, these competitive strengths will continue to contribute to our future success and enable us to bring value to our Shareholders.

Please see "Business — Our Competitive Strengths" for details of our competitive strengths.

OUR BUSINESS STRATEGIES

We intend to implement the following business strategies to achieve our goal to become a high quality and high profit "Eco-friendly and People-oriented Property Developer" in the PRC:

- Enhance our presence in existing markets and strategically develop into selected markets
- Develop our brand as a "360° Asset and Lifestyle Service Provider (360°資產生活服務商)"
- Maintain our diversified land acquisition strategies to capture profitable opportunities
- Continue to improve our customer-oriented product offerings and enhance our brand recognition and customer loyalty
- Adopt a balanced and systematic approach to achieve sustainable and profitable future growth
- Adhere to prudent financial policies and proactive management of our capital structure

Please see "Business — Our Business Strategies" for further details.

OUR LAND BANK AND PROJECT PORTFOLIO

The following table sets out a summary of our land bank as at the Valuation Date in terms of geographical location:

Location	No. of project/ phase	Saleable GFA unsold and leasable GFA for completed properties (Note)	GFA for properties under development (Note)	Planned GFA for projects held for future development (Note)	Total land bank	Percentage of total land bank
		(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(%)*
Guangdong (廣東省)						
Guangzhou (廣州)						
Conghua (從化)	3	102,826	—	—	102,826	3.4
Nansha (南沙)	1	14,265	19,002	—	33,267	1.1
Panyu (番禺)	2	—	—	51,260	51,260	1.7
Zhongshan (中山)	1	57,065	—	—	57,065	1.9
Qingyuan (清遠)	6	—	437,365	882,635	1,320,000	44.1
Zhaoqing (肇慶)	2	—	134,668	100,496	235,164	7.9
Hainan (海南省)						
Lingshui (陵水)	5	25,935	—	—	25,935	0.9
Lingao (臨高)	3	—	—	159,736	159,736	5.3
Yunnan (雲南省)						
Tengchong (騰衝)	3	—	152,553	182,735	335,288	11.2
Hunan (湖南省)						
Zhuzhou (株洲)	4	—	131,556	540,950	672,506	22.5
Total	30	200,091	875,144	1,917,812	2,993,047	100.0

Note: For projects held by our non-wholly-owned subsidiaries and associated companies, the GFA is adjusted by our equity interest in the respective project.

Average land costs attributable to our Group as at the Valuation Date, calculated as our total land costs divided by the total land bank of our projects (excluding the land bank of Zhongshan Yueying Xincheng which are completed held-for-sale properties acquired by our Group), was approximately RMB942 per sq.m.

	Completed project/ project phase	Projects or project phases under development	Projects or project phases held for future development
As at 30 June 2019 (being the last day of the Track Record Period)	10	4	16
As at 30 September 2019 (being the Valuation Date)	10	6	14

Key Operating Indicators

We derived most of our revenue from the sales of properties during the Track Record Period. The following table sets forth our key operating indicators during the Track Record Period:

	FY2016					FY2017					FY2018					1H2019				
	Recognised revenue from sales of properties	**% of recognised revenue from sale of properties**	**Total GFA delivered**	**Recognised ASP**	**Gross profit margin**	**Recognised revenue from sales of properties**	**% of recognised revenue from sale of properties**	**Total GFA delivered**	**Recognised ASP**	**Gross profit margin**	**Recognised revenue from sales of properties**	**% of recognised revenue from sale of properties**	**Total GFA delivered**	**Recognised ASP**	**Gross profit margin**	**Recognised revenue from sales of properties**	**% of recognised revenue from sale of properties**	**Total GFA delivered**	**Recognised ASP**	**Gross profit margin**
	RMB'000	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*	*RMB'000*	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*	*RMB'000*	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*	*RMB'000*	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*
Guangzhou																				
JY Lychee Town Phase I	168,350	27.0	25,224	6,674	20.5	413,605	52.8	49,492	8,357	38.8	90,073	7.2	9,309	9,676	46.8	23,599	3.3	2,642	8,932	40.8
JY Lychee Town Phase II	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	364,137	51.1	32,975	11,043	53.2
JY Hot Spring Villas	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,556	1.1	269	28,089	55.2
Lingshui																				
JY Clearwater Bay No. 3 Phase I	143,283	22.9	8,022	17,861	25.4	146,069	18.6	5,759	25,364	37.7	54,292	4.4	2,179	24,916	34.5	—	—	—	—	—
JY Clearwater Bay No. 3 Phase II	313,036	50.1	14,501	21,587	29.1	223,732	28.6	10,321	21,677	31.3	34,009	2.7	1,101	30,889	44.3	—	—	—	—	—
JY Clearwater Bay No. 3 Phase III	—	—	—	—	—	—	—	—	—	—	1,067,380	85.7	62,133	17,179	40.1	301,440	42.3	15,493	19,457	58.2
Zhongshan																				
Yueying Xincheng	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	7,438	1.0	336	22,137	3.0
Others(Note)	—	—	—	—	—	—	—	—	—	—	—	—	—	—	—	8,365	1.2	N/A	N/A	83.8
Total/overall	**624,669**	**100.0**	**47,747**	**13,083**	**26.0**	**783,406**	**100.0**	**65,572**	**11,947**	**36.4**	**1,245,754**	**100.0**	**74,722**	**16,672**	**40.4**	**712,535**	**100.0**	**51,715**	**13,616**	**54.8**

Note: Others represented consulting income from property sales of JY Donghuzhou Haoyuan, which our Group held 30% interest in the project as at the Valuation Date.

Please see "Business — Our Property Projects" for details.

Property Valuation

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

In the valuation of property interests which are held for sale or for future development by our Group, Cushman & Wakefield has adopted 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.

In the valuation of property interests which are held for investment by our Group, Cushman & Wakefield has adopted the income approach, taking into account the rental income of the properties derived from the existing and/or achievable leases in the existing market with due allowance for the reversionary income potential of the leases, which have been then capitalised to determine the market value at an appropriate capitalisation rate. Where appropriate, reference has also been made to the comparable sales transactions as available in the relevant market.

In the valuation of property interests currently under development by our Group, Cushman & Wakefield has assumed that they will be developed and completed in accordance with the latest development proposals provided to it by us. In arriving at their opinion of values, Cushman & Wakefield has adopted the market comparison approach by making reference to comparable sales evidence as available in the relevant market and has 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. Cushman & Wakefield has relied on the accrued construction cost and professional fees information provided by us according to the different stages of construction of the properties as at the Valuation Date and did not find any material inconsistency from those of other similar developments.

Cushman & Wakefield is of the opinion that the aggregate value of our property interests attributable to the Group as at 30 September 2019 was RMB11,056.3 million. For details as to the valuation of our properties, see "Valuation Report" in Appendix III. For risks associated with assumptions made in the valuation of our properties, see "Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from their actual realisable value and are subject to change."

OUR CUSTOMERS

Our customers mainly include individual purchasers of our residential properties, hotel guests and tenants of our commercial properties. For each of FY2016, FY2017, FY2018 and 1H2019, revenue from our five largest customers accounted for less than 30% of our total revenue, being approximately 5.6%, 6.7%, 3.6% and 9.7% of our Group's total revenue respectively, and revenue from our largest customer accounted for 1.3%, 2.9%, 0.8% and 4.4% of our Group's total revenue respectively.

Please see "Business — Our Customers" for details.

OUR SUPPLIERS

Our major suppliers consist of construction contractors and construction material suppliers. For each of FY2016, FY2017, FY2018 and 1H2019, purchases from our five largest suppliers accounted for approximately 29.4%, 53.2%, 42.1% and 39.1% of our Group's total purchases respectively, and our purchases from our largest supplier accounted for 9.1%, 23.2%, 19.2% and 11.2% of our Group's total purchases respectively.

Please see "Business — Our Suppliers" for details.

RISK FACTORS

Our business is subject to numerous risks and there are risks relating to an investment in the Offer Shares. We believe that the following are some of the major risks that may have a material adverse effect on us:

- Our business is subject to extensive governmental regulation and is sensitive to property purchase restriction policy (if any) and other policy changes particularly in Guangdong, Hainan, Yunnan and Hunan provinces.
- Our business and prospects depend heavily on the economic conditions in the PRC and the performance of the PRC property markets, particularly in Guangdong, Hainan, Yunnan and Hunan provinces.
- We may not be able to acquire land in desirable locations that are suitable for our development at commercially acceptable prices or at all.
- 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.
- Our cash inflow from and results of operation may vary significantly from period to period and such fluctuations may make it difficult to predict our future performance and price of our Shares.
- We had negative net operating cash flows during the Track Record Period and we may not be able to obtain sufficient funding for our land acquisitions and future property developments whether through bank loans or other arrangements on commercially reasonable terms, or at all.

Please see "Risk Factors" section for details.

SUMMARY FINANCIAL INFORMATION AND OPERATIONAL DATA

Key Income Statements Information

The following table summarises the consolidated statements of comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountant's Report in Appendix I to this prospectus.

	FY2016		FY2017		FY2018		1H2018		1H2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue	640,675	100.0	838,259	100.0	1,328,887	100.0	124,953	100.0	762,404	100.0
Cost of sales	(476,230)	(74.3)	(568,089)	(67.8)	(816,297)	(61.4)	(84,509)	(67.6)	(366,046)	(48.0)
Gross profit	**164,445**	**25.7**	**270,170**	**32.2**	**512,590**	**38.6**	**40,444**	**32.4**	**396,358**	**52.0**
Selling and marketing expenses	(39,180)	(6.1)	(44,499)	(5.3)	(74,225)	(5.6)	(19,530)	(15.6)	(40,787)	(5.3)
Administrative expenses	(41,509)	(6.5)	(66,386)	(7.9)	(124,768)	(9.4)	(54,866)	(43.9)	(71,912)	(9.4)
Other income	670	0.1	721	0.1	1,276	0.1	491	0.4	638	0.1
Other expenses	(2,746)	(0.4)	(2,858)	(0.4)	(2,759)	(0.2)	(1,211)	(1.0)	(1,204)	(0.2)
Other gains — net	60,379	9.4	36,618	4.4	230,570	17.3	22,926	18.3	61,865	8.1
Operating profit/(loss)	**142,059**	**22.2**	**193,766**	**23.1**	**542,684**	**40.8**	**(11,746)**	**(9.4)**	**344,958**	**45.2**
Finance income	*672*	*0.1*	*971*	*0.1*	*649*	*0.1*	*388*	*0.3*	*452*	*0.1*
Finance costs, net	—	*(0.0)*	*(10,537)*	*(1.2)*	—	*(0.0)*	—	—	—	—
Finance income/(costs), net	672	0.1	(9,566)	(1.1)	649	0.1	388	0.3	452	0.1
Share of results of a joint venture	—	—	—	—	(2,781)	(0.2)	—	—	(158)	(0.0)
Share of results of associates	(228)	(0.0)	(792)	(0.1)	(1,282)	(0.1)	(559)	(0.4)	(650)	(0.1)
Profit/(loss) before income tax	**142,503**	**22.3**	**183,408**	**21.9**	**539,270**	**40.6**	**(11,917)**	**(9.5)**	**344,602**	**45.2**
Income tax expense	(57,996)	(9.1)	(97,330)	(11.6)	(157,511)	(11.9)	(7,211)	(5.8)	(163,427)	(21.4)
Profit/(loss) for the year/period	**84,507**	**13.2**	**86,078**	**10.3**	**381,759**	**28.7**	**(19,128)**	**(15.3)**	**181,175**	**23.8**

Our total revenue had a CAGR of 44.0% from FY2016 to FY2018, while our profit for the year had a CAGR of 112.6% for the same period.

Revenue

The following table sets forth, for the periods indicated, the breakdown of our revenue by segment:

	FY2016		FY2017		FY2018		1H2018		1H2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Property development and sales	624,669	97.5	783,406	93.4	1,245,754	93.7	84,576	67.7	712,535	93.5
Hotel operations	13,623	2.1	46,084	5.5	66,589	5.0	33,576	26.9	36,559	4.8
Commercial property investment	2,067	0.3	5,626	0.7	10,021	0.8	4,795	3.8	7,718	1.0
Property management	316	0.1	3,143	0.4	6,523	0.5	2,006	1.6	5,592	0.7
Total	640,675	100.0	838,259	100.0	1,328,887	100.0	124,953	100.0	762,404	100.0

Our revenue increased by RMB197.6 million or 30.8% from RMB640.7 million in FY2016 to RMB838.3 million in FY2017. The increase in revenue was mainly attributable to the (i) increase in revenue from sale of properties resulting from the increase in GFA delivered and the respective ASP recognised for JY Lychee Town Phase I; and (ii) increase in revenue from our hotel operations mainly due to the revenue contribution of from Just Stay Resort as a result of the commencement of its business in FY2017.

Our revenue further increased to RMB1,328.9 million in FY2018 primarily due to the revenue contribution from the revenue recognised for our delivery of JY Clearwater Bay No. 3 Phase III of RMB1,067.4 million in FY2018. Our revenue from hotel operations also increased in FY2018 mainly due to increase in revenue from our Just Stay Resort of from its full year operation in FY2018 compared to a five-months operation in FY2017.

Our revenue increased from RMB125.0 million in 1H2018 to RMB762.4 million in 1H2019 primarily due to the increase in revenue recognised for our delivery of JY Lychee Town Phase II and the remaining units of JY Clearwater Bay No. 3 Phase III. We also recorded moderate increase in revenue from our hotel operations in 1H2019.

Cost of sales

The following table sets out the breakdown of our cost of sales by segment during the Track Record Period:

	FY2016		FY2017		FY2018		1H2018		1H2019	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (unaudited)	%	*RMB'000*	%
Property development and sales	462,482	97.1	497,920	87.6	742,021	90.9	48,217	57.1	322,283	88.1
Hotel operations	12,099	2.5	64,976	11.5	66,168	8.1	33,283	39.4	36,359	9.9
Commercial property investment	590	0.1	1,184	0.2	1,068	0.1	546	0.6	456	0.1
Property management	1,059	0.3	4,009	0.7	7,040	0.9	2,463	2.9	6,948	1.9
Total	476,230	100.0	568,089	100.0	816,297	100.0	84,509	100.0	366,046	100.0

During Track Record Period, our cost of sales mainly consisted of cost of property development and sales, which mainly includes construction cost, land cost and capitalised interest expense. Our construction cost includes all costs incurred for the construction of JY Lychee Town Phase I, II and JY Clearwater Bay No. 3 Phase I, Phase II and Phase III, including payments to third party contractors for construction works such as material costs and labour costs. In FY2016, FY2017, FY2018 and 1H2019, our construction cost amounted to RMB290.7 million, RMB338.9 million, RMB503.8 million and RMB235.6 million, respectively, which accounted for 62.9%, 68.1%, 67.9% and 73.1% of our cost of properties sold for the respective year/period. Our land cost mainly comprises costs in relation to the acquisition of land. For FY2016, FY2017, FY2018 and 1H2019, the costs recognised were mainly for our JY Lychee Town Phase I, and JY Clearwater Bay No. 3 Phase I, Phase II and Phase III. Our capitalised interest expense represents the cost of borrowings to the extent that such cost is directly attributable to the acquisition of land and construction of our properties during the period which incurred until the completion of assets refinement. For FY2016, FY2017, FY2018 and 1H2019, our capitalised interest expense amounted to RMB24.6 million, RMB24.7 million, RMB33.9 million and RMB14.7 million, respectively. Our business taxes and other levies directly attributable to our revenue are recognised as cost of sales during the Track Record Period.

Gross profit and gross profit margin

The following table sets forth the breakdown of gross profit and gross profit margin by segment for the periods indicated:

	FY2016		FY2017		FY2018		1H2018		1H2019	
	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*	*%*
Property development and sales	162,187	26.0	285,486	36.4	503,733	40.4	36,359	43.0	390,252	54.8
Hotel operations	1,524	11.2	(18,892)	—	421	0.6	293	0.9	200	0.5
Commercial property investment	1,477	71.5	4,442	79.0	8,953	89.3	4,249	88.6	7,262	94.1
Property management	(743)	—	(866)	—	(517)	—	(457)	—	(1,356)	—
Total/overall	164,445	25.7	270,170	32.2	512,590	38.6	40,444	32.4	396,358	52.0

Our gross profit rose by RMB105.7 million or 64.3% from RMB164.4 million in FY2016 to RMB270.2 million in FY2017. Our gross profit margin increased from 25.7% in FY2016 to 32.2% in FY2017, which was mainly due to increase in gross profit margin of sales of properties segment from 26.0% in FY2016 to 36.4% in FY2017 mainly as a result of general increase in ASP of each property project.

Our gross profit then rose by RMB242.4 million or 89.7% to RMB512.6 million in FY2018. Our gross profit margin increased further to 38.6% in FY2018, which was mainly due to increase in gross profit margin of sales of properties segment from 36.4% in FY2017 to 40.4% in FY2018 mainly as a result of increase in overall ASP. As the operation of our Just Stay Resort started to pick up in FY2018 with increase in both occupancy rate and average room rate since its commencement of operation in FY2017, our hotel operations recorded a gross profit margin of 0.6% compared to a gross loss in FY2017.

Our gross profit increased by RMB356.0 million or 881.2% from RMB40.4 million in 1H2018 to RMB396.4 million in 1H2019. Our gross profit margin increased from 32.4% in 1H2018 to 52.0% in 1H2019, which was mainly due to increase in gross profit margin of property development and sales segment from 43.0% in 1H2018 to 54.8% in 1H2019 mainly as a result of JY Lychee Town Phase II and JY Clearwater Bay No.3 Phase III. Our gross profit margin from our commercial property investment increased from 88.6% in 1H2018 to 94.1% in 1H2019 primarily due to the increase in monthly rental.

Other gains – net

Our other net gains for FY2016 and FY2017 primarily represented (i) fair value gains on investment properties of RMB59.0 million and RMB33.1 million, respectively, and (ii) interest on financial assets at fair value through profit or loss of RMB1.4 million and RMB3.6 million, respectively. Our other net gains for FY2018 mainly represented our gains on disposal of subsidiaries of RMB210.4 million, fair value gains on investment properties of RMB11.1 million and interest on financial assets at fair value through profit or loss of RMB9.1 million. Our gains on disposal of subsidiaries of RMB210.4 million for FY2018 were mainly due to disposal of Sure Fine for RMB203.0 million, which indirectly held a Peng Chau project in Hong Kong, disposal of Guangzhou Jinghengyue and Guangzhou Tianyue for RMB6.4 million and disposal of Guangzhou Juxin for RMB0.9 million. For details, please see "Business – Our Property

Projects – Our Disposed Property Projects – Peng Chau Project in Hong Kong". Our other net gains for 1H2019 primarily represented gains on disposal of subsidiaries of RMB59.7 million and fair value gains on investment properties of RMB1.3 million. Our gains on disposal of subsidiaries of RMB59.7 million for 1H2019 were due to disposal of Guangzhou Jinghong, which indirectly held Zhongxin Zhishicheng Project. For details, please see "Business – Our Property Projects – Our Disposed Property Projects – Zhongxin Zhishicheng Project (中新知識城項目)".

Profit for the year/period

Our profit for the year remained relatively stable at RMB84.5 million in FY2016 and RMB86.1 million in FY2017. Our net profit margin decreased from 13.2% in FY2016 to 10.3% in FY2017 mainly as a result of decrease in fair value gains on investment properties in FY2017.

Our profit for the year and net profit margin then increased to RMB381.8 million and 28.7%, respectively, in FY2018 mainly as a result of increase in gross profit margin and gains on disposal of subsidiaries.

Our profit for the period amounted to RMB181.2 million in 1H2019 compared to loss for the period of RMB19.1 million in 1H2018 primarily due to the increase in total revenue, gross profit margin and gains on disposal of subsidiaries.

Please see "Financial Information" section for details.

Key Balance Sheet Information

		As at 31 December		As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	569,212	907,830	977,422	973,644
Current assets	1,778,517	3,552,038	5,636,749	6,786,809
Non-current liabilities	642,936	775,239	413,591	1,125,339
Current liabilities	1,636,080	3,318,378	5,547,301	5,804,154
Net current assets	142,437	233,660	89,448	982,655
Total equity	68,713	366,251	653,279	830,960

During the Track Record Period, we funded our operations partly using interest-free borrowings from Mr. Michael Chan (one of our Controlling Shareholders) and entities controlled by him. As at 31 December 2016, 2017 and 2018 and 30 June 2019, our non-trade balances due to our ultimate controlling shareholder and his private company were approximately RMB538.4 million, RMB629.2 million, RMB1,115.2 million and RMB1,363.3 million, respectively. For details, please see "Financial Information – Description of Certain Items of Consolidated Statements of Financial Position – Amounts due to related parties". For illustration purpose, an analysis on impact of net notional interest expenses on certain line items in our historical financial information during the Track Record Period is set out in "Financial Information – Description of Certain Items of Consolidated Statements of Financial Position – Non-HKFRS financial measures".

Key Information from our Consolidated Statements of Cash Flows

	FY2016 *RMB'000*	FY2017 *RMB'000*	FY2018 *RMB'000*	1H2019 *RMB'000*
Cash flows from operating activities before movements in working capital	88,830	181,399	337,870	300,677
Net cash generated from/(used in) operating activities	232,722	(270,571)	(209,815)	(363,019)
Net cash (used in)/generated from investing activities	(327,760)	(273,989)	250,708	92,605
Net cash generated from/(used in) financing activities	310,776	590,719	(127,871)	548,817
Net increase/(decrease) in cash and cash equivalents	215,738	46,159	(86,978)	278,403
Exchange gains/(losses) on cash and cash equivalents	8,803	(4,447)	8,197	74
Cash and cash equivalents at beginning of year/period	31,409	255,950	297,662	218,881
Cash and cash equivalents at end of year/period	255,950	297,662	218,881	497,358

Operating cash flows

During our Track Record Period, our cash inflow from operating activities was principally from the receipt of proceeds for our sale of properties, hotel operations, rental income and properties management service fee. Our cash outflow used in operating activities was principally for acquisition of land, construction of properties and other cost of operations. Being a property developer, operator and property management service provider, we constantly invest our available funds to sustain our operations, such as expanding our land bank and developing quality properties which is mainly reflected in the increase in our properties under development throughout the Track Record Period.

In FY2016, we had net cash generated from operating activities of RMB232.7 million, mainly as a result of the cash generated from operations of RMB333.1 million with changes in working capital of RMB244.3 million, which primarily reflected (i) decrease in trade and other receivables of RMB258.0 million; and (ii) increase in trade and other payables of RMB223.0 million.

In FY2017, we had net cash used in operating activities of RMB270.6 million, mainly as a result of the cash used in operations of RMB85.2 million, income taxes paid of RMB128.4 million and interest paid of RMB56.9 million. The negative changes in working capital of RMB266.6 million primarily reflected an increase in properties under development and completed properties held for sale of RMB728.8 million mainly due to increase in investment in property development and increase in trade and other receivables of RMB242.8 million partially offset by increase in trade and other payables of RMB840.9 million which was in line with the increase in sale of properties.

In FY2018, we had net cash used in operating activities of RMB209.8 million, mainly as a result of the cash generated from operations of RMB42.8 million, income tax paid of RMB189.7 million and interest paid of RMB63.0 million. The negative changes in working capital of RMB295.0 million primarily reflected the (i) increase in properties under development and completed properties held for sale of RMB1,485.7 million mainly due to increase in investment in property development; and (ii) increase in trade and other receivables of RMB771.3 million. The negative change in working capital was partially offset by the increase in trade and other payables of RMB1,913.5 million.

In 1H2019, we had net cash used in operating activities of RMB363.0 million, mainly as a result of the cash used in operations of RMB148.3 million, income tax paid of RMB158.6 million and interest paid of RMB56.1 million. The negative changes in working capital of RMB449.0 million primarily reflected the (i) increase in properties under development and completed properties held for sale of RMB551.6 million mainly due to increase in investment in property development; and (ii) increase in trade and other receivables of RMB189.0 million. The negative change in working capital was partially offset by the increase in trade and other payables of RMB329.8 million.

To improve our operating cash flow position, we will continue to strengthen our sales and marketing efforts in respect of the pre-sales and sales of our properties, and our efforts to collect trade receivables from our customers in a timely manner. We also plan to optimise the payment schedule of our construction costs for our property development through negotiations and maintenance of good relationship with our construction contractors so as to match with our property sales plans and our recovery of sales proceeds.

Key Financial Ratios

The following table sets forth our key financial ratios as at each of the dates indicated:

	FY2016	**FY2017**	**FY2018**	**1H2019**
Gross profit margin (%)[(1)]	25.7	32.2	38.6	52.0
Net profit margin (%)[(2)]	13.2	10.3	28.7	23.8
Return on equity (%)[(3)]	529.1	39.6	74.9	48.8
Return on total assets (%)[(4)]	4.3	2.5	6.9	5.0

	As at 31 December			**As at 30 June**
	2016	**2017**	**2018**	**2019**
Current ratio [(5)]	1.1	1.1	1.0	1.2
Net debt to equity ratio (%) [(6)]	614.4	194.1	42.0	80.8
Gearing ratio (%)[(7)]	1,066.4	306.2	116.0	200.7

Notes:

(1) Gross profit margin for FY2016, FY2017, FY2018 and 1H2019 was calculated on gross profit divided by revenue for the respective year. See the section headed "Financial Information — Review of Historical Results of Operation" for more details on our gross profit margins.

(2) Net profit margin for FY2016, FY2017, FY2018 and 1H2019 was calculated on profit for the year divided by revenue for the respective year. See the section headed "Financial Information — Review of Historical Results of Operation" for more details on our net profit margins.

(3) Return on equity for FY2016, FY2017 and FY2018 was calculated based on the profit for the year divided by the total equity for the respective years (sum of opening and closing balances of the total equity of the respective years then divided by two) and multiplied by 100%. For 1H2019, return on equity is calculated based on the annualised profits.

(4) Return on total assets for FY2016, FY2017 and FY2018 was calculated based on the net profit for the respective years divided by the total assets of the respective years (sum of opening and closing balances of the total assets of the respective years and then divided by two) and multiplied by 100%. For 1H2019, return on total assets is calculated based on the annualised profits.

(5) Current ratios as at 31 December 2016, 2017 and 2018 and 30 June 2019 were calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.

(6) Net debt to equity ratios as at 31 December 2016, 2017 and 2018 and 30 June 2019 were calculated based on net debts (being total bank and other borrowings net of restricted cash and cash and cash equivalents) as at the respective dates divided by total equity as at the respective years.

(7) Gearing ratios as at 31 December 2016, 2017 and 2018 and 30 June 2019 were calculated based on the total borrowings as at the respective dates divided by the total equity as at the respective dates and multiplied by 100%.

Listing Expenses

Based on the mid-point Offer Price of HK$3.27 (being the mid-point of our Offer Price range of HK$2.91 to HK$3.63 per Offer Share), the total listing expenses (including underwriting commissions) payable by our Group are estimated to be approximately HK$87.2 million (equivalent to RMB76.7 million), assuming the Over-allotment Option is not exercised. These listing expenses mainly comprise professional fees paid and payable to the professional parties, and commissions payable to the Underwriters, for their services rendered in relation to the Listing and Global Offering.

As at 30 June 2019, the listing expenses (excluding underwriting commissions) that have been charged to the consolidated statements of comprehensive income of our Group in relation to the Listing were RMB21.4 million, respectively. Assuming the Over-allotment Option is not exercised, we estimate that listing expenses of approximately HK$62.8 million (equivalent to approximately RMB55.3 million) will be incurred by our Group, of which approximately HK$14.9 million (equivalent to approximately RMB13.1 million) is expected to be charged to our consolidated statement of comprehensive income and approximately HK$47.9 million (equivalent to approximately RMB42.2 million) is expected to be charged against equity upon the Listing.

CONTROLLING SHAREHOLDERS' INFORMATION

Immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised but without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme), Chan S. M. Michael Family Trust through its wholly-owned company, Sze Ming, held 75.0% of the enlarged issued share capital of our Company. Pursuant to the trust deed establishing Chan S. M. Michael Family Trust, Mr. Michael Chan is the settlor, protector and a discretionary beneficiary of Chan S. M. Michael Family Trust. The discretionary beneficiaries include Mr. Michael Chan, his parents, his siblings and his descendants. The descendants of Mr. Michael Chan refer to Mr. Michael Chan's children and other descendants beyond Mr. Michael Chan's immediate children, such as grandchildren and great-grandchildren (and which includes legitimate, illegitimate, legitimated and adopted children). Mr. Michael Chan confirmed that there were eight discretionary beneficiaries as at the Latest Practicable Date. Accordingly, we consider Sze Ming and Mr. Michael Chan as our Controlling Shareholders for the purpose of the Listing Rules.

Please see "Relationship with Controlling Shareholders" section for details of our Controlling Shareholders.

RECENT DEVELOPMENTS

Our business operations had remained stable after the Track Record Period and up to the Latest Practicable Date. After the Track Record Period and up to the Latest Practicable Date,

(1) As at the Valuation Date, we had 875,144 sq.m. of GFA under development, among which approximately 92,348 sq.m. is expected to be completed in FY2019, 446,472 sq.m. is expected to be completed in FY2020 and 336,324 sq.m. expected to be completed in FY2021 or after, based on our current project development schedule, which are subject to change;

(2) As at 30 June 2019 (being the last day of the Track Record Period), our estimated total future development costs was RMB13,569.1 million, among which approximately RMB1,520.6 million is expected to be incurred in FY2019 and RMB3,456.2 million is expected to be incurred in FY2020, based on our current project development schedule, which are subject to change;

(3) As at 30 June 2019 (being the last day of the Track Record Period), our contracted liabilities amounted to approximately RMB2,013.1 million, among which approximately RMB1,140.6 million is expected to be realised in FY2019 and RMB872.5 million is expected to be realised in FY2020, based on our current project development schedule, which are subject to change; and

(4) On 16 August 2019, we entered into a strategic cooperation framework agreement with the Management Committee of Weihai Nanhai New District (威海南海新區管委會) so as to explore potential opportunities for cooperation in property development projects in Weihai Nanhai New District, Shandong. It is expected that we will be responsible for developing properties which are education related. Under the agreement, no capital commitment is required from us.

The following table sets forth a summary of the amount, GFA and average selling price of contracted sales of our property projects during the Track Record Period and up to the Valuation Date:

Before taking into account interest attributable to our Group

	FY2016	FY2017	FY2018	1H2019	From 1 January 2019 up to the Valuation Date
Contracted sales *(RMB million)*$^{(1)}$					
Properties	821.3	1,759.9	2,293.6	1,207.4	1,965.1
Carpark spaces	–	–	4.7	0.8	0.8
	821.3	1,759.9	2,298.2	1,208.1	1,965.9
GFA of contracted sales *(sq.m.)*$^{(1)}$					
Properties	57,598	112,977	98,102	98,837	157,168
Average selling price of contracted sales of properties *(RMB/sq.m.)*	14,260	15,578	23,379	12,216	12,503

After taking into account interest attributable to our Group

	FY2016	FY2017	FY2018	1H2019	From 1 January 2019 up to the Valuation Date
Contracted sales attributable to our Group *(RMB million)*$^{(1)(2)}$					
Properties	821.3	1,759.9	2,093.5	994.1	1,692.7
Carpark spaces	–	–	4.7	0.8	0.8
	821.3	1,759.9	2,098.2	994.8	1,693.4
GFA of contracted sales attributable to our Group *(sq.m.)*$^{(1)(2)}$	57,598	112,977	90,180	90,100	146,110
Average selling price of contracted sales of properties attributable to our Group *(RMB/sq.m.)*	14,260	15,578	23,215	11,033	11,585

Notes:

(1) "Contracted sales" refer to purchase price of sales and purchases contracts we entered into with purchasers of our properties. We compile contracted sales information (including contracted sales amounts and contracted sales GFA) through our internal records. Such information has not been audited or reviewed by our reporting accountants. As these sales and purchases contracts are subject to termination or variation under certain circumstances pursuant to their contractual terms, or subject to default by the relevant purchasers, they are not a guarantee of current or future contracted sales. Contracted sales information should in no event be treated as an indication of our revenue or profitability. Our subsequent revenue recognised from such contracted sales may be materially different from such contracted sales. Accordingly, contracted sales information contained in this prospectus should not be unduly relied upon as a measure or indication of our current or future operating performance.

(2) For projects held by our non-wholly-owned subsidiaries and associated companies, the contracted sales and GFA are adjusted by our equity interest in the respective project.

There were no material changes to our business models and the general economic and regulatory environment in which we operate. After due and careful consideration, our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial and operational position or prospects since 30 June 2019 and there is no event since 30 June 2019 which would materially affect the information shown in the Accountant's Report, the text of which is set out in Appendix I.

USE OF PROCEEDS

Assuming an Offer Price of HK$3.27 per Offer Share, being the mid-point of the indicative Offer Price range, we estimate that we will receive net proceeds of approximately HK$1,220.8 million from the Global Offering after deducting the underwriting commissions and other estimated expenses in connection with the Global Offering if the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme. We intend to use the net proceeds from the Global Offering for the following purposes:-

(i) approximately 60.0%, or HK$732.5 million, will be used as the development costs for certain of our projects, namely: JY Gaoligong Town Phases I, II and III in Tengchong of Yunnan, Zhaoqing International Technology and Innovation Centre (Zone A and Zone B) in Zhaoqing of Guangdong, JY Grand Garden Phases I, II and III in Qingyuan of Guangdong and JY Mountain Lake Gulf Phases I and II in Zhuzhou of Hunan;

(ii) approximately 30.0%, or HK$366.3 million, will be used for acquisition of land parcels in provinces which we are currently operating; and

(iii) the remaining amount of approximately HK$122.0 million, representing not more than 10.0% of the net proceeds, will be used for our general working capital.

Please see "Future Plans and Use of Proceeds — Use of Proceeds" for details.

STATISTICS OF THE GLOBAL OFFERING

	Based on an Offer Price of HK$2.62 per Offer Share, after Downward Offer Price Adjustment of 10%	Based on an Offer Price of HK$2.91	Based on an Offer Price of HK$3.63
Market capitalisation of the Shares(1)	HK$4,192 million	HK$4,656 million	HK$5,808 million
Unaudited pro forma adjusted net tangible assets per Share(2)	HK$1.46	HK$1.53	HK$1.70

Notes:

(1) The calculation of market capitalisation is based on each indicative Offer Price and 1,600,000,000 Shares in issue immediately after completion of the Global Offering but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the section headed "Appendix V — Statutory and General Information — 3. Resolutions in writing passed by our sole Shareholder on 13 November 2019" in this prospectus.

(2) The unaudited pro forma adjusted net tangible assets value per Share has been arrived at after the adjustments referred to in the section headed "Financial Information — Unaudited Pro Forma Adjusted Net Tangible Assets" and on the basis of 1,600,000,000 Shares in issue immediately after completion of the Global Offering but takes no account of any Shares which may fall to be issued upon the exercise of the Over-allotment Option or any options which may be granted under the Share Option Scheme or any Shares which may be allotted, issued or repurchased by the Company pursuant to the general mandates for the allotment and issue or repurchase of Shares referred to in the section headed "Appendix V — Statutory and General Information — 3. Resolutions in writing passed by our sole Shareholder on 13 November 2019" in this prospectus.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by the Company since its date of incorporation. Subject to Cayman Companies Law and other applicable laws and regulations, we currently target to distribute to our Shareholders no less than 30% of our distributable profits for any particular financial year. The declaration of dividends is subject to the discretion of our Board and, where required, the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including, where required, the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Please see "Financial Information — Dividend and Dividend Policy" section for details.

REGULATORY COMPLIANCE

During the Track Record Period, we were not in full compliance with certain PRC laws and regulations leading to certain historical non-compliance incidents. During the Track Record Period, we commenced or proceeded with construction works with respect to certain of our property projects before completing requisite administrative procedures and/or obtaining requisite permits. We also did not make social security insurance contribution in full. All these non-compliance incidents were fully rectified and all relevant penalty have been settled. Our Directors consider that each of such non-compliance incidents did not have any material operational or financial impact on us.

Please see "Business — Regulatory Compliance — Non-compliance Incidents" section for more information.

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

"1H2018"	the six months ended 30 June 2018
"1H2019"	the six months ended 30 June 2019
"Application Form(s)"	the **WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles" or "Articles of Association"	the amended and restated articles of association of our Company conditionally adopted on 13 November 2019 and effective on the Listing Date, as amended or supplemented from time to time
"ASP"	average selling price
"Asset Management Platform"	The Organisation of Transaction for Rural Collective Asset (集體經濟組織三資管理平台)
"Board" or "Board of Directors"	the board of directors of our Company
"business day"	any day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for normal banking business
"BVI"	the British Virgin Islands
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sums standing to the credit of the share premium account of our Company as referred to in "History and Development — Reorganisation — Part 3 of the Reorganisation: Setting up our Company — Capitalisation Issue"
"Cayman Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as revised and consolidated) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC
"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant

"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual or joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"Chan S. M. Michael Family Trust"	a discretionary trust set up on 4 September 2018 in accordance with the laws of the BVI by Mr. Michael Chan as settlor and protector, the discretionary beneficiaries including Mr. Michael Chan, his parents, his siblings and his descendants
"Chuangyi (HK)"	Chuangyi Holdings (HK) Limited (創藝控股(香港)有限公司), a limited liability company incorporated in Hong Kong on 30 August 2018, and a Subsidiary
"Chuangyi Holdings"	Chuangyi Holdings Limited (創藝控股有限公司), a BVI business company incorporated in the BVI on 5 July 2018, and a Subsidiary
"close associate(s)"	has the meaning defined under the Listing Rules
"Co-lead Managers"	CGS-CIMB Securities (Hong Kong) Limited GLAM Capital Limited
"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 or supplemented from time to time
"Company" or "our Company"	JY Grandmark Holdings Limited (景業名邦集團控股有限公司), a company incorporated in the Cayman Islands with limited liability on 2 November 2018
"connected person(s)"	has the meaning defined under the Listing Rules
"Controlling Shareholder(s)"	shall have the meaning given to it under the Listing Rules and unless the context otherwise requires, refers to Sze Ming and Mr. Michael Chan
"core connected person(s)"	has the meaning defined under the Listing Rules
"C&W" or "Cushman & Wakefield"	Cushman & Wakefield Limited, an independent market, research and consulting company which prepared the C&W Report

"C&W Report"	the report, written by Cushman & Wakefield as commissioned by our Company containing an analysis of the residential property industry in the PRC and other relevant economic and statistical data, as referred in "Industry Overview" in this prospectus
"Deed of Indemnity"	a deed of indemnity dated 13 November 2019 entered into by our Controlling Shareholders in favour of our Company to provide certain indemnities, particulars of which are set out in "E. Other Information — 1. Estate duty, tax and other indemnities" in Appendix V to this prospectus
"Deed of Non-competition"	a deed of non-competition dated 13 November 2019 entered into by our Controlling Shareholders in favour of our Company, particulars of which are set out "Relationship with Controlling Shareholders — Non-competition Undertakings"
"Directors" or "our Directors"	the directors of our Company
"Downward Offer Price Adjustment"	an adjustment that has the effect of setting the final Offer Price up to 10% below HK$2.62
"EIT Law"	Enterprise Income Tax Law of the PRC* (中華人民共和國企業所得稅法), as adopted by the Fifth Session of the Tenth National People's Congress on 16 March 2007, as amended or supplemented from time to time, which was further amended on 29 December 2018
"FY or "financial year"	financial year of our Company ended or ending 31 December
"FY2016"	financial year ended 31 December 2016
"FY2017"	financial year ended 31 December 2017
"FY2018"	financial year ended 31 December 2018
"FY2019"	financial year ending 31 December 2019
"FY2020"	financial year ending 31 December 2020
"Global Offering"	the Hong Kong Public Offer and the International Placing
"**GREEN** Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited

"Group", "we", "our" or "us"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Guangzhou Chongyu"	Guangzhou Chongyu Investment Co., Ltd.* (廣州崇譽投資有限公司), a limited liability company established in the PRC on 18 January 2017, and a Subsidiary
"Guangzhou Chuangyi"	Guangzhou Chuangyi Decoration Engineering Co., Ltd.* (廣州創藝裝飾工程有限公司), a limited liability company established in the PRC on 24 April 2017, and a Subsidiary
"Guangzhou Guangze"	Guangzhou Guangze Real Estate Development Co., Ltd.* (廣州廣澤房地產開發有限公司), a limited liability company established in the PRC on 5 November 2010, and a Subsidiary
"Guangzhou Haobang"	Guangzhou Haobang Investment Co., Ltd.* (廣州顥邦投資有限公司), a limited liability company established in the PRC on 31 May 2010, and a Subsidiary
"Guangzhou Hongchuang"	Guangzhou Hongchuang Construction Co., Ltd.* (廣州市泓創建設有限公司), a limited liability company established in the PRC on 7 November 2018, and a Subsidiary
"Guangzhou Jianghe"	Guangzhou Jianghe Cement Products Co., Ltd.* (廣州市江河水泥製品有限公司), a limited liability company established in the PRC on 14 March 2001, and a Subsidiary
"Guangzhou Jinghengyue"	Guangzhou Jinghengyue Investment Co., Ltd.* (廣州景恒悦投資有限公司), a limited liability company established in the PRC on 16 December 2016
"Guangzhou Jinghong"	Guangzhou Jinghong Investment Co., Ltd.* (廣州景弘投資有限公司), a limited liability company established in the PRC on 5 June 2018
"Guangzhou Jinglong"	Guangzhou Jinglong Investment Development Co., Ltd.* (廣州景隆投資發展有限公司), a limited liability company established in the PRC on 15 July 2019, and a Subsidiary
"Guangzhou Jingye"	Guangzhou Jingye Real Estate Development Co., Ltd.* (廣州市景業房地產開發有限公司), a limited liability company established in the PRC on 18 June 2008, and a Subsidiary

"Guangzhou Jingyu"	Guangzhou Jingyu Health Management Development Co., Ltd.* (廣州景譽健康管理發展有限公司), a limited liability company established in the PRC on 10 March 2016, and a Subsidiary
"Guangzhou Jingyue"	Guangzhou Jingyue Real Estate Co., Ltd.* (廣州市景悅房地產有限公司), a limited liability company established in the PRC on 20 August 2018, and a Subsidiary
"Guangzhou Just Stay"	Guangzhou Zhuosidao Hotel Management Co., Ltd.* (廣州卓思道酒店管理有限公司), a limited liability company established in the PRC on 22 July 2015, a Subsidiary, and trading in the name of "Just Stay"
"Guangzhou Just Stay (Conghua Branch)"	Guangzhou Zhuosidao Hotel Management Co., Ltd., Conghua Branch* (廣州卓思道酒店管理有限公司從化分公司), a branch established by Guangzhou Just Stay in the PRC on 13 July 2016, trading in the name of "Just Stay"
"Guangzhou Juxin"	Guangzhou Juxin Equity Interest Investment Fund Management Co., Ltd.* (廣州市聚信股權投資基金管理有限公司), a limited liability company established in the PRC on 2 March 2017
"Guangzhou Nansha Donghuzhou"	Guangzhou Nansha Donghuzhou Real Estate Development Co., Ltd.* (廣州市南沙東湖洲房地產有限公司), a limited liability company established in the PRC on 9 November 2009
"Guangzhou Panyu Decheng"	Guangzhou Panyu Decheng Copper Co., Ltd.* (廣州市番禺區德誠銅業有限公司), a limited liability company established in the PRC on 8 June 1999, and a Subsidiary
"Guangzhou Pusheng"	Guangzhou Pusheng Real Estate Development Co., Ltd.* (廣州市普盛房地產開發有限公司), a limited liability company established in the PRC on 22 December 2015, and a Subsidiary
"Guangzhou Qiri"	Guangzhou Qiri Real Estate Development Co., Ltd.* (廣州市啟日房地產開發有限公司), a limited liability company established in the PRC on 8 June 2016
"Guangzhou Shun'an"	Guangzhou Shun'an Health Industry Management Co., Ltd.* (廣州市舜安健康產業管理有限公司), a limited liability company established in the PRC on 5 January 2016, and a Subsidiary
"Guangzhou Shunbang"	Guangzhou Shunbang Investment Management Co., Ltd.* (廣州市舜邦投資管理有限公司), a limited liability company established in the PRC on 21 August 2015, and a Subsidiary

"Guangzhou Tianyue"	Guangzhou Tianyue Chenggai Investment Co., Ltd.* (廣州天悅城改投資有限公司), a limited liability company established in the PRC on 21 June 2017
"Guangzhou Wanjing"	Guangzhou Wanjing Real Estate Co., Ltd.* (廣州市萬景房地產有限公司), a limited liability company established in the PRC on 5 July 2018
"Guangzhou Xinfang"	Guangzhou Xinfang Enterprise Co., Ltd.* (廣州新芳實業有限公司), a limited liability company established in the PRC on 8 June 2000, and a Subsidiary
"Guangzhou Yinong"	Guangzhou Yinong Enterprise Co., Ltd.* (廣州意濃實業有限公司), a limited liability company established in the PRC on 1 July 2002, and a Subsidiary
"Guangzhou Zhuodu"	Guangzhou Zhuodu Property Management Co., Ltd.* (廣州卓都物業管理有限公司), a limited liability company established in the PRC on 30 July 2014, and a Subsidiary
"Hainan Jingye"	Hainan Jingye Real Estate Development Co., Ltd.* (海南景業房地產開發有限公司), a limited liability company established in the PRC on 25 December 2013, and a Subsidiary
"Hainan Xuanyu"	Hainan Xuanyu Real Estate Development Co., Ltd.* (海南烜煜房地產開發有限公司), a limited liability company established in the PRC on 16 October 2017, and a Subsidiary
"Hainan Zhuodu"	Hainan Zhuodu Property Services Co., Ltd.* (海南卓都物業服務有限公司), a limited liability company established in the PRC on 31 October 2014, and a Subsidiary
"Hainan Zhuodu (Lingao Branch)"	Hainan Zhuodu Property Services Co., Ltd., Lingao Branch* (海南卓都物業服務有限公司臨高分公司), a branch established by Hainan Zhuodu in the PRC on 26 July 2018
"HK$" or "Hong Kong dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"HKFRS"	the Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC

"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Counsel"	Ms. Yeung Wing Yan Wendy, our legal counsel as to Hong Kong law
"Hong Kong Offer Shares"	40,000,000 new Shares being initially offered by us for subscription pursuant to the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer by us of the Hong Kong Offer Shares to the public in Hong Kong for subscription at the Offer Price, on and subject to the terms and conditions set out in this prospectus and the Application Forms, as further described in "Structure of the Global Offering"
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters listed in "Underwriting — Hong Kong Underwriters", being the underwriters of the Hong Kong Public Offer
"Hong Kong Underwriting Agreement"	the underwriting agreement dated 21 November 2019 relating to the Hong Kong Public Offer entered into by, among others, our Company and the Hong Kong Underwriters, as further described in "Underwriting"
"Hongchuang Holdings"	Hongchuang Holdings (Guangzhou) Co., Ltd.* (泓創控股(廣州)有限公司), a limited liability company established in the PRC on 25 October 2018, and a Subsidiary
"Hunan Zhuodu"	Hunan Zhuodu Property Services Co., Ltd.* (湖南卓都物業服務有限公司), a limited liability company established in the PRC on 8 January 2019, and a Subsidiary
"Independent Third Party(ies)"	a person who, as far as our Directors are aware after having made all reasonable enquiries, is not a core connected person of our Company
"International Placing"	the conditional placing of the International Placing Shares by the International Underwriters for and on behalf of our Company to institutional, professional, corporate and other investors in Hong Kong and elsewhere in the world outside the United States at the Offer Price, on and subject to the terms and conditions under the International Underwriting Agreement, as further described in "Structure of the Global Offering"

"International Placing Shares"	360,000,000 new Shares being initially offered by us for subscription pursuant to the International Placing together with, where relevant, any additional Shares which may be issued by our Company pursuant to the exercise of the Over-allotment Option
"International Underwriters"	the underwriters for the International Placing who are expected to enter into the International Underwriting Agreement
"International Underwriting Agreement"	the underwriting agreement relating to the International Placing to be entered into by, among others, our Company and the International Underwriters on or about the Price Determination Date, as further described in "Underwriting"
"Jingye Health"	Guangdong Jingye Health Industry Development Co., Ltd.* (廣東景業健康產業發展有限公司), a limited liability company established in the PRC on 5 December 2016, and a Subsidiary
"Jingye Health Industry"	Jingye Health Industry Limited (景業健康產業有限公司), a limited liability company incorporated in Hong Kong on 30 November 2015, and a Subsidiary
"Jingye Health Industry Holdings"	Jingye Health Industry Holdings Limited (景業健康產業控股有限公司), a BVI business company incorporated in the BVI on 19 November 2015, and a Subsidiary
"Jingye Holdings"	Jingye Holdings Limited (景業控股有限公司), a BVI business company incorporated in the BVI on 13 December 2013, and a Subsidiary
"Jingye Holdings (HK)"	Jingye Holdings (HK) Limited (景業控股(香港)有限公司), a limited liability company incorporated in Hong Kong on 2 January 2014, and a Subsidiary
"Jingye Hotel Management (HK)"	Jingye Hotel Management (HK) Limited (景業酒店管理(香港)有限公司), a limited liability company incorporated in Hong Kong on 30 April 2018, and a Subsidiary
"Jingye Mingbang"	Jingye Mingbang Holdings (Guangzhou) Co., Ltd.* (景業名邦控股(廣州)有限公司), a limited liability company established in the PRC on 27 March 2018, and a Subsidiary
"Jingye Weihai"	Jingye Mingbang Investment (Weihai) Co., Ltd.* (景業名邦投資(威海)有限公司), a limited liability company established in the PRC on 24 June 2019, and a Subsidiary

"Joint Bookrunners"	DBS Asia Capital Limited ABCI Capital Limited China Galaxy International Securities (Hong Kong) Co., Limited Head & Shoulders Securities Limited
"Joint Lead Managers"	DBS Asia Capital Limited ABCI Securities Company Limited China Galaxy International Securities (Hong Kong) Co., Limited Head & Shoulders Securities Limited
"Latest Practicable Date"	16 November 2019, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
"Listing"	the listing of the Shares on the Main Board of the Stock Exchange
"Listing Committee"	the listing committee of the Stock Exchange
"Listing Date"	the date expected to be on or around Thursday, 5 December 2019, on which the Shares are first listed and from which dealings in the Shares are permitted to take place on the Main Board of the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange, as amended or supplemented from time to time
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company, as amended or supplemented from time to time
"Mr. Liu Huaxi"	Mr. Liu Huaxi (劉華錫), an executive Director and vice chairman of our Company
"Mr. Michael Chan"	Mr. Chan Sze Ming Michael (陳思銘), an executive Director, the chairman of our Company and a Controlling Shareholder
"Ms. Catherine Zheng"	Ms. Zheng Catherine Wei Hong (alias 鄭紅) (previously known as Zheng Weihong, 鄭衛紅), an executive Director and president of our Company
"Ms. Su Lifen"	Ms. Su Lifen (蘇麗芬), our staff
"Ms. Tan Yuxing"	Ms. Tan Yuxing (譚玉杏), a member of our senior management
"NPC"	the National People's Congress (全國人民代表大會)

"Offer Price"	the final offer price per Offer Share (exclusive of brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) of not more than HK$3.63 and expected to be not less than HK$2.91, such price to be determined in the manner described in "Structure of the Global Offering" section, subject to any Downward Offer Price Adjustment
"Offer Price Range"	HK$2.91 to HK$3.63 per Offer Share, subject to any Downward Offer Price Adjustment
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares
"Over-allotment Option"	the option expected to be granted by us to the International Underwriters under the International Underwriting Agreement, exercisable by the Stabilising Manager (on behalf of the International Underwriters), pursuant to which we may be required to allot and issue up to 60,000,000 additional Shares (representing 15% of the number of Offer Shares initially being offered under the Global Offering) at the Offer Price, to, among other things, cover over-allocations in the International Placing, if any, as further described in "Structure of the Global Offering"
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"PRC" or "China"	the People's Republic of China, excluding for the purposes of this prospectus only, Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"PRC Company Law"	Company Law of the PRC* (中華人民共和國公司法), as amended and adopted by the Standing Committee of the Tenth National People's Congress on 27 October 2005 and effective on 1 January 2006, as amended or supplemented from time to time, which was further amended on 28 December 2013 to take effect on 1 March 2014 and further amended and became effective on 26 October 2018
"PRC Legal Advisers"	Jingtian & Gongcheng, our legal advisers as to PRC law
"Price Determination Agreement"	the agreement to be entered into among our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on or about the Price Determination Date to record and fix the Offer Price

"Price Determination Date"	the date expected to be on or around Thursday, 28 November 2019, but no later than Monday, 2 December 2019, on which our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) determine the Offer Price for the purpose of the Global Offering
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the reorganisation of the Group in preparation for the Listing, details of which are set out in "History and Development — Reorganisation"
"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to the Board by our Shareholders, particulars of which are set forth in the section headed "Statutory and General Information — A. Further Information about our Company — 3. Resolutions in writing passed by our sole Shareholder on 13 November 2019" in Appendix V to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC* (中華人民共和國國家外匯管理局)
"SAT"	State Administration of Taxation of the PRC* (中華人民共和國國家稅務總局)
"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
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in the share capital of our Company
"Share Option Scheme"	the share option scheme conditionally approved and adopted by our Company on 13 November 2019, particulars of which are set out in "D. Share Option Scheme" in Appendix V to this prospectus
"Shunbang Corporate Management"	Shunbang Corporate Management (Guangzhou) Co., Ltd.* (舜邦商務管理(廣州)有限公司), a limited liability company established in the PRC on 23 April 2018, and a Subsidiary

"Shunbang (HK)"	Shunbang Investment Management (HK) Limited (舜邦投資管理(香港)有限公司), a limited liability company incorporated in Hong Kong on 22 November 2017, and a Subsidiary
"Shunbang Holdings"	Shunbang Investment Management Holdings Limited (舜邦投資管理控股有限公司), a BVI business company incorporated in the BVI on 1 November 2017, and a Subsidiary
"Sole Global Coordinator"	DBS Asia Capital Limited
"Sole Sponsor"	DBS Asia Capital Limited
"Stabilising Manager"	ABCI Securities Company Limited
"Stock Borrowing Agreement"	the stock borrowing agreement entered into between the Stabilising Manager and Sze Ming that may be pursuant to which the Stabilising Manager may borrow up to 60,000,000 Shares from Sze Ming to cover any over-allocation under the International Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subsidiary(ies)"	the subsidiary(ies) of our Company immediately after the Reorganisation
"subsidiary(ies)"	has the meaning ascribed thereto under the Listing Rules
"Sure Fine"	Sure Fine Limited (定佳有限公司), a BVI business company incorporated in the BVI on 30 July 2014
"Sze Ming"	Sze Ming Limited (思銘有限公司), a BVI business company incorporated in the BVI on 14 September 2018, and a Controlling Shareholder
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended or supplemented from time to time
"Tengchong Jingye"	Tengchong Jingye Real Estate Development Co., Ltd.* (騰衝景業房地產開發有限公司), a limited liability company established in the PRC on 24 January 2018, and a Subsidiary
"Track Record Period"	FY2016, FY2017, FY2018 and 1H2019
"Underwriters"	the Hong Kong Underwriters and the International Underwriters

"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"U.S." or "United States"	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
"U.S. Securities Act"	the United States Securities Act 1933, as amended or supplemented from time to time, and the rules and regulations promulgated thereunder
"US$" or "U.S. dollars"	United States dollars, the lawful currency of the United States
"Valuation Date"	30 September 2019
"Weihai Jinglong"	Weihai Jinglong Investment Development Co., Ltd.* (威海景隆投資發展有限公司), a limited liability company established in the PRC on 4 July 2019, and a Subsidiary
"Well Power"	Well Power Electronics Limited (佳力電子有限公司), a limited liability company incorporated in Hong Kong on 26 May 2011
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicant's own name(s)
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be registered in the applicant's own name by submitting applications online through the designated website of White Form eIPO at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Withdrawal Mechanism"	a mechanism which requires the Company, among other things, to (a) issue a supplemental prospectus as a result of material changes in the information (e.g. the Offer Price) in this prospectus; (b) extend the offer period and to allow potential investors, if they so desire, to confirm their applications using an opt-in approach (i.e. requiring investors to positively confirm their applications for shares despite the change)
"Ya'an Jingye"	Ya'an Jingye Health Industry Development Co., Ltd.* (雅安景業健康產業發展有限公司), a limited liability company established in the PRC on 27 July 2018, and a Subsidiary

"**YELLOW** Application Form(s)"	the form(s) of application for the Hong Kong Offer Shares for use by the public who require such Hong Kong Offer Shares to be deposited directly into CCASS
"Yingde Jingchuang"	Yingde Jingchuang Real Estate Development Co., Ltd.* (英德景創房地產開發有限公司), a limited liability company established in the PRC on 19 September 2017, and a Subsidiary
"Yingde Jingye"	Yingde Jingye Real Estate Co., Ltd.* (英德景業房地產有限公司), a limited liability company established in the PRC on 12 September 2017, and a Subsidiary
"Yingde Jinkun"	Yingde Jinkun Enterprise Investment Co., Ltd.* (英德市錦坤實業投資有限公司), a limited liability company established in the PRC on 11 September 2014, and a Subsidiary
"Yingde Jinxiong"	Yingde Jinxiong Cement Co., Ltd.* (英德金雄水泥有限公司), a limited liability company established in the PRC on 19 May 1994, and a Subsidiary
"Yingde Sangyuan"	Yingde Sangyuan Agriculture Development Co., Ltd.* (英德桑緣農業發展有限公司), a limited liability company established in the PRC on 11 April 2014, and a Subsidiary
"Yingde Shanhuju"	Yingde Shanhuju Real Estate Development Co., Ltd.* (英德市山湖居房地產開發有限公司), a limited liability company established in the PRC on 22 July 2011, and a Subsidiary
"Yingde Zhuodu"	Yingde Zhuodu Property Management Co., Ltd.* (英德市卓都物業管理有限公司), a limited liability company established in the PRC on 24 August 2018, and a Subsidiary
"Yunnan Zhuodu"	Yunnan Zhuodu Property Management Co., Ltd.* (雲南卓都物業管理有限公司), a limited liability company established in the PRC on 20 September 2018, and a Subsidiary
"Zhaoqing Jingyue"	Zhaoqing Jingyue Technology Development Co., Ltd.* (肇慶市景悦科技發展有限公司), a limited liability company established in the PRC on 28 August 2018, and a Subsidiary
"Zhaoqing Zhuodu"	Zhaoqing Zhuodu Property Management Co., Ltd.* (肇慶卓都物業管理有限公司), a limited liability company established in the PRC on 16 August 2019, and a Subsidiary

"Zhongshan Jingya"	Zhongshan Jingya Decoration Engineering Co., Ltd.* (中山市景雅裝飾工程有限公司), a limited liability company established in the PRC on 25 March 2005, and a Subsidiary
"Zhongshan Jingyue"	Zhongshan Jingyue Investment Co., Ltd.* (中山市景悅投資有限公司), a limited liability company established in the PRC on 12 April 2019, and a Subsidiary
"Zhongshan Longrui"	Zhongshan Longrui Trading Co., Ltd.* (中山市龍銳貿易有限公司) (currently known as Zhongshan Longrui Real Estate Investment Co., Ltd.* (中山市龍銳房地產投資有限公司)), a limited liability company established in the PRC on 27 November 2009
"Zhongshan Yueheng"	Zhongshan Yueheng Corporate Management Co., Ltd.* (中山市悅恒商業管理有限公司), a limited liability company established in the PRC on 20 September 2010, and a Subsidiary
"Zhongshan Yuelai"	Zhongshan Yuelai Real Estate Investment Group Co., Ltd.* (中山市悅來房地產投資集團有限公司), a limited liability company established in the PRC on 16 March 2012
"Zhuosidao Hotel Management Holdings"	Zhuosidao Hotel Management Holdings Limited (卓思道酒店管理控股有限公司), a BVI business company incorporated in the BVI on 27 March 2018, and a Subsidiary
"Zhuzhou Jingye"	Zhuzhou Jingye Real Estate Development Co., Ltd.* (株洲景業房地產開發有限公司), a limited liability company established in the PRC on 25 July 2018, and a Subsidiary
"%"	per cent.

* *For identification purpose only*

In this prospectus, unless expressly stated or the context requires otherwise:

- *the conversion of RMB into HK$ in this prospectus is based on the approximate exchange rate of HK$1.00 to RMB0.88 and the conversion of US$ to HK$ in this prospectus is based on the approximate exchange rate of US$1.00 to HK$7.8. Such conversions shall not be construed as representations that amounts in HK$ will be or have been converted into RMB or US$ at such rates or any other exchange rates, or vice versa;*

- *all data in this prospectus is as at the date of this prospectus;*

- *amounts and percentage figures, including share ownership and operating data in this prospectus, may 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, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items; and*

- *percentage shareholding of our Company upon or after the completion of Global Offering and the Capitalisation Issue represents percentage shareholding calculated on the basis without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option and the options which have been or may be granted under the Share Option Scheme.*

For ease of reference, the names of the PRC established companies or entities have been included in this prospectus in both the Chinese and English languages. The name in Chinese language is the official name of each such company or entity, while that in English language is only an unofficial translation, and in the event of any inconsistency, the Chinese version shall prevail.

This glossary contains definitions of certain terms used in this prospectus in connection with our Company and our business. Some of these may not correspond to standard industry definitions.

"CAGR"	compound annual growth rate
"GDP"	Gross Domestic Product
"GFA"	gross floor area
"HIBOR"	Hong Kong Interbank Offered Rate
"mu (畝)"	a unit of land measurement in the PRC. One mu is approximately 666.7 sq.m.
"RevPAR"	revenue per available room, that is the room revenue of a hotel (including related service charges) during a period divided by the Total Available Room Nights of such hotel during the same period
"sq.km."	square kilometer
"sq.m."	square meter
"Total Available Room Nights"	all room nights available for sale excluding those under renovation
"Urban Renewal Policy"	Urban Renewal Policy (城市更新改造政策) refers to the reform of old factories, old villages and old towns. Please see "Regulatory Overview—Regulations on Urban Renewal Policy" for details of the policy

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. The forward-looking statements are contained principally in the "Summary", "Risk Factors", "Industry Overview", "Business", "Financial Information" and "Future Plans and Use of Proceeds" sections in this prospectus. These statements relate to events that involve known and unknown risks, uncertainties and other factors, including those listed under the "Risk Factors" section in this prospectus, which may cause our actual results, performance or achievements to be materially different from performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our ability to identify and successfully take advantage of new business development opportunities;
- our profit estimate and other prospective financial information; and
- the regulatory environment and industry outlook for the industries in which we operate.

The words "anticipate", "believe", "could", "estimate", "expect", "intend", "may", "plan", "seek", "will", "would" and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of uncertainties and factors, including but not limited to:

- any changes in the laws, rules and regulations of the central and local governments in Hong Kong and the PRC relating to any aspect of our business or operations;
- general economic, market and business conditions in Hong Kong and the PRC;
- inflationary pressures or changes or volatility in interest rates, foreign exchange rates or other rates or prices;
- various business opportunities that we may pursue; and
- the risk factors discussed in this prospectus as well as other factors beyond our control.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, 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 prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties discussed in the "Risk Factors" section in this prospectus.

You should carefully read and consider all of the information in this prospectus including the risks and uncertainties described below before deciding to make any investment in our Shares. Our business, financial condition or results of operations could be materially adversely affected by any of these risks and uncertainties. The trading price of our Shares could decline due to any of these risks and uncertainties. As a result you may lose part or all of your investment.

We believe that there are certain risks involved in our operations, some of which are beyond our control. These risks can be broadly categorised into: (i) risks relating to our business; (ii) risks relating to our industry; (iii) risks relating to doing business in the PRC; and (iv) risks relating to the Global Offering. Additional risks and uncertainties that are not presently known to us or that we currently deem immaterial may develop and become material and could also harm our business, financial condition and results of operations.

RISKS RELATING TO OUR BUSINESS

Our business is subject to extensive governmental regulation and is sensitive to property purchase restriction policy (if any) and other policy changes particularly in Guangdong, Hainan, Yunnan and Hunan provinces.

The PRC government has in recent years promulgated various control measures aimed at cooling the property sector and may adopt further measures to regulate this industry. Please see "— Risks Relating to Our Industry — Our operations are subject to extensive governmental policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate." in this section.

During the Track Record Period and up to the Valuation Date, our projects are located in Guangdong, Hainan, Yunnan and Hunan provinces of the PRC. As a result, we are more susceptible to purchase restriction and other property related policies and regulations in these provinces in comparison to property developers that have projects nationwide. Please see "Regulatory Overview — The Laws and Regulations of the PRC — Regulations on Real Estate Transfer and Sale — Measures on Stabilising Housing Prices" and "Regulatory Overview — The Laws and Regulations of the PRC — Regulations on Real Estate Financing" for details of such policies and regulations.

Such policies and measures may have negative impact on our business. Government in the locations where we have or will have operations may not lift such purchase restrictions and may even impose more stringent purchase restriction or other polices to stabilise the property market. In such event, our business, results of operations and financial conditions may be adversely affected.

Our business and prospects depend heavily on the economic conditions in the PRC and the performance of the PRC property markets, particularly in Guangdong, Hainan, Yunnan and Hunan provinces.

As at the Valuation Date, we had five completed project phases located in Guangdong province and five in Hainan province. We also have three project phases under development in Guangdong province, two in Yunnan province and one in Hunan province. In addition to the above, we also have seven project phases held for future development in Guangdong province, three in Hainan province, one in Yunnan province and three in Hunan province of the PRC. We had and will continue to enhance our presence in these cities and all 3.0 million sq.m. of land in our land reserve are located in these provinces. Property markets in these provinces may be affected by local, regional, national and global economic and financial condition, demand for and supply of properties in local area, inflation and government policies.

There have been increasing concerns over the sustainability of growth in the real estate market in the PRC. Speculative activities in local markets, investor sentiment, availability of alternative investment choices, interest rates and availability of capital may also have significant impact on our business and prospects. Any general market downturn in the PRC or in locations in which we have or expect to have operations may results in over supply of properties and stale housing inventory, and have material and adverse impact on our business, cash flows, financial condition and results of operations.

We may not be able to acquire land in desirable locations that are suitable for our development at commercially acceptable prices or at all.

Our sustainable growth and success depend significantly on our ability to continue acquiring additional land that are suitable for our projects at desirable locations and commercially acceptable prices. Land we acquired during the Track Record Period for our projects are primarily through acquiring companies that owned land use rights of our target sites and through land auction or listing-for-sale activities of local government in the PRC. We also acquired land for property development by cooperating with our business partners through joint venture and associated company. Our ability to acquire land depends on a lot of factors. For example, the PRC government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Whether we can win the bidding for such land depends heavily on our ability to compete in price and project quality with other property developers.

In recent years, rapid development in locations we operate or intend to operate has also resulted in limited supply of undeveloped land at desirable locations and commercially acceptable costs to us. As we are a young property company with limited funding, where there is any substantial increase in land costs in future, we may not be able to compete effectively with other property developers that have more financial resources than us. If we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable return upon sales to our customers, our business, financial condition, results of operations and prospects may be materially and adversely affected.

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 according to the terms of the land grant contract (including payment of fees, designated use of land, prescribed timing for commencement and completion of development and others), the relevant government authorities may issue a warning to and impose penalty on the developer. It may also forfeit the land use rights in serious cases. Any violation of the land grant contract may result in restriction or prohibition on a developer's qualification to participate in future land bidding.

We cannot assure you that we will not experience delay in payment of land premium or violation of terms in the land use right contracts in future due to reasons beyond our control. If we incur late payment fees or is restricted or prohibited from participating in land bidding in future, our business, financial condition and results of operations may be materially and adversely affected.

If we fail to commence development of land within the prescribed deadline in the land use right grant contract, develop area less than a prescribed portion of the total land area, or if the total capital expenditure on land development is less than a prescribed portion of the total expected investment amount stated in the project proposal submitted to the government, or if development is suspended for over a year without government approval, the land may be treated as idle land. If so, we may be required to pay a idle land fee or even forfeit the land. Where malicious hoarding or speculation of land is involved, competent land authority will not accept any application for new land use rights, process any title transfer transaction, mortgage transaction, lease transaction or land registration application in respect of the piece of idle land before the relevant land use right holder completes required rectification procedures.

Up to the Latest Practicable Date, four of our project sites with an aggregate site area of 263,278 sq.m. were identified as idle land by the relevant government authorities, and among which, three project sites were idle because of reasons due to local government.

We cannot assure you that circumstances leading to delay in property development and in turn, imposing of fine or even repossession of land by the government will not arise in future due to circumstances beyond our control, or that we will not be at loss if we are to comply with the terms of the land use right grant contracts against our commercial interest. If our land is repossessed, we will not be able to continue our property development on the forfeited land, recover the costs of the repossessed land development and other costs incurred up to the date of the repossession. In addition, we cannot assure you that regulations relating to idle land or other aspects of land use rights grant contracts will not become more restrictive or punitive in the future. If we fail to comply with the terms of any land grant contract as a result of delays in project development, or as a result of other factors, we may lose the opportunity to develop the project, as well as our past investments in the land, which could materially and adversely affect our business, financial condition and results of operations.

Our cash inflow from and results of operation may vary significantly from period to period and such fluctuations may make it difficult to predict our future performance and price of our Shares.

Our cash inflow of operations may fluctuate significantly from period to period and a comparison of different periods may not be meaningful. Further, our cash inflow for a given financial period are not necessarily indicative of cash inflow to be expected for any other financial period as it depends on the timing of our pre-sale activities.

Our results of operations may fluctuate from period to period depending on, among others, the timing of our pre-sale and sale activities, the overall development and delivery schedule of our projects, the level of acceptance of our properties by customers, our land acquisition activities, our revenue recognition policy and changes in our costs and expenses, particularly, land acquisition and development costs. We generally recognise our revenue when we deliver completed properties to our customers. Accordingly, periods in which we pre-sell a lot of properties may not necessarily be the periods in which we generate a correspondingly high level of revenue, as the pre-sold properties may not be completed and delivered within the same financial period. Our results of operations may therefore vary significantly from period to period depending on the properties sold or pre-sold and the timing of completion of the properties we sell.

We had negative net operating cash flows during the Track Record Period. We may not be able to meet our contractual and capital commitments or obtain sufficient funding for our land acquisitions and future property developments whether through bank loans or other arrangements, on commercially reasonable terms, or at all.

Property development usually requires substantial capital investment during the construction period. During the Track Record Period, our cash outflow used in operating activities arose principally from cash used in operations and income taxes paid. Our projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans and shareholder's loan. We expect to continue to fund our projects through pre-sale proceeds and will look for additional financing opportunities.

However, we cannot assure you that such funds will be sufficient or that any additional financing can be obtained on satisfactory or commercially reasonable terms, or at all. For FY2017, FY2018 and 1H2019, we recorded net cash used in operating activities of approximately RMB270.6 million, RMB209.8 million and RMB363.0 million, respectively. For FY2017, our net cash used in operating activities was mainly a result of cash used in operations and taxes paid. For FY2018, our net cash used in operating activities was mainly a result of cash used in operations, income tax paid and interest paid. For 1H2019, our net cash used in operating activities was mainly a result of our cash used in operations, income tax paid and interest paid. For details, see "Financial Information — Liquidity and Capital Resources — Cash Flow" section. As at 31 December 2016, 2017 and 2018 and 30 June 2019, we had contractual and capital commitment of RMB683.3 million, RMB776.9 million, RMB2,170.2 million and RMB1,662.8 million, respectively. We cannot assure you that we will not experience negative net cash flow from our operating activities in the future again. A negative net cash flow position for operating activities could impair our ability to make necessary capital expenditures, constrain our operational flexibility and adversely affect our ability to expand our business and enhance our liquidity. In particular, if we do not have sufficient net cash flow to fund our future liquidity, pay our trade payables and repay the outstanding debt obligations when they become due, we may need to significantly increase external borrowings or secure other external financing. If adequate funds are not available from external borrowings, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, prospects, financial condition and results of operations may be materially and adversely affected.

We recorded accumulated losses of approximately RMB31.6 million as at 1 January 2016.

We recorded accumulated losses of approximately RMB31.6 million as at 1 January 2016 (i.e. the beginning of the Track Record Period). Our Directors confirm that such accumulated losses were mainly because our Group's earliest projects, namely JY Lychee Town Phase I and JY Clearwater Bay No. 3 Phase I were acquired and under development during the years ended 31 December 2014 and 2015, and only a small quantity of properties and profits were delivered and recognised by the end of 2015. Thus the gross profit generated was not sufficient to cover all expenses incurred during the same periods, resulting in accumulated loss being recorded in the Group's management accounts as at 1 January 2016.

There is no assurance that our Group will not record accumulated losses in the future. Having accumulated losses could adversely affect our ability to make dividend distributions as the payment and amount of dividends declared by our Board will depend upon our Group's (i) overall results of operation; (ii) financial position; (iii) capital requirements; (iv) shareholders' interests; (v) future prospects; and (vi) other factors which our Board deems relevant. Please see "Financial Information — Dividend and Dividend Policy" section for details of our dividend policy.

We relied on interest-free borrowings from our Controlling Shareholders during the Track Record Period.

During the Track Record Period, we funded our operations partly using interest-free borrowings from Mr. Michael Chan (one of our Controlling Shareholders) and entities controlled by him. As at 31 December 2016, 2017 and 2018 and 30 June 2019, our non-trade balances due to our ultimate controlling shareholder and his private company were approximately RMB538.4 million, RMB629.2 million, RMB1,115.2 million and RMB1,363.3 million, respectively. For details, please see "Financial Information – Description of Certain Items of Consolidated Statements of Financial Position – Amounts due to related parties".

Upon Listing, we may need to obtain debt financing from lenders other than our Controlling Shareholders to finance our operations and therefore expect to incur interest expenses that we did not incur during the Track Record Period. For illustration purpose, an analysis on impact of net notional interest expenses on certain line items in our historical financial information during the Track Record Period is set out in "Financial Information – Description of Certain Items of Consolidated Statements of Financial Position – Non-HKFRS financial measures". If we are unable to obtain loans at interest rate acceptable to us, or at all, our business, results of operations and financial performance may be materially and adversely affected.

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

We maintain a substantial level of borrowings to finance our operations during the Track Record Period and going forward, we expect to continue to have a substantial level of borrowings. Our total borrowings as at 31 December 2016, 2017 and 2018 and 30 June 2019 were RMB732.8 million, RMB1,121.5 million, RMB758.1 million and RMB1,668.0 million, respectively. Our net debt to equity ratio, calculated as net debt divided by total equity, was 614.4%, 194.1%, 42.0% and 80.8%, respectively, as at the same dates.

Our substantial indebtedness and high gearing could have significant implications, including, among others:

- increase our vulnerability to adverse general economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to servicing and repaying our indebtedness, thereby reducing the availability of our cash flow for our business expansion, working capital and other general corporate purposes;
- limit our flexibility in planning for or reacting to changes in our businesses and the industry in which we operate;

- place us at a competitive disadvantage compared to our competitors with lower levels of indebtedness;

- limit our ability to borrow additional funds; and

- increase our cost of additional financing.

In the future, we may from time to time incur substantial additional indebtedness and contingent liabilities to complete our projects under development and projects held for future development, in which case the risks that we face as a result of our substantial indebtedness could intensify.

Our ability to generate sufficient cash to satisfy our existing and future debt obligations and to fund our capital expenditures will depend upon our future operating performance, which will be affected by, among other things, prevailing economic conditions, PRC governmental regulation, demand for properties in the regions we operate and other factors, many of which are beyond our control. We may not generate sufficient cash flow to pay for our anticipated operating expenses, fund our capital expenditures and service our debts, in which case we will be forced to adopt an alternative strategy that may include actions such as reducing or delaying property project development, disposing of assets, restructuring or refinancing indebtedness or seeking equity capital.

If we are unable to comply with the restrictions and covenants of our current or future debt and other obligations, there could be a default under the terms of relevant agreements, in which case the relevant creditors could accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be, or with respect to secured borrowings, enforce the security interest securing the loan. Furthermore, some of these agreements contain cross-default provisions. As a result, our default under one agreement may trigger acceleration under other financing agreements. If any of these events occur, we cannot assure you that our assets and cash flow would be sufficient to repay in full all of our indebtedness which has become due and payable, or that we would be able to find alternative financing on terms that are favourable or acceptable to us. As a result, our cash flow, cash available for distributions, financial condition and results of operations may be materially and adversely affected.

We rely on external contractors and suppliers to deliver our projects on time and up to our specified quality standards.

We engage external third-party construction contractors and construction material suppliers to provide us with construction related services and materials. We cannot assure you that the services rendered or materials supplied by our contractors or suppliers will always be satisfactory or meet our quality requirements. Our construction contractors may fail to provide satisfactory services or complete all construction works on schedule. If completion of our project is delayed, we may incur additional costs including replacement of contractors or suppliers as well as potential compensation to our customers in the event of unsatisfactory quality or delay in delivery of our properties. Our cost structure and development schedule of our projects could be adversely affected which in turn could have material adverse impact on our business, cash flows, financial conditions and results of operations.

There may also be shortage of contractors that meet our quality standards and other selection criteria and we may not be able to engage a sufficient number of high-quality contractors in a timely manner to accommodate our property development schedule. This may adversely affect our construction schedules and development costs.

We may not be able to complete the development or construction of our current or future projects on time, within budget or at all.

As at the Valuation Date, we had six project phases under development and 14 project phases held for future development. Two project phases under development are expected to be completed in 2019, two in 2020 and the remaining two are expected to be completed in 2021. Pre-sale activities of two projects under development had commenced as at the Valuation Date. Among our 14 projects held for future development, (i) five, seven and two project phases are expected to commence development in 2019, 2020 and 2021, respectively; (ii) three, five, five and one project phase(s) are expected to complete development in 2020, 2021, 2022 and 2023, respectively; and (iii) one, seven, five and one project phase(s) are expected to conduct pre-sale activities in 2019, 2020, 2021 and 2022, respectively.

However, we cannot assure you that our projects under development and projects held for future development will commence pre-sale or be completed on time and within budget or at all, and failure to complete may have material adverse impact on our business, reputation, financial conditions and results of operations. During the construction period, we may face cost overruns or delays caused by a number of factors, including shortages of, or price increases in, raw materials and/or skilled labour, unforeseen environmental issues, contractor default or insolvency, as well as failure or difficulties in obtaining any requisite licences, approvals or permits from regulatory authorities. If we experience any material increase in the cost or delays in delivery, our business, financial condition and results of operations may be materially and adversely affected.

We may not be able to obtain or may experience delay in obtaining the land use rights for redevelopment of our project land under the "Urban Renewal Policy".

We had acquired land for project development through acquiring old factories and associated industrial land. Such land, subject to approval under the "Urban Renewal Policy" by the local government and local general planning, can be used for redevelopment into commercial and residential projects. Before redeveloping the relevant land, we are required to comply with a series of approval procedures and pay additional land premiums and/or return part of the site area to government. For details of the approval process, please see "Business — Our Property Development Business Process — Land Selection and Acquisition Process — Redevelopment under Urban Renewal Policy" in this prospectus.

Land parcels we acquired for redevelopment comprise three projects to be held for future development, namely JY Grandmark Building (景業名邦大廈), JY Guangzhou Asian Games City Area Project (景業廣州亞運城板塊項目) and JY Qingyuan City Jinxiong Project (景業清遠市金雄項目). We plan to redevelop the sites into residential and commercial properties subject to approval being obtained from relevant government authorities. As at the Valuation Date, 185,255 sq.m. of land under these projects, which represented 9.0% of our total project site area attributable to us, are to be redeveloped under this "Urban Renewal Policy".

We cannot assure you that our land reformation implementation plans will be accepted by the relevant government authorities and the governmental authorities will grant us the change of land use or issue the relevant land use rights certificates in respect of these parcels of land. There is also no assurance that the relevant government authorities will approve our applications for the change of land use in a timely manner. If we fail to obtain or experience a material delay in obtaining the land use rights for redevelopment of our project land, there may be a material adverse effect on our business, financial condition and results of operations.

We may not be able to obtain or may experience delay in obtaining the land use rights of collectively-owned construction land from local economic organisations for our JY Maofengshan Project (景業帽峰山項目).

Our JY Maofengshan Project (景業帽峰山項目) is planned to be developed on collectively-owned construction land. Part of the site area has been converted to construction land while the remaining part were still non-construction land as at the Latest Practicable Date. Subject to the land use of the relevant land having been converted to construction land, we plan to enter into collectively-owned construction land use right transfer agreements with the collective economic organisations and go through necessary approval process to obtain the land use right of the collectively-owned construction land. See "Business — Our Property Projects — JY Maofengshan Project (景業帽峰山項目)" for details of this project. We have also contracted agricultural land, forest land, bare land and mountain land which are not designated as construction land as at the Latest Practicable Date. Those contracted land may or may not be converted into construction land under local government's zoning plan.

We cannot assure you that we can obtain the land use rights of the collectively-owned construction land that are necessary for our project development, or that there will be no delay in obtaining such rights. We also cannot assure you that the land use of contracted land can be converted to construction land, or that there will not be delay in conversion of land use. If we fail to obtain or experience a material delay in obtaining the land use rights for, or conversion of the land use of, the collectively-owned land used for JY Maofengshan Project, there may be a material adverse effect on our business, financial condition and results of operations.

Failure to obtain or material delays in obtaining or renewing requisite certificates, permits, approvals or licenses from the PRC government may adversely affect our business.

Property development as well as hotel operation industries in the PRC is heavily regulated. We are required under relevant laws and regulations of the PRC to apply to the relevant government authorities and obtain various licenses, permits, certificates and approvals to engage in property development operations, including but not limited to, qualification certificates for real property development enterprise, land use rights certificates, environmental protection evaluation and approval, construction land planning permits, construction works planning permits, construction works commencement permits, pre-sale permits and construction works completion inspection and registration. For our hotel operations business, we are required to maintain, among others, Special Trade Licence, Pre-operation Fire Services Compliance Certificate for Public Places and Food Operation Licence for our Just Stay Resort and Just Stay Hotel. We must meet specific conditions in order for the government authorities to issue or renew any certificate, licence or permit.

We cannot assure you that new rules and regulations that may come into effect from time to time will not post more stringent requirements for obtaining or renewing licences we required for our property development and hotel operations businesses, or that we will not encounter material delay or difficulty in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. In the event that we fail to obtain, renew or encounter significant delays in obtaining or renewing necessary government approvals for any of our property development projects or hotel operations, we will not be able to continue with our development plans or operation of our hotels. As a result, our business, financial condition and results of operations may be materially adversely affected.

Our financial conditions and results of operations in future may be adversely affected by our relationship with our business partners as well as the capital requirements and financial performances of our non-wholly-owned subsidiaries, joint venture and associated company.

Certain of our non-wholly-owned subsidiaries, joint venture and associated company have shareholders which are our business partners. We may continue to adopt this strategy in the future to lower our land acquisition costs. During the Track Record Period, nil revenue has been generated from such subsidiaries, joint venture or associated company as relevant land were either used in projects under development or held for future development. As at the Valuation Date, approximately 666,130 sq.m. of GFA within our land reserve which were located in Nansha, Zhongshan, Qingyuan, Lingao and Zhaoqing were held by our non-wholly-owned subsidiaries, joint venture or associated company. Their performances are expected to affect our financial condition and results of operations.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, our investments in joint venture and associates amounted to RMB37.4 million, RMB36.6 million, RMB55.9 million and RMB31.1 million, respectively, which were in proportion to our equity interest in such companies. Such capital contribution were mainly used to fund land acquisition and working capital requirements of such project companies. We may need to provide further capital to such project companies as the respective project proceeds. As a result, capital requirements and financial performances these non-wholly-owned project companies may materially and adversely affect our financial conditions and results of operations. We generally expect to incur share of loss in project companies until their respective projects complete and starts to contribute revenue.

The financial performances of these companies in turn depend on factors which may be beyond our control and we cannot assure you that we will be able to realise the anticipated economic and other benefits from these companies. Certain matters relating to these non-wholly-owned companies and associated companies may require consent from all directors and/or shareholders under their respective articles of association and therefore involve a number of risks, including the following:

- we may not be able to pass certain important board resolutions requiring unanimous consent from all directors and/or shareholders if there is a disagreement between us and our business partners;

- we may disagree with our business partners on the scope or performance of our respective obligations under the business ventures;

- our business partners may face difficulties, or become unable or unwilling to perform their obligations, including making capital contributions;

- our business partners may have economic or business interests or goals or philosophies that are inconsistent with ours;

- our business partners may take action contrary to our requests, instructions, policies or objectives with respect to the business ventures; or

- without full control over the business and operations of the business ventures, we cannot assure you that they have been, or will be, in strict compliance with all applicable PRC laws and regulations.

Any of the above risks, if realised, may have material adverse effect on our business, results of operation and financial conditions.

Deterioration in our brand image or any infringement of our intellectual property rights may materially and adversely affect our business.

We rely, to a significant extent, on our "JY Grandmark (景業名邦)" brand name and image to attract potential customers to our properties. Any negative incident or negative publicity concerning us or our properties may materially and adversely affect our reputation, financial position and business, results of operations. Brand value is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumers' trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any negative publicity and the resulting decrease in brand value, or any failure to establish our brand in provinces and cities in which we currently operate, may have a material adverse effect on our business, financial position and results of operations. In addition, any unauthorised use or infringement of our brand name may impair our brand value, damage our reputation and materially and adversely affect our business and results of operations.

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

We have experienced fluctuations in the labour costs during the Track Record Period, and expect such costs to increase in the foreseeable future. In addition, we procure construction materials through our external construction contractors or by ourselves. The cost of construction materials, such as steel and concrete, may continue to fluctuate from time to time. As some of our major construction contracts are not fixed price contracts, we bear the risk of fluctuations in construction material prices during the term of the relevant contract when the prices exceed certain thresholds. Moreover, increases in the cost of construction materials and labour will likely prompt our construction contractors to increase their fee quotes for our new property development projects.

Furthermore, we typically pre-sell our properties prior to their completion and we will not be able to pass the increased costs on to our customers if the costs of construction materials and labour increase subsequent to the pre-sale. The increasing cost of construction materials and labour and our inability to pass cost increases on to our customers may adversely affect our financial condition and results of operations.

We are dependent on property brokerage firms for sales and marketing of our property projects and may be affected by the performance of such agencies.

During the Track Record Period, we engaged external property brokerage firms for the sales and marketing of certain of our projects. Please see the section headed "Business — Our Property Development Business Process — Pre-sales and Sales and Marketing — Sales and Marketing" for more details. We expect to continue to engage property brokerage firms to conduct sales and marketing of our property projects in the future.

We cannot assure you that the property brokerage firms we engage are in compliance in all material respects with the PRC laws and regulations applicable to us or them. If any of the property brokerage firms engaged by us fails to comply with the applicable PRC laws and regulations in our sales and marketing campaigns, we may lose a portion of our customers, and our reputation and credibility, business and results of operations could be harmed. In addition, if any of the property brokerage firms engaged by us underperforms and fails to meet our sales target, or we are not able to engage suitable property brokerage firms in a timely manner, our sales may be affected and our business, financial condition and results of operations may also be adversely affected.

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

We mainly derive our revenue from sales of our properties and certain of our purchasers apply for bank borrowings and mortgages to fund their purchases. As the building ownership certificates have not been issued to our customers at pre-sale stage and in line with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loans for a purchaser until the earlier of (i) the issue of relevant property ownership certificate in the name of the purchaser of the property and registration of mortgage over the relevant property in favour of the bank; or (ii) the full repayment of the mortgage loan by the purchaser of the relevant property. If a customer defaults on payment of its mortgage loan, the mortgagee bank may require that we repay the entire outstanding balance of the mortgage pursuant to the guarantee. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the customer credit evaluations conducted by the mortgagee banks. These are contingent liabilities not reflected on our balance sheets.

As at 30 June 2019, our outstanding guarantees in respect of the mortgages of our customers amounted to RMB994.5 million. During the Track Record Period, we encountered one incident of default by our purchaser for whom we had guaranteed the mortgage loans, which involved defaulted payment plus accrued interest of RMB0.6 million. We did not encounter any customer default that had a material adverse effect on our financial condition and results of operations during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that we will not be subject to guarantee-related risks. Should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

We face risks related to the pre-sale of properties and claims from customers in the event the pre-sold properties are not delivered on time or up to required quality.

We make certain undertakings in our pre-sale contracts. Our pre-sale contracts and PRC laws and regulations provide for remedies for breach of these undertakings. If we fail to deliver a property that we have pre-sold in a timely manner or at all, or if there is any material quality issue in the property or the fitting out works, the purchaser may claim damages from us or even terminate his/her contract with us, as the case may be, either under the pre-sale contract or relevant PRC laws and regulations. A purchaser may also terminate his or her contract with us and/or bring claims for compensation under other terms, representation and warranties under the pre-sale contracts. Though we are typically able to claim compensation from relevant contractors pursuant to the terms of our contract with them if our breach of undertakings in our pre-sale contract is due to their fault, we cannot assure you that we will always successfully recoup full compensation from our contractors. If we experience material delay or material quality issue in properties we deliver in the future, or become liable to pay significant amount of compensation to purchaser of our properties due to contractual disputes or for other reasons, our reputation, business, financial condition and results of operations may be materially adversely affected.

Adverse changes in PRC laws and regulations with respect to pre-sale may have a material adverse effect on our business performance.

We depend on cash flows from the pre-sale of our properties as one of the sources of funding for our property development projects. Under current PRC laws and regulations, property developers are required to fulfil certain conditions before they are allowed to commence pre-sale of the relevant properties. The use of pre-sale proceeds is also restricted to financing project development. On 21 September 2018, the Guangdong Real Estate Association issued the "Emergency Notice on the Relevant Opinions on Providing the Pre-sale Permit for Commodity Houses" ("**Emergency Notice**"), pursuant to which the PRC Government may prohibit or impose additional or more stringent requirements on pre-sale of properties. As at the Latest Practicable Date, the Emergency Notice was put on hold. However, we cannot assure you 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 adoption of any such measures may increase our cost of borrowings and reduce the availability of the Group's funding sources going forward, which may materially and adversely affect our cash flow position. We may have to seek alternative sources of funding to finance our project development, which may not be available on commercially reasonable terms, or at all. In such event, our business, prospects, financial conditions and results of operation may be materially adversely affected.

We may not be able to obtain adequate financing to fund our future land acquisitions and property development at commercially reasonable terms or at all.

Property development is capital intensive. We are expected to continue to incur a high level of capital expenditure for land acquisition and construction for the foreseeable future. During the Track Record Period, we financed our property projects primarily through a combination of internally generated funds, including proceeds from pre-sales and sales of our properties and borrowings. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including the following:

- our future financial condition, results of operations and cash flows;
- the condition of the international and domestic financial markets and the availability of financing;
- changes in the monetary policies of the PRC government with respect to bank interest rates and lending practices; and
- changes in policies regarding regulation and control of the property market.

The PRC government has implemented a number of measures to manage the growth of the money supply and the availability of credit, especially with respect to the property sector in the past. On March 13, 2018, the PRC State Council further submitted the Reform Plan on State Council Agencies for review of the First Session of the thirteenth NPC, proposing to merge the CIRC and the CBRC to strengthen the regulation over financial institutions, and thereafter report to the newly established Financial Stability and Development Committee. This reform will lead to uncertainties in regulatory environment of the finance market, which may indirectly affect the real property industry. For further information real-estate financing, see "Regulatory Overview — The Laws and Regulations of the PRC — Regulations on Real Estate Financing". The above measures and other similar government actions and policy initiatives have limited our ability and flexibility in using bank loans and other financing arrangements to finance our property development projects. Should the PRC government introduce similar additional initiatives, 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.

We are subject to risks associated with certain covenants or restrictions under our bank borrowings and other financing arrangements which may adversely affect our business, financial condition and results of operations.

We are subject to certain restrictive covenants in the loan contracts between us and certain banks and other arrangements entered into by us, which may, for instance, restrict our operating subsidiaries from paying dividends without prior consent or prescribe the maximum gearing ratio. We may also be required to seek the consent of relevant banks to carry out mergers, restructurings, spin-offs, reductions in registered capital, transfer or liquidation of material assets, provide guarantees to third parties, to change our shareholding or management structures or set up new joint ventures.

Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of the relevant loans. Such loan agreements may also contain cross-default clauses such that relevant banks may accelerate the repayment of all or part of the relevant loans and recover against the security we provided if we breach any of our loan agreements. If we fail to observe such restrictive covenants and relevant banks demand repayment of relevant loans, our business, financial condition and results of operations could be materially and adversely affected.

We may be liable to our customers for damages if property ownership certificates are not delivered to our customers in a timely manner due to our fault.

According to applicable PRC laws and regulations, in the absence of a prescribed time frame in the sale or pre-sale contract with customers, property ownership certificate shall be obtained within 90 days of delivery of the completed property in the case of pre-sale, or within 90 days of execution of the sales contract for completed property. In line with industry practice, property developers, including us, generally assist purchasers of properties to obtain the relevant individual property ownership certificates and elect to specify the deadline for the delivery of the certificate in the sales contract. Under current regulations, we are required to submit requisite governmental approvals in connection with our property developments, including land use rights documents and planning permits, to the local bureau of national 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 sales contract, identification documents of the purchasers, 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 purchasers. 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 can be no assurance that we will not incur material liability to purchasers in the future for the late delivery of individual property ownership certificates due to our fault or for any reason beyond our control.

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

In order to achieve sustainable growth, we may eventually commence operations in regions in the PRC where we had no operations during the Track Record Period. We may face intense competition from developers with established experience or presence and from other developers with similar expansion plans, particularly in geographic locations with sufficient growth potential. Due to lack of local knowledge and experience, we may face challenges not previously encountered and may fail to recognise or properly assess risks or take full advantage of opportunities.

Furthermore, our experience in existing markets and our business model may not be readily transferable to, and replicated in, new geographic regions. The property markets in new geographic regions may be different from the geographic regions in which we currently operate in terms of the level of local economic and industrial development, local governmental policies and support, market demand for our properties and development cycles. We may not have the same level of familiarity with local governments, business practices, regulations and customer preferences as other local and more experienced property developers in such cities, which may put us in a disadvantageous position. We may have also limited ability to leverage our established brands and reputation in new markets in the way we have done in our existing geographical markets. Furthermore, the administrative, regulatory and tax environments in our target regions may be different and we may face additional tax and regulatory expenses or difficulties in complying with new procedures. We may also have to engage new local contractors and suppliers for our operations, the quality and credibility of which we are not familiar with. We cannot assure you that we will not experience issues such as capital constraints, construction delays and operational difficulties at new business locations. We may also experience difficulties in expanding our existing business and operations and training an increasing number of personnel to manage and operate the expanded business.

There is uncertainty about the recoverability of our deferred tax assets, which may affect our financial position and results of operations in the future.

We had deferred income tax assets of RMB18.9 million, RMB78.3 million, RMB128.9 million and RMB157.2 million as at 31 December 2016, 2017, 2018 and 30 June 2019, respectively. Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable. We periodically assess the probability of the realisation of deferred income tax assets, using significant judgments and estimates from our management with respect to, among other things, historical operating results, expectations of future earnings and tax planning strategies. 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 financial position and results of operations.

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

We are required to reassess the fair value of any investment properties that we hold. After initial recognition, investment properties are carried at fair value, representing open market value determined at each reporting date by external valuers. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. Gains or losses arising from changes in the fair value of any such investment properties will affect our results of operations in the periods in which they arise and the impact may be significant. The fair value gains on our investment properties in FY2016, FY2017, FY2018 and 1H2019 were RMB59.0 million, RMB33.1 million, RMB11.1 million and RMB1.3 million, respectively. We cannot assure you that we can recognise comparable fair value gains in investment properties in the future and we may also recognise fair value losses, which would impact our results of operations for future periods. Fair value gains in investment properties would not change our cash position as long as these properties are held by us, and thus would not increase our liquidity in spite of the increased profit. Nevertheless, fair value losses in investment properties would have a negative effect on our results of operations, even though such losses would not change our cash position as long as these properties are held by us.

Our results of operations, financial condition and prospects may be adversely affected by impairment loss for properties under development and completed properties held for sale.

The volatility of the real estate market may subject us to risks in connection with possible impairment losses for properties under development and completed properties held for sale, if we fail to complete the construction and sell the properties in time at our desired prices. Impairment losses may arise when the carrying value of a property exceeds its recoverable amount. Although we did not record any impairment losses for properties under development and completed properties held for sale during the Track Record Period, we cannot assure you that we may not incur impairment losses, if any or at similar level, during adverse market conditions in the future. If we incur such impairment losses, our results of operations, financial condition and prospects may be adversely affected.

Gains on disposal of subsidiaries are non-recurring in nature. Accordingly, we may not record such gains in the future.

We recorded significant gains on disposal of subsidiaries in FY2018 and 1H2019 in the amount of RMB210.4 million and RMB59.7 million, respectively, as a result of the disposal of Guangzhou Jinghengyue, Guangzhou Juxin and Sure Fine in FY2018 and Guangzhou Jinghong in 1H2019. For details, please see "Financial Information – Description of Selected Items in Consolidated Statements of Comprehensive Income – Other gains – net" and Note 39 in the Accountant's Report included in Appendix I to this prospectus. While such gains had a significant impact on our reported profit for the relevant periods, they are non-recurring in nature. Therefore, we may not record such gains in the future, which in turn may materially affect our profitability.

We incur maintenance and operating costs in operating our hotels, which may increase.

Our Just Stay Hotel and Just Stay Resort utilise a large amount of utilities such as gas, water and electricity. We are generally not able to influence the prices which utility providers charge, nor can we easily switch to different utility providers. Any price increase or change in the pricing structure from these utility providers could have an adverse effect on our operating costs. As a result, increases in the prices of products and services which we procure to maintain our services to our hotel guests could increase our operating costs if we are not able to pass these higher costs onto our customers.

In addition, operating our hotels, as well as the restaurants and other associated facilities within the hotels, involves a significant amount of fixed costs, including maintenance and upkeep costs as well as employee and staff salaries and expenses. These fixed costs limit our ability to respond to adverse market conditions by minimising costs. Such limitations may have an adverse impact on our profitability when the hotel industries experience a downturn and may exacerbate the impact of a decline in occupancy rates, room rates or in demand for our restaurants and catering facilities. Any significant increase in maintenance costs and operating costs may have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our hotels may encounter temporary closures, reduced turnover or lower occupancy rates as a result of repairs, refurbishments, renovation or upgrade of the properties or neighbouring properties.

Our hotels may require repairs and refurnishments which may require significant capital expenditures. Our hotels may also need to undergo redevelopment or renovation works from time to time to retain their attractiveness and may also require maintenance or repairs. Such repairs, refurbishments, redevelopments, renovations or upgrade of our hotels may impact on our ability to attract guests and customers for our restaurants and facilities at our hotels. In some circumstances, such repairs, refurbishments, redevelopments or renovations may require the temporary closure of our hotels or the restaurants or other facilities within the hotels. As a result, during the period of any such repairs, refurbishments, redevelopments, renovations or upgrade, we may experience a reduction in occupancy rates and/or average room rates of our hotels, and/or the number of customers using our restaurants and catering facilities.

Furthermore, buildings neighbouring any of our hotels may be demolished or redeveloped for alternative uses, which may cause disruption to our hotel operations. This may in turn negatively impact the revenue, attractiveness and valuation of our hotels. Furthermore, any development or redevelopment of neighbouring properties could add properties that compete with our hotels. The occurrence of any of the above circumstances could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our commercial property investment and property management businesses might subject us to a variety of risks.

We are subject to risks incidental to the ownership and investment of commercial properties, including volatility in market rental rates and occupancy levels, competition for tenants, costs resulting from on-going maintenance and repair and inability to collect rent from tenants or renew leases with tenants due to bankruptcy, insolvency, financial difficulties or other reasons. In addition, we may not be able to renew leases with our tenants on terms acceptable to us, or increase rental rates to a level of the then prevailing market rate, or at all, upon the expiry of the existing terms. Likewise, we may not be able to enter into new leases at rental rates as expected. All these factors could negatively affect the demand for our investment properties, and as a result, decrease our rental income, which may have an adverse effect on our business, financial condition and results of operations.

The performance of our property management business depends on various factors, including our ability to provide professional and quality property management services, collect property management fees and control our costs, in particular, labour costs. We are generally paid fixed management fees for our services regardless of the actual cost we incur. In addition, management fees may also be subject to price range set by applicable government guidance. In the event that the property management fees we charge are insufficient to cover our costs and if we are unable to increase such fees in response to cost increases, there could be adverse effect on our financial condition and results of operations. Alternatively, if we seek to reduce costs, we may not be able to maintain the quality of our property management services, which may similarly affect our reputation, business, financial condition and results of operations.

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

Investment in real properties is relatively illiquid, and we may not be able to sell such investment properties at prices or on terms satisfactory to us, or at all.

We selectively retain the ownership of certain properties with strategic value as investment properties for commercial investment and rental income. We have also contracted to acquire certain commercial properties which will be held for sale. In general, investment in real properties in the PRC is relatively illiquid compared with other forms of investment. In the event that we need to dispose of certain investment properties because of changes in economic, financial and investment conditions, we cannot assure you that we will be able to sell such investment properties at market prices or on terms satisfactory to us, or at all.

Certain portions of our property development projects and investment properties are designated as civil defence areas.

According to the PRC laws and regulations, new buildings constructed in cities should contain basement areas that can be used for civil air defense purposes in times of war. Under the PRC Civil Air Defense Law (《中華人民共和國人民防空法》) promulgated by the NPC on 29 October 1996, as amended on 27 August 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 1 November 2001, after obtaining the approval from the civil air defense supervising authority, a developer can manage and use such areas designated as civil air defense areas in times of peace and generate profits from such use. During the Track Record Period, such areas were used as car parks. 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 defence area of our projects is used by the public, we may not able to use such area as car parks. In addition, while our business operations have complied with the laws and regulations on civil defence areas in all material aspects, we cannot assure you that such laws and regulations will not be amended in the future which may make it more burdensome for us to comply with and increase our compliance cost. As at the Valuation Date, we had civil defence areas in (i) six completed project phases, with an aggregate GFA of 26,677 sq.m., (ii) one project under development, with aggregate GFA of 14,698 sq.m., and (iii) one project phase held for future development, with the GFA of 14,122.0 sq.m. which were primarily used or to be used as car parks, representing an insignificant portion of our property portfolio.

Changes in interest rates have affected and will continue to affect our financial costs and, ultimately, our results of operations.

We have incurred and expect to continue to incur a significant amount of interest expenses relating to our borrowings from commercial banks. Accordingly, changes in interest rates have affected and will continue to affect our financing costs, which in turn may affect our profitability and operating results. As our borrowings are in RMB, the interest rates on our borrowings are primarily affected by the benchmark interest rates set by the PBOC, which have gradually decreased in recent years. The weighted average effective interest rates on our total borrowings has decreased from 8.0% as at 31 December 2016 to 6.3% as at 31 December 2017, to 5.7% as at 31 December 2018 and increased to 7.5% as at 30 June 2019. Our total borrowing costs incurred for FY2016, FY2017, FY2018 and 1H2019 were RMB40.8 million, RMB57.8 million, RMB62.5 million and RMB56.5 million, respectively. Any future increases in the PBOC benchmark interest rate as a result of government policies may lead to higher lending rates, which may increase our financing costs and thereby adversely affect our business, financial condition and results of operations.

Our provision for Land Appreciation Tax may be insufficient which could adversely affect our financial results.

Our properties developed for sale are subject to Land Appreciation Tax ("**LAT**"). Under the PRC tax laws and regulations, all income derived from the sale or transfer of land use rights, buildings and their ancillary facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% on the appreciation of land value. LAT is calculated based on proceeds received from the sale of properties less deductible expenditures as provided in the relevant tax laws. We make provisions for the estimated full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement with the relevant tax authorities. As we often develop our projects in phases, deductible items for the calculation of LAT, such as land costs, are apportioned among different phases of development. Provisions for LAT are made on our own estimates based on, among other things, our own apportionment of deductible expenses which is subject to final confirmation by the relevant tax authorities upon settlement of the LAT.

We only prepay a portion of such provisions each year as required by the local tax authorities. For FY2016, FY2017, FY2018 and 1H2019, we recorded PRC LAT expenses of RMB19.9 million, RMB56.9 million, RMB85.6 million and RMB92.3 million, respectively. As at the Latest Practicable Date, we had not had any disagreement with the relevant government authorities with respect to our LAT calculations. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, we cannot assure you that the relevant tax authorities will always agree with our calculation of LAT liabilities, nor can we assure you that the LAT provisions will be sufficient to cover our LAT obligations in respect of our past LAT liabilities. If the relevant tax authorities determine that our LAT liabilities exceed our LAT prepayments and provisions, and seek to collect that excess amount, our cash flow, results of operations and financial condition may be materially and adversely affected. In addition, as we continue to expand our property developments, we cannot assure you that our provision for LAT obligations based on our estimates in new markets will be sufficient to cover our actual LAT obligations. As there are uncertainties as to when the tax authorities will enforce the LAT collection and whether it will apply the LAT collection retrospectively to properties sold before the enforcement, any payment as a result of the enforcement of LAT collection may significantly restrict our cash flow position, our ability to finance our land acquisitions and to execute our business plans.

We are a holding company and rely primarily on dividends paid by our subsidiaries, joint venture companies and associate companies to fund any cash and financing requirements. Our ability to pay dividends and utilise cash resources in our subsidiaries, joint venture companies and associate companies therefore depend on their earnings and distributions.

We are a holding company and we conduct our business operations primarily through our subsidiaries and associate companies in the PRC. Our ability to make dividend payments and other distributions in cash, to pay expenses and finance other subsidiaries depends upon the receipt of dividends, distributions or advances from our subsidiaries, joint venture companies and associate companies. The ability of our subsidiaries, joint venture companies and associate companies to pay dividends or other distributions may in turn be subject to their earnings, financial position, cash requirements and availability of cash. If any of our subsidiaries or associate companies incurs indebtedness in its own name, relevant instruments may restrict dividends or other distributions to us. These restrictions could reduce the amount of dividends or other distributions that we receive, which could in turn restrict our ability to fund our business operations and to pay dividends to our Shareholders.

Declaration of dividends by joint venture companies and our associate companies is at the absolute discretion of the boards of our associate companies. Payments of dividends by our subsidiaries and associate companies are also subject to restriction under the PRC laws. In addition, if our subsidiaries or associate companies obtained loan from banks, they may be restricted from making distributions to us due to restrictive financial covenants contained in relevant loan and banking facilities agreements. Any of the above factors may affect our cash inflow and ability to pay dividends. As we expect to continue to invest in subsidiaries, joint venture companies and associate companies for our property development projects, our liquidity may be further restricted if we are not able to receive dividends from our existing or future subsidiaries or associate companies, which may in turn could materially and adversely affect our ability to conduct our business.

Our inability to attract, retain or secure key management and qualified personnel for our operations could hinder our continuing growth and success.

Our success depends on the services and efforts of our Directors, key management and other employees and our ability to continue to attract, retain and motivate qualified personnel to a significant extent. We compete with other property developers for experienced management and other qualified personnel, and the competition for such personnel is intense. There can be no assurance that we will be able to continue to attract and retain the qualified employees essential for our growth. The loss of services of any employee holding an important position or possessing industry expertise or experience, including those in charge of project management, product design and planning, construction, sales and marketing, and accounting and finance, could have a material adverse effect on our operations. Under such circumstances, if we are unable to recruit and retain replacement personnel with the equivalent qualifications in time or at all, our growth and success could be adversely affected. For details of our key management, see "Directors and Senior Management" section in this prospectus.

The appraised value of our properties may be different from their actual realisable value and are subject to change.

The appraised value of our properties as set forth in the property valuation report contained in Appendix III to this prospectus is based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves is based, include that we sell the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests; no allowance has been made for any charges, mortgages or amounts owing neither on any of the property interests valued nor for any expenses or taxation which may be incurred in effecting a sale; we have paid all land premium payments that are due and other costs such as ancillary utilities services in full and save as disclosed in this prospectus, there is no requirement for payment of any further land premium or other onerous payments to the government; our properties are free from encumbrances, restrictions and outgoings of an onerous nature, which could affect their values.

If we fail to obtain the approvals from regulators necessary for the development of our projects, some assumptions used by Cushman & Wakefield in appraising the value of our properties will prove inaccurate. Therefore, the appraised value of our properties should not be taken as their actual realisable value or a forecast of their realisable value. Unforeseeable changes to the development of our property projects as well as national and local economic conditions may affect the value of our property holdings as well as the realisable value of our properties. If the actual realisable value of our properties and/or the value of our property holdings is substantially lower than their appraised value, there may be a material adverse effect on our business, results of operation and financial condition.

Our current insurance coverage may not be adequate to cover all risks related to our operations.

Consistent with what we believe to be the industry norm for the property development industry in the PRC, we do not maintain insurance coverage against destruction of or damage to our properties, no matter whether they are under development or held for sale other than those over which our lending banks have securities interests or for which we are required to maintain insurance coverage under the relevant loan agreements. In addition, we do not maintain insurance against any liability arising from allegedly tortious acts committed on our work sites. If we suffer any losses, damages or liabilities in the course of our business operations, we may not have adequate insurance coverage to provide sufficient funds to cover any such losses, damages or liabilities or to replace any property that has been destroyed. Therefore, there may be instances when we will sustain losses, damages and liabilities because of our lack of insurance coverage, which may in turn adversely affect our financial condition and results of operations.

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

Pursuant to the *Administrative Measures for Commodity House Leasing* (商品房屋租賃管理辦法), which became effective on February 1, 2011, parties to a lease agreement are required to file the lease agreements for registration and obtain property leasing filing certificates for their leases. We lease certain properties from third parties mainly for offices use and as staff dormitory. As at the Latest Practicable Date, 9 of our lease agreements for which we are tenants were not registered. We also lease and sub-lease certain properties to third parties.

As advised by our PRC Legal Advisers, failure to register lease agreements does not affect the validity of the lease agreements under the relevant PRC laws and regulations. However, there can be no assurance that legal disputes or conflicts concerning such leases and tenancies will not arise in the future. In addition, as advised by our PRC Legal Advisers, we may be required by relevant government authorities to file the lease agreements for registration and may be subject to a fine for non-registration within the prescribed time limit, which may range from RMB1,000 to RMB10,000 per lease agreement. The occurrence of any conflicts or disputes on our leases or the imposition of the above fines could require us to make additional efforts and/or incur additional expenses, any of which could materially and adversely impact our business, financial condition and results of operations. The registration of these lease agreements to which we are a party requires additional steps to be taken by the respective other parties to the lease agreement which are beyond our control. There can be no assurance that the other parties to our lease agreements will be cooperative and that we can complete the registration of these lease agreements and any other lease agreements that we may enter into in the future.

RISKS RELATING TO OUR INDUSTRY

Our operations are subject to extensive governmental policies and regulations and, in particular, we are susceptible to adverse changes in policies related to the PRC property industry and in regions in which we operate.

Our business is subject to extensive governmental regulation and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, controlling the supply of credit by changing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing restrictions on foreign investment and currency exchange. In addition, the PRC government has also introduced policies to specifically restrain property purchases for speculation purposes and refrain property prices from rising too quickly in certain cities in the PRC. The PRC government has also imposed requirements for pre-sales and restrict the use of funds raised by pre-sales. All the above policies measures were implemented with an aim to curb demand for properties and make the property development more costly. Please see "Regulatory Overview — The Laws and Regulations of the PRC — Regulations on Real Estate Transfer and Sale — Measures on Stabilising Housing Price" and "Regulatory Overview — The Laws and Regulations of the PRC — Regulations on Real Estate Financing" for details of the policies and regulations.

There is no assurance that the PRC government will not enhance or impose additional or other types of restrictive policies, regulations or measures in future. The existing and other future restrictive measures may limit our access to capital, reduce market demand for our products and increase our finance costs. Any easing measures introduced may also be insufficient. If we fail to adapt our operations to new policies, regulations and measures that may come into effect from time to time with respect to the real property industry, or such policy changes negatively impact our business, our financial condition, results of operations and prospects may be materially and adversely affected.

Property development businesses are subject to claims under statutory quality warranties, and if a number of claims are brought against us under our warranties, our reputation, business, results of operation and financial condition may be materially and adversely affected.

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》) enacted by the State Council on July 20, 1998 and amended on 8 January 2011, 19 March 2018 and 24 March 2019 and the Regulation for the Administration of Sales of Commodity Buildings (《商品房銷售管理辦法》), which went into effect on June 1, 2001, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. Generally, we receive quality warranties from third-party contractors with respect to our property projects. If a large number of claims were brought against us under our warranties and if we were unable to obtain reimbursement for such claims from third-party contractors in a timely manner or at all, or if the money retained by us to cover our payment obligations under the quality warranties was not sufficient, we could incur expenses to resolve such claims or face delays in remedying the related defects, which could in turn harm our reputation, and adversely affect our business, financial condition and results of operations.

The PRC property market is volatile.

The PRC property market is volatile and may experience under-supply or oversupply of property and significant price fluctuations. Our business depends and will continue to depend on the growth of the economy and property market in the PRC. A significant downturn in the PRC economy or property market could adversely affect the demand for residential and commercial properties.

The PRC central and local governments frequently adjust monetary, fiscal or other economic policies to prevent and curtail the overheating property market, as well as the economy, which may also in turn affect the PRC property market. Such policies may lead to changes in market conditions, including price instability and an imbalance of supply and demand in respect of residential and commercial properties, which may materially adversely affect our business, results of operation and financial condition. We cannot assure you that there will not be over-development in the PRC property markets, which may in turn cause oversupply of properties that depress sale prices and rent. Over-development in the PRC property markets may result in under-supply of potential development sites or increase in land acquisition costs in the markets in which we operate. Such effects may adversely affect our business, financial condition and results of operations.

The PRC property market industry is highly competitive.

There are a large number of property developers in the PRC and we expect the level of competition to increase over time. Intense competition among property developers in China for land, financing, construction materials and skilled management and human resources may result in increased cost for land acquisition and construction, an oversupply of properties available for sale, a decrease in property prices, a slowdown in the rate at which new property developments are approved or reviewed by the relevant PRC government authorities and an increase in administrative costs for hiring or retaining qualified contractors and personnel.

Many of our competitors, including foreign developers and top-tier domestic developers, may have more financial or other resources than us. If we fail to compete effectively, our business, prospects financial condition and results of operations may be materially adversely affected.

RISKS RELATING TO DOING BUSINESS IN THE PRC

Changes in the PRC economic, political and social conditions as well as governmental policies could adversely affect our business and prospects.

All our projects are located in China. Accordingly, our business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in China generally and by continued economic growth in China as a whole. The Chinese economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. Although the Chinese government has implemented measures emphasising the utilisation of market forces for economic reform, the Chinese government continues to play a significant role in regulating industry development by imposing industrial policies. The Chinese government also exercises significant control over China's economic growth through allocating resources, controlling payment of foreign currency-denominated obligations, setting monetary policy, and providing preferential treatment to particular industries or companies. The Chinese government has also implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures may benefit the overall Chinese economy, but may have a negative effect on us. For example, our financial condition and results of operations may be adversely affected by government control over capital investments or changes in tax regulations. In addition, in the past the Chinese government has implemented certain measures, including interest rate increases, to control the pace of economic growth. These measures may cause decreased economic activity in China, and since 2012, the Chinese economy has slowed down. Any prolonged slowdown in the Chinese economy may reduce the demand for our services and materially and adversely affect our business and results of operations.

Uncertainties in the interpretation and enforcement of PRC laws and regulations could limit the legal protections available to you and us.

Our business is principally conducted in the PRC. The PRC legal system is based on written statutes. Unlike common law systems, it is a system in which legal cases have limited value as precedents. In the late 1970s, the PRC government began to promulgate a comprehensive system of laws and regulations governing economic matters in general. The overall effect of legislation over the past three decades has significantly increased the protections afforded to various forms of foreign or private-sector investment in China. Our PRC subsidiaries and associated companies are subject to various PRC laws and regulations generally applicable to companies in China. However, since these laws and regulations are relatively new and the PRC legal system continues to rapidly evolve, the interpretations of many laws, regulations and rules are not always uniform and enforcement of these laws, regulations and rules involve uncertainties. From time to time, we may have to resort to administrative and court proceedings to enforce our legal rights. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection we enjoy than in more developed legal systems. Furthermore, the PRC legal system is based in part on government policies and internal rules (some of which are not published in a timely manner or at all) that may have retroactive effect. As a result, we may not be aware of our violation of these policies and rules until sometime after the violation.

Such uncertainties, including uncertainty over the scope and effect of our contractual, property (including intellectual property) and procedural rights, and any failure to respond to changes in the regulatory environment in China could materially and adversely affect our business and impede our ability to continue our operations.

It may be difficult to effect service of process, enforce foreign judgments and arbitral awards or bring original actions in the PRC against us or our Directors and senior management.

Our Company is registered under the laws of the Cayman Islands, but all our operations and assets and most of our Directors and senior management are located in the PRC. It may be difficult or impossible for investors to effect service of process on us or those persons in the PRC. Moreover, the PRC does not have treaties with most of the other jurisdictions that provide for the reciprocal recognition and enforcement of judicial rulings and awards. As a result, recognition and enforcement in the PRC of the judgment of a non-PRC court in relation to any matter not subject to a binding arbitration provision may be difficult or impossible. Final judgments for civil and commercial cases and arbitral awards obtained in a recognised Hong Kong court or Hong Kong arbitral tribunal may be enforced in the PRC, provided that certain conditions are satisfied. On 18 January 2019, the Supreme People's Court and the Department of Justice of Hong Kong signed the "Arrangement on Reciprocal Recognition and Enforcement of Judgments in Civil and Commercial Matters between the Courts of the Mainland and of the Hong Kong Special Administrative Region" (《關於內地與香港特別行政區法院相互認可和執行民商事案件判決的安排》) ("**Arrangement**"). The Arrangement provides for the scope and mechanism regarding the reciprocal recognition and enforcement of judgments in civil and commercial matters between the PRC and Hong Kong. It covers both monetary and non-monetary relief, as well as rulings rendered for some intellectual property lawsuits. However, for judgment that provides for punitive or exemplary damages, the punitive or exemplary part of the damages would not be recognised and enforced, except where the judgment is rendered in respect of the claims specified in the Arrangement. The Arrangement will only take effect after necessary procedures to enable implementation have been completed and will apply to judgments made on or after its commencement date. However, there are uncertainties as to the outcome of any applications to recognise and enforce such judgments and arbitral awards in the PRC.

Furthermore, an original action may be brought in the PRC against us or our Directors and senior management only if the actions are not required to be arbitrated by PRC law and upon satisfaction of the conditions for commencing a cause of action pursuant to the PRC civil procedure law. As a result of the conditions set forth in the PRC civil procedure law and the discretion of the PRC courts to determine whether the conditions are satisfied and whether to accept the action for adjudication, it is uncertain whether investors will be able to bring an original action in the PRC in this manner.

Fluctuations in the value of the Renminbi and governmental control of currency conversion may limit our ability to use capital effectively.

All of our revenue and substantially all our expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends that we may pay on our Shares will be in Hong Kong Dollars. Fluctuations in the exchange rates between the Renminbi and the Hong Kong Dollar will affect the relative purchasing power in Renminbi terms. Fluctuations in the exchange rates may also cause us to incur foreign exchange losses and affect the relative value of any dividend distributed by us. Currently, we have not entered into any hedging transactions to mitigate our exposure to foreign exchange risk.

Movements in Renminbi exchange rates are affected by, among other things, changes in political and economic conditions and China's foreign exchange regime and policy. PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rates and achieve certain exchange rate targets and policy goals. We cannot assure you that Renminbi will not appreciate or depreciate significantly in value against Hong Kong Dollar in future.

The PRC government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

The PRC government imposes controls on the convertibility of the RMB into foreign currencies and, in certain cases, the remittance of currency out of China. We receive all of our revenues in RMB. Under existing PRC foreign exchange regulations, payments of current account items, such as profit distributions and trade and non-trade related operational expenses, can be made in foreign currencies without prior approval from State Administration of Foreign Exchange, or SAFE, by complying with certain procedural requirements. However, approval from or registration with appropriate governmental authorities is required where RMB is to be converted into foreign currency and remitted out of China to pay capital expenses such as the repayment of loans denominated in foreign currencies.

In light of the flood of capital outflows of China in 2016 due to the weakening of RMB, the PRC government has imposed more restrictive foreign exchange policies and stepped up scrutiny of major outbound capital movement. More restrictions and substantial vetting process are put in place by SAFE to regulate cross-border transactions falling under the capital account. The PRC government may at its discretion further restrict access to foreign currencies in the future for current account transactions. If the foreign exchange control system prevents us from obtaining sufficient foreign currencies to satisfy our foreign currency demands, we may not be able to pay dividends in foreign currencies to our shareholders.

PRC regulation of loans to and direct investments in PRC entities by offshore holding companies may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries, which could materially and adversely affect our liquidity and our ability to fund and expand our business.

Any funds we transfer to our PRC subsidiaries, either as a shareholder loan or as an increase in registered capital, are subject to approval by or registration with relevant governmental authorities in China. According to the relevant PRC regulations on foreign-invested enterprises in China, capital contributions to our PRC subsidiaries are subject to the requirement of making necessary filings in the Foreign Investment Comprehensive Management Information System, or FICMIS, and registration with other governmental authorities in China. In addition, (i) any foreign loan procured by our PRC subsidiaries is required to be registered with SAFE, or its local branches, A foreign-invested real estate enterprise shall not procure foreign loans if it is: (1) approved or registered with the Ministry of Commerce or its local branches after 1 June 2007; or (2) approved or registered with the Ministry of Commerce or its local branches before 1 June 2007, but failed to meet the requirements on the difference between its registered capital and its total investment amount, or failed to be granted the Certificate of Land Use Right, or the investment to the project failed to meet the requirement of 35% of the total investment amount; and (ii) each of our PRC subsidiaries which are foreign-invested enterprises may not procure loans which exceed the difference between its registered capital and its total investment amount as recorded in FICMIS. Any medium or long term loan to be provided by us to our subsidiaries and associated companies in China must be recorded and registered by the National Development and Reform Committee and the

SAFE or its local branches. We may not be able to complete such recording or registrations on a timely basis, if at all, with respect to future capital contributions or foreign loans by us directly to our PRC subsidiaries. If we fail to complete such recording or registration, our ability to use the proceeds of this offering and to capitalise our PRC operations may be negatively affected, which could adversely affect our liquidity and our ability to fund and expand our business.

On 30 March 2015, the SAFE promulgated the Circular on Reforming the Management Approach Regarding the Foreign Exchange Capital Settlement of Foreign-Invested Enterprises, or SAFE Circular 19. SAFE Circular 19 allows foreign-invested enterprises to settle their foreign exchange capital at their discretion, but continues to prohibit foreign-invested enterprises from using the RMB fund converted from their foreign exchange capitals for expenditures beyond their business scopes. On June 9, 2016, the SAFE promulgated the Circular on Reforming and Standardising the Administrative Provisions on Capital Account Foreign Exchange, or SAFE Circular 16. SAFE Circular 19 and SAFE Circular 16 continue to prohibit foreign-invested enterprises from, among other things, using RMB fund converted from its foreign exchange capitals for expenditure beyond its business scope, investment and financing (except for securities investment or non-guaranteed bank products), providing loans to non-affiliated enterprises or constructing or purchasing real estate not for self-use (except real estate enterprise). SAFE Circular 19 and SAFE Circular 16 may significantly limit our ability to transfer to and use in China the net proceeds from this Offering, which may adversely affect our business, financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

Possible setting of the Offer Price after making a Downward Offer Price Adjustment.

We have the flexibility to make a Downward Offer Price Adjustment to set the final Offer Price at up to 10% below the bottom end of the indicative Offer Price Range per Offer Share. It is therefore possible that the final Offer Price will be set at HK$2.62 per Offer Share upon the making of a full Downward Offer Price Adjustment. In such a situation, the Global Offering will proceed and the Withdrawal Mechanism will not apply. If the final Offer Price is set at HK$2.62, the estimated net proceeds we will receive from the Global Offering will be reduced to HK$968.7 million and such reduced proceeds will be used as described in the “Future Plans and Use of Proceeds — Use of Proceeds” section.

As there has been no prior public market for our Shares, their market price may be volatile and an active trading market in our Shares may not develop.

Prior to the Global Offering, there was no public market for our Shares. The Offer Price of our Shares is the result of negotiations among us, the Sole Sponsor and the Sole Global Coordinators (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. There is no guarantee that an active trading market for our Shares will develop, or, if it does develop, that it will sustain or that the market price of our Shares will not decline after the Global Offering.

The market price and trading volume of our Shares may be volatile, which may result in substantial losses for investors in our Shares.

The price and trading volume of our Shares may fluctuate widely in response to factors beyond our control. Factors that could cause significant market price changes include but are not limited to the following:

- changes in our results of operations, earnings and cash flows, and securities analysts' estimates of our financial performance;
- changes in competitive landscapes of our industries, including strategic alliances, acquisitions or joint ventures by us or our competitors;
- changes in general economic conditions affecting us or our industries;
- regulatory developments, and our inability to obtain or renew necessary licenses and permits;
- changes in our senior management;
- fluctuations of the general stock market, particularly fluctuations in stock prices of other companies that operate mainly in China and are listed on the Stock Exchange; and
- material litigation or regulatory investigations affecting us or our senior management.

There will be a time gap of several business days between pricing and trading of our Shares offered under the Global Offering. The market price of the Shares after trading begins could be lower than the Offer Price.

The Offer Price of our Shares will be determined on the Price Determination Date. However, our Shares will not commence trading on the Stock Exchange until they are delivered, which is expected to be several Business Days after the Price Determination Date. Investors are not able to sell or otherwise deal in our Shares before they commence trading. Accordingly, holders of our Shares are subject to the risk that the price of our Shares after trading begins could be lower than the Offer Price as a result of adverse market conditions or other adverse development that may occur between the Price Determination Date and the time trading begins.

Because the Offer Price of our Shares is higher than our net tangible book value per Share, purchasers of our Shares in the Global Offering will experience immediate dilution.

If you purchase our Shares in the Global Offering, you will pay more for your Shares than our net book value on a per Share basis. As a result, investors of our Shares in the Global Offering will experience an immediate dilution in the net tangible asset value and our existing Shareholders will receive an increase in the pro forma adjusted consolidated net tangible asset value per Share of their Shares. In addition, holders of our Shares may experience a further dilution of their interest if the Stabilising Manager (on behalf of the International Underwriters), exercises the Over-allotment Option or the options granted or to be granted under the Share Option Scheme or if we obtain additional capital in the future through equity offerings.

There may be a dilutive effect on the earnings per Share associated with the Share Option Scheme.

We have adopted the Share Option Scheme, details of which are set out in "Appendix V — Statutory and General Information — D. Share Option Scheme" in this prospectus. Issuance of Shares pursuant to the exercise of options granted or to be granted under the Share Option Scheme will result in an increase in the number of Shares in issue after the issuance and thereby will cause dilution to the percentage of ownership of the existing Shareholders, the earnings per Share, and net asset per Share.

Control by our Controlling Shareholder of a substantial percentage of our Company's share capital after the completion of the Global Offering may limit your ability to influence the outcome of decisions requiring the approval of Shareholders and the interests of our Controlling Shareholder may not be aligned with those of our other Shareholders.

Upon the completion of the Global Offering, approximately 75% of our Shares will be held by our Controlling Shareholder. After the completion of the Global Offering, our Controlling Shareholder will continue to have significant influence on us on various important corporate actions requiring the approval of Shareholders, such as mergers, disposal of assets, election of Directors, and timing and amount of dividends and other distributions. There may be a conflict between our Controlling Shareholder's interests and your interests. Control by our Controlling Shareholder of a substantial percentage of our Shares may have the effect of delaying, discouraging or preventing a change in control of us, which may deprive you of opportunities to receive premiums for your Shares and may reduce the price of the Shares. If our Controlling Shareholder causes us to pursue strategic objectives that would conflict with your interests, you may also be left in a disadvantaged position.

Future sales or major divestment of our Shares by our Controlling Shareholder could adversely affect the prevailing market price of our Shares.

The market price of our Shares may be adversely affected by future sales of a significant number of our Shares in the public market after the Global Offering, or the possibility of such sales by our Controlling Shareholder. The Shares held by our Controlling Shareholder are subject to certain lock-up arrangements, please see "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offer — Undertakings given to the Hong Kong Underwriters — By our Controlling Shareholders" in this prospectus for a detailed description of the restrictions. After the restrictions of the lock-up arrangements expire, our Controlling Shareholder may dispose of our Shares. Sales of a substantial amount of our Shares could adversely affect the market price of our Shares, which could also negatively affect our ability to raise equity capital.

Our future financing may cause dilution of your shareholding or place restrictions on our operations.

In order to raise capital and expand our business, we may consider offering and issuing additional Shares or other securities convertible into or exchangeable for our Shares in the future other than on a pro rata basis to our then existing Shareholders. As a result, the shareholdings of those Shareholders may experience dilution in net asset value per Share. If additional funds are to be raised through debt financing, certain restrictions may be imposed on our operations, which may:

- further limit our ability or discretion to pay dividends;
- increase our risks in adverse economic conditions;
- adversely affect our cash flows; or
- limit our flexibility in business development and strategic plans.

There is no assurance of whether or when we will pay dividends.

Subject to Cayman Companies Law and other applicable laws and regulations, we currently target to distribute to our Shareholders no less than 30% of our distributable profits for any particular financial year. The declaration of dividends is subject to the discretion of our Board and, where required, the approval of our Shareholders. We cannot guarantee when, if or in what form and amount dividends will be paid on our Shares following the Global Offering. Distribution of dividends must be proposed by our Board and is subject to a number of factors, including the results of operations, cash flows, financial situation and capital expenditure requirements of our Group, distributable profits of our subsidiaries and dividends they pay to us, our future plans and business prospects, market conditions, our Articles of Association, regulatory restrictions and our contractual obligations. See "Financial Information — Dividend and Dividend Policy" of this prospectus for further details of factors that our Directors may consider and restrictions on our dividend distribution.

The net proceeds of the Global Offering may be applied to uses that you may not necessarily agree.

We plan to use the net proceeds from the Global Offering as disclosed in "Future Plans and Use of Proceeds" section of this prospectus. Nevertheless, the actual use of the proceeds from the Global offering may not be entirely consistent with the disclosed use in this prospectus if our Directors consider that the intended use may not be of commercial interest to our Group. The intended use may become infeasible or commercially unreasonable or no longer beneficial to our Group due to change in future circumstances that are beyond our control. In the event that we deviate from the uses as disclosed in this prospectus in any material respects, we will comply with applicable requirements under the Listing Rules. However, in case there is a change in use of proceeds, our management may apply the net proceeds for uses that you may not necessarily agree to.

Waiver has been granted from strict compliance with certain requirements under the Listing Rules by the Stock Exchange.

Shareholders will not have the benefit of relevant requirements under the Listing Rules that are so waived. The waiver could be revoked, and in turn exposing us and our Shareholders to additional legal and compliance obligations. We have applied for, and the Stock Exchange has granted to us waiver from strict compliance with the Listing Rules. Please see "Waiver from Strict Compliance with the Listing Rules" for further details. There is no assurance that the Stock Exchange will not revoke the waiver granted or impose certain conditions on the waiver. If the waiver was to be revoked or to be subject to certain conditions, we may be subject to additional compliance obligations, incur additional compliance costs and face uncertainties arising from issues of multi-jurisdictional compliance, all of which could adversely affect us and our Shareholders.

The facts, forecasts and other statistics obtained from government sources and other third parties contained in this prospectus may not be accurate, and statistics in the prospectus provided by Cushman & Wakefield are subject to assumptions and methodologies set forth in the "Industry Overview" section of this prospectus.

In this prospectus, certain facts, forecasts and other statistics concerning China, its economic conditions and industries are derived from publications by the competent government agencies, industry associations, or the C&W Report commissioned by us. Although we have taken reasonable care in extracting those facts, forecasts and statistics, they have not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of our or their respective directors, officers or representatives or any other person involved in the Global Offering. We cannot assure you that those facts, forecasts and statistics are accurate and reliable. We cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy in other jurisdictions. You should consider carefully how much weight you place on those facts, forecasts and statistics.

This prospectus contains forward-looking statements relating to our plans, objectives, expectations and intentions, which may not represent our overall performance for periods of time to which such statements relate.

This prospectus contains certain future plans and forward-looking statements about us that are made based on the information currently available to our management. The forward-looking information contained in this prospectus is subject to certain risks and uncertainties. Whether we implement those plans, or whether we can achieve the objective described in this prospectus, will depend on various factors including market conditions, our business prospects, actions by our competitors and global financial situations.

This prospectus contains certain hypothetical information based on changes relative to historical events and analysis based on it, and you should not place undue reliance on this information or analysis.

This prospectus contains certain hypothetical information and analysis based on it, which includes the use of certain accompanying assumptions. We cannot offer assure you that the assumptions would have been true under the hypotheses presented or that the results of these hypothetical changes would have matched the results presented. Given the hypothetical nature of this information and the uncertainty of the assumptions made, the results that would have resulted under these hypotheses might not have occurred in the way we had expected. Accordingly, you should not place undue reliance on the hypothetical information and related analysis included in this prospectus.

You may experience difficulties in enforcing your shareholder rights because we are incorporated in the Cayman Islands and Cayman Islands law is different from the laws of Hong Kong and other jurisdictions in terms of minority shareholder protection.

We are an exempted company incorporated in the Cayman Islands with limited liability. Cayman Islands law differs in some respects from the laws of Hong Kong and other jurisdictions where investors may be located. Our corporate affairs are governed by our Memorandum and Articles of Association, Cayman Companies Law and the common law of the Cayman Islands. The rights of our Shareholders to take legal actions against us and our Directors, actions by minority shareholders and the fiduciary responsibilities of our Directors to us under Cayman Islands law are to a large extent governed by the common law of the Cayman Islands. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedents in the Cayman Islands, and from English common law, which has persuasive but not binding authority on a court in 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 mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. For detailed information, please see the section headed "Summary of the Constitution of our Company and Cayman Islands Companies Law" in Appendix IV to this prospectus.

Prospective investors should read the entire prospectus carefully and are strongly cautioned against placing any reliance on the information in any press article or other media coverage which contains information not being disclosed or which is inconsistent with the information included in this prospectus.

There has been prior to the publication of this prospectus, and there may be subsequent to the date of this prospectus but prior to the completion of the Global Offering, publication, press and/or media regarding us, our business, our industry and/or the Global Offering. You should rely solely upon the information contained in this prospectus in making your investment decisions regarding our Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters or any other person involved in the Global Offering has authorised the disclosure of any such information in the publication, press or media and none of these parties accepts any responsibility for the accuracy or completeness of the information contained in such publication, press articles and/or other media or the fairness or appropriateness of any forecasts, views or opinions expressed by the publication, press and/or other media regarding us, our business, our industry and/or the Global Offering. We make no representation as to the appropriateness, accuracy, completeness or reliability of any such information, forecasts, views or opinions expressed or any such publications. To the extent that such statements, forecasts, views or opinions are inconsistent or conflict with the information contained in this prospectus, we disclaim them. Accordingly, prospective investors are cautioned to make their investment decisions on the basis of the information contained in this prospectus only and should not rely on any other information.

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

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, we must have sufficient management presence in Hong Kong. This normally means that at least two of the executive Directors must be ordinarily resident in Hong Kong. Our Group's principal business and operations are located, managed and conducted in the PRC through our PRC subsidiaries and Mr. Michael Chan is the only executive Director that is ordinarily based in Hong Kong and the other executive Directors will continue to be based in the PRC after Listing. As a result, our Company does not, and will not, in the foreseeable future, have a sufficient management presence in Hong Kong as required under Rule 8.12 of the Listing Rules. Further, it would be impractical and commercially unnecessary for our Company to appoint additional executive Directors who are ordinarily resident in Hong Kong or to relocate its existing PRC based executive Directors to Hong Kong.

Accordingly, we have applied to the Stock Exchange for, and the Stock Exchange has agreed to grant, a waiver from strict compliance with the requirements under Rule 8.12 of the Listing Rules. In order to maintain regular and effective communication with the Stock Exchange, we put in place the following measures:

- we have appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who shall act as our principal channel of communication with the Stock Exchange. The two authorised representatives of our Company are Mr. Michael Chan, the executive Director and chairman of our Company, and Ms. Wai Ching Sum, the company secretary of our Company;

- any meeting between the Stock Exchange and our Directors will be arranged through the authorised representatives or the compliance advisor of our Company or directly with our Directors within a reasonable time frame. Each of the authorised representatives is authorised to communicate on behalf of our Company with the Stock Exchange. We will inform the Stock Exchange promptly in respect of any changes in our authorised representatives and our compliance advisor;

- each of the authorised representatives of our Company will be available to meet with the Stock Exchange within a reasonable period of time upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile and/or email;

- each of the authorised representatives of our Company has means to contact all members of our Board (including our independent non-executive Directors) promptly at all times as and when the Stock Exchange wishes to contact the Directors for any matters. To enhance the communication between the Stock Exchange, the authorised representatives of our Company and our Directors, we have implemented a policy that (a) each Director will provide, if available, his/her respective office phone numbers, mobile phone numbers, facsimile numbers and email addresses to our authorised representatives; and (b) all the Directors and our authorised representatives will provide, if available, their office phone numbers, mobile phone numbers, facsimile numbers and email addresses to the Stock Exchange. In the event that a Director expects to travel or is out of office, he/she will provide the phone number of the place of his/her accommodation to our authorised representatives;

- the Directors, who are not ordinarily resident in Hong Kong nor Hong Kong permanent residents, have confirmed that they possess or can apply for valid travel documents to visit Hong Kong and are able to meet with the Stock Exchange within a reasonable period of time;

- we have, in compliance with Rule 3A.19 of the Listing Rules, appointed Advent Corporate Finance Limited as our compliance advisor who will, among other things, in addition to the two authorised representatives of our Company, act as the additional channel of communication with the Stock Exchange for a period commencing from the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year commencing after the Listing Date. Advent Corporate Finance Limited advises our Company on on-going compliance requirements and other issues arising under the Listing Rules and other applicable laws, rules, codes and guidelines in Hong Kong after the Listing Date and will have full access at all times to our authorised representatives and our Directors. Our Company will inform the Stock Exchange promptly in the event of any change of the compliance adviser in accordance with the Listing Rules; and

- we will also retain legal advisers to advise on on-going compliance requirements as well as other issues arising under the Listing Rules and other applicable laws, rules, codes and guidelines of Hong Kong after the Listing Date.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make this prospectus or any statement herein misleading.

THIS HONG KONG PUBLIC OFFER AND THE PROSPECTUS

This prospectus is published solely in connection with the Hong Kong Public Offer, which forms part of the Global Offering. For applicants under the Hong Kong Public Offer, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offer. See "How to Apply for Hong Kong Offer Shares" and the Application Forms for details of the procedures for applying for the Hong Kong Offer Shares.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and conditions set out herein and therein. No person has been authorised to give any information or make any representations other than those contained in this prospectus and the Application Forms and, if given or made, such information or representations must not be relied on as having been authorised by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering. Neither the delivery of this prospectus nor any offering, sale or delivery made in connection with our Shares shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our affairs since the date of this prospectus or imply that the information in this prospectus is correct as of any subsequent time.

STRUCTURE OF THE GLOBAL OFFERING AND UNDERWRITING

See "Structure of the Global Offering" for details of the structure of the Global Offering, including its conditions and the arrangements relating to the Over-allotment Option and stabilisation.

The Listing is sponsored by the Sole Sponsor. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on the Offer Price between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us. The Global Offering is managed by the Sole Global Coordinator. If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. See "Underwriting" for details of the Underwriters and the underwriting arrangements.

DOWNWARD OFFER PRICE ADJUSTMENT

We have reserved the right to make a Downward Offer Price Adjustment to provide flexibility in pricing the Offer Shares. The ability to make a Downward Offer Price Adjustment does not affect our obligation to issue a supplemental prospectus and to offer investors a right to withdraw their applications if there is a material change in circumstances not disclosed in this prospectus.

If it is intended to set the final Offer Price at more than 10% below the bottom end of the indicative Offer Price Range, the Withdrawal Mechanism will be applied if the Global Offering is to proceed.

RESTRICTIONS ON OFFER OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares under the Hong Kong Public Offer will be required to confirm, and is deemed by his acquisition of Hong Kong Offer Shares to have confirmed, that he is aware of the restrictions on offers of the Offer Shares described in this prospectus and that he is not acquiring, and has not been offered, any Offer Shares in circumstances that contravene any such restrictions.

No action has been taken to permit a public offering of the Offer Shares or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, without limitation to the following, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the securities laws of such jurisdiction pursuant to registration with or an authorisation by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered and sold, and will not be offered or sold, directly or indirectly in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee of the Stock Exchange for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including any additional Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme) and Shares which may be issued pursuant to the exercise of the options that may be granted under the Share Option Scheme. Dealings in the Shares on the Stock Exchange are expected to commence on Thursday, 5 December 2019.

Save as disclosed in this prospectus, no part of our share capital or loan capital is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or proposed to be sought in the near future.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the Stock Exchange granting the listing of, and permission to deal in, our Shares on the Stock Exchange and we complying with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the Listing Date or any other date as determined by HKSCC.

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All necessary arrangements have been made for the Shares to be admitted into CCASS. All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time. You should seek the advice of your stockbroker or other professional adviser for details of those settlement arrangements as such arrangements will affect your rights and interests.

HONG KONG SHARE REGISTER AND STAMP DUTY

All Shares issued by us pursuant to applications made in the Hong Kong Public Offer will be registered on our register of members to be maintained by our Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited, in Hong Kong. Our principal register of members will be maintained by our principal registrar, Conyers Trust Company (Cayman) Limited, in the Cayman Islands.

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

Dealings in the Shares registered on our register of members in Hong Kong will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the taxation implications of subscribing for, purchasing, holding, disposing of, dealing in or exercising any rights in relation to, the Shares. None of us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of our or their affiliates or any of their respective directors, officers, employees or agents or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription for, purchase, holding, disposition of, dealing in, or exercising any rights in relation to, the Shares.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain RMB amounts into Hong Kong dollars at a specified rate. Unless we indicate otherwise, the translations of RMB into Hong Kong dollars and vice versa have been made at the rate of HK$1.00 to RMB0.88 in this prospectus.

No representation is made that any amount in RMB or Hong Kong dollars can be or could be, or have been, converted at the above rate or any other rate or at all.

LANGUAGE

If there is any inconsistency between this prospectus and its Chinese translation, this prospectus shall prevail. For ease of reference, the names of Chinese laws and regulations, governmental authorities, institutions, natural persons or other entities (including certain of our subsidiaries) have been included in this prospectus in both the Chinese and English languages and in the event of any inconsistency, the Chinese versions shall prevail.

ROUNDING

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

WEBSITE

The contents of any website mentioned in this prospectus do not form a part of this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. CHAN Sze Ming Michael (陳思銘)	Flat B, 8/F No. 1 Ho Man Tin Hill 1 Ho Man Tin Hill Road Ho Man Tin, Kowloon Hong Kong	Chinese
Mr. LIU Huaxi (劉華錫)	Room 801, Tower 6 Wanxiang Garden, Ocean City 99 Xing Wen Road East Zone Zhongshan City Guangdong Province, the PRC	Chinese
Ms. ZHENG Catherine Wei Hong	Room 602, Building 19 Shang Shan Ruo Shui Ya Garden 398 Xin Nan Road Nan Cun Town Panyu District, Guangzhou City Guangdong Province, the PRC	Australian
Mr. WU Xinping (吳新平)	Room 902, Building 18 Shang Shan Ruo Shui Ya Garden 398 Xin Nan Road Nan Cun Town Panyu District, Guangzhou City Guangdong Province, the PRC	Chinese
Mr. XUE Shuangyou (薛雙有)	Room 1601, Building 6 Ya Hu Ban Dao Kai Yin Xin Cheng 03 District Huo Ju Kai Fa District Zhongshan City Guangdong Province, the PRC	Chinese
Ms. WEI Miaochang (韋妙嫦)	C2-703, Phase 9 Sanxiang Yajule Xincheng Zhongshan City Guangdong Province, the PRC	Chinese

Independent non-executive Directors

Mr. MA Ching Nam (馬清楠)	H11 Repulse Bay Tower 119A Repulse Bay Road Hong Kong	Chinese
Mr. LEONG Chong (梁翔)	Flat 1, 43/F Block C, Imperial Court 62G Conduit Road Mid-levels, Hong Kong	Chinese
Mr. WU William Wai Leung (胡偉亮)	Flat E, 7/F Block 3, The Great Hill Tung Lo Wan Hill Road Shatin, New Territories Hong Kong	Canadian

Please see the section "Directors and Senior Management" for further information on our Directors and members of our senior management.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**DBS Asia Capital Limited** 73/F, The Center 99 Queen's Road Central Central, Hong Kong
Sole Global Coordinator	**DBS Asia Capital Limited** 73/F, The Center 99 Queen's Road Central Central, Hong Kong
Joint Bookrunners	**DBS Asia Capital Limited** 73/F, The Center 99 Queen's Road Central Central, Hong Kong
	ABCI Capital Limited 11/F, Agricultural Bank of China Tower 50 Connaught Road Central, Hong Kong
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F Wing On Centre 111 Connaught Road Central, Hong Kong
	Head & Shoulders Securities Limited Room 2511 25/F Cosco Tower 183 Queen's Road Central, Hong Kong
Joint Lead Managers	**DBS Asia Capital Limited** 73/F, The Center 99 Queen's Road Central Central, Hong Kong
	ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central, Hong Kong
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F Wing On Centre 111 Connaught Road Central, Hong Kong
	Head & Shoulders Securities Limited Room 2511 25/F Cosco Tower 183 Queen's Road Central, Hong Kong

Co-lead Managers	**CGS-CIMB Securities (Hong Kong) Limited** 25/F, Gloucester Tower, The Landmark 15 Queen's Road Central, Hong Kong
	GLAM Capital Limited Rooms 908-11, 9/F, Nan Fung Tower 88 Connaught Road Central Central, Hong Kong
Hong Kong Underwriters	**DBS Asia Capital Limited** 73/F, The Center 99 Queen's Road Central Central, Hong Kong
	ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central, Hong Kong
	China Galaxy International Securities (Hong Kong) Co., Limited 20/F Wing On Centre 111 Connaught Road Central, Hong Kong
	Head & Shoulders Securities Limited Room 2511 25/F Cosco Tower 183 Queen's Road Central, Hong Kong
	CGS-CIMB Securities (Hong Kong) Limited 25/F, Gloucester Tower, The Landmark 15 Queen's Road Central, Hong Kong
	GLAM Capital Limited Rooms 908-11, 9/F, Nan Fung Tower 88 Connaught Road Central Central, Hong Kong
International Underwriters	**DBS Asia Capital Limited** 73/F, The Center 99 Queen's Road Central Central, Hong Kong
	ABCI Securities Company Limited 10/F, Agricultural Bank of China Tower 50 Connaught Road Central, Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central, Hong Kong

Head & Shoulders Securities Limited
Room 2511 25/F Cosco Tower
183 Queen's Road Central, Hong Kong

CGS-CIMB Securities (Hong Kong) Limited
25/F, Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong

GLAM Capital Limited
Rooms 908-11, 9/F, Nan Fung Tower
88 Connaught Road Central
Central, Hong Kong

Legal Advisers to Our Company

As to Hong Kong law:
Iu, Lai & Li Solicitors & Notaries
Rooms 2201, 2201A & 2202
22nd Floor, Tower I
Admiralty Centre
No. 18 Harcourt Road
Hong Kong

As to Hong Kong law:
Ms. Yeung Wing Yan Wendy
Barrister-at-law
Room 1003A, 10/F
Far East Finance Centre
16 Harcourt Road
Admiralty
Hong Kong

As to PRC law:
Jingtian & Gongcheng
34/F, Tower 3, China Central Place
77 Jianguo Road, Chaoyang District
Beijing 100025
China

	As to Cayman Islands law: **Conyers Dill & Pearman** Cricket Square Hutchins Drive, PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law:* **Deacons** 5/F, Alexandra House 18 Chater Road Central, Hong Kong
	As to PRC law: **Tian Yuan Law Firm** 10/F, China Pacific Insurance Plaza 28 Fengsheng Hutong Xicheng District Beijing, PRC
Auditor and Reporting Accountant	**PricewaterhouseCoopers** 22/F, Prince's Building Central Hong Kong
Industry Consultant	**Cushman & Wakefield** 16/F Jardine House 1 Connaught Place Central, Hong Kong
Independent Valuer	**Cushman & Wakefield** 16/F Jardine House 1 Connaught Place Central, Hong Kong
Compliance Adviser	**Advent Corporate Finance Limited** Units 1103-04, 11/F, 1 Lyndhurst Tower 1 Lyndhurst Terrace Central, Hong Kong
Receiving Banks	**DBS Bank (Hong Kong) Limited** 11/F, The Center 99 Queen's Road Central Central, Hong Kong

Hang Seng Bank Limited
Hang Seng Bank Building
83 Des Voeux Road Central
Hong Kong

Industrial and Commercial Bank of China (Asia) Limited
16/F, Tower 1
Millenium City 1
388 Kwun Tong Road
Kowloon, Hong Kong

The Bank of East Asia, Limited
10 Des Voeux Road Central
Hong Kong

Registered Office	Cricket Square Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Principal Place of Business in Hong Kong	Suites 3008-10, 30/F, Tower One Times Square, 1 Matheson Street Causeway Bay Hong Kong
Principal Place of Business and Head Office in the PRC	JY Grandmark Building 198 Guanjing Road Nancun Town Panyu District, Guangzhou City Guangdong Province, the PRC
Company's Website	**www.jygrandmark.com** *(The information on the website does not form part of this prospectus)*
Company Secretary	Ms. WAI Ching Sum (*FCIS, FCS*) (衞靜心) Flat D, 25/F, Block 29 Laguna City 6 East Laguna Street Cha Kwo Ling, Kowloon Hong Kong
Authorised Representatives	Mr. CHAN Sze Ming Michael (陳思銘) Flat B, 8/F No. 1 Ho Man Tin Hill 1 Ho Man Tin Hill Road Ho Man Tin, Kowloon Hong Kong
	Ms. WAI Ching Sum (*FCIS, FCS*) (衞靜心) Flat D, 25/F, Block 29 Laguna City 6 East Laguna Street Cha Kwo Ling, Kowloon Hong Kong
Audit Committee	Mr. WU William Wai Leung (胡偉亮) *(Chairman)* Mr. MA Ching Nam (馬清楠) Mr. LEONG Chong (梁翔)

Remuneration Committee	Mr. LEONG Chong (梁翔) *(Chairman)* Mr. MA Ching Nam (馬清楠) Mr. WU William Wai Leung (胡偉亮) Mr. LIU Huaxi (劉華錫)
Nomination Committee	Mr. MA Ching Nam (馬清楠) *(Chairman)* Mr. LEONG Chong (梁翔) Mr. WU William Wai Leung (胡偉亮) Mr. LIU Huaxi (劉華錫)
Principal Share Registrar and Transfer Office	**Conyers Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive PO Box 2681 Grand Cayman, KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716 17th Floor, Hopewell Centre 183 Queen's Road East Wanchai Hong Kong
Principal Banks	**DBS Bank (Hong Kong) Limited** 11/F, The Center 99 Queen's Road Central Central, Hong Kong **The Bank of East Asia, Limited** 10 Des Voeux Road Central Hong Kong **Industrial and Commercial Bank of China, Guangdong Branch** ICBC Tower 29 Da Sha Tou Road, Guangzhou City Guangdong Province, the PRC

This section contains certain statistics, industry data or other information which have been derived from government, official or other public sources. We believe that the sources of such information are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. The information has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of their respective directors, officers, affiliates, advisors or representatives, or any other party involved in the Global Offering, and no representation is given as to its accuracy. We, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, any of their respective directors, officers, affiliates, advisors or representatives, and any other party involved in the Global Offering make no representation as to the completeness, accuracy or fairness of such information and accordingly such information should not be unduly relied upon.

SOURCE OF INFORMATION

The Company commissioned the C&W Report from Cushman & Wakefield (C&W) relating to the economy of the PRC, the residential property market in Guangdong, Hainan, Yunnan and Hunan provinces and the industries in which our Group operates. C&W has charged a total fee of HK$800,000 for the preparation of the C&W Report.

C&W is a global real estate adviser, which offers a range of services including investment agency, leasing agency, property and facilities management, project and building consultancy, investment and asset management, market research and forecasting and valuation. C&W has 400 offices in 70 countries.

C&W also serves as the Company's independent property valuer for the Listing. C&W provided services through its independent valuation team and independent market research team. The C&W Report was prepared primarily by the designated market research team of C&W based on data from the PRC government, renowned research institutions and the proprietary databases of C&W. In the course of research, C&W conducted interviews with local marketing agents in the residential property sector.

The following sets out the main reasons why C&W adopted the above sources of information and considered them as reliable:

- It is general market practice to adopt official data and announcements from various Chinese government agencies; and
- C&W understands the data collection methodology and source of the subscribed database from China Real Estate Index System.

While preparing the C&W Report, we have relied on the major assumptions listed below:

- The macro-economic environment of each of the PRC, Guangdong, Hunan, Hainan, and Yunnan Province is expected to grow at a steady rate;
- The political environment of the PRC remains stable; and
- The real estate industry of each of the PRC, Guangdong, Hunan, Hainan, and Yunnan Province is expected to grow at a steady rate.

Our Directors are of the view that the information set forth in this section is reliable and not misleading as the information was extracted from the C&W Report and C&W is an independent professional market research company with extensive experience in its profession. Our Directors confirm that to the best of their knowledge and information and taking reasonable care, there is no adverse change in the market information since the date of the C&W Report, which may qualify, contradict or have an impact on the information in this section.

OVERVIEW OF THE PRC ECONOMY

Over the past five years, the PRC's GDP growth has remained healthy, with nominal GDP value increasing from RMB56,885 billion in 2013 to RMB90,032 billion in 2018, representing a CAGR of approximately 9.6%. Urban disposable income per capita has increased from RMB26,467 in 2013 to

RMB39,251 in 2018, representing a CAGR of approximately 8.2%. Total fixed assets investment in the PRC has increased from RMB44,629 billion in 2013 to RMB64,567 billion in 2018, representing a CAGR of approximately 7.7%. This increase in purchasing power has led to an increase in willingness of urban residents to consume.

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2019 (Q3)	2013-2018 CAGR
Nominal GDP (RMB billion)	56,885	63,646	67,671	74,413	82,712	90,032	21,343	23,750	24,687	9.6%
Real GDP Growth (%)	7.8%	7.3%	6.9%	6.7%	6.9%	6.6%	6.4%	6.2%	6.0%	N/A
GDP per capita (RMB)	41,805	46,531	49,229	53,817	59,660	64,644	N/A	N/A	N/A	9.1%
Urban disposable income per capita (RMB)	26,467	28,844	31,195	33,616	36,396	39,251	11,633	21,342	31,939	8.2%
Fixed asset investment (RMB billion)	44,629	51,276	56,200	60,647	64,124	64,567	N/A	N/A	N/A	7.7%

Sources: China Statistical Yearbook 2018, National Bureau of Statistics, C&W

KEY DRIVERS OF THE PRC PROPERTY MARKET

Over the past 10 years, the rate of urbanisation in the PRC has increased by approximately 1.0% to 1.5% annually, reaching 58.5% in 2017. An increase of 1.0% represents an increase of approximately 13 million rural people migrating into urban areas, which generates substantial housing demand and increases consumption levels in urban areas. According to the "National Plan on New Urbanisation (2014-2020)" (《國家新型城鎮化規劃 (2014—2020) 》) issued by the PRC State Council, the urbanisation rate is aimed to reach 60% by 2020, and measures such as small town development, improving the integrated transportation network, and improving standards of public services, will be implemented to raise the level and quality of urbanisation in the future.

Following the release of "The Notice on the Implementation of Key Tasks for Promoting New-type Urbanization in 2018" 《關於實施2018年推進新型城鎮化建設重點任務的通知》by 國家發展改革委 in March 2018 and The Key Tasks of New Urbanization Construction in 2019 《2019年新型城鎮化建設重點任務》in April 2019, the "settled in" restrictions of those cities with permanent population between 1 to 3 million will be removed, whereas the same restrictions of those cities with permanent population between 3 to 5 million will be relaxed. It is believed that urbanization rates of these lower tier cities will be improved.

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2013-2018 CAGR (%)
Population (million)	1,361	1,368	1,375	1,383	1,390	1,395	N/A	0.5%
Urban population (million)	731	749	770	793	813	831	N/A	2.7%
Urbanisation rate (%)	53.8%	54.8%	56.0%	57.3%	58.5%	N/A	N/A	N/A

Sources: China Statistical Yearbook 2017, National Bureau of Statistics, C&W

OVERVIEW OF THE PRC PROPERTY MARKET

The government aims to maintain a stabilised housing price using different policy tools to curb speculation. Amongst other measures deployed, a strict policy taken was the home purchase restrictions imposed on the entire province of Hainan in April 2018 ("全域限購"), such that non-Hainan residential households who want to buy a residential unit in certain districts including Haikou, Sanya and Qionghai must provide income tax records or proof of social security payments for the past 60 months or more in Hainan from at least one member of the applicant's family. Also, no upward adjustment can be made to the registered selling price within 6 months from the date of registration. Any adjustment to the registered price must go through the registration process again. Despite the continuing policy control on the PRC property market in 2018, the transaction volume of residential properties in the country recorded a growth. The details of the above have been discussed in the Regulatory Overview of the prospectus.

Benefitting from the growth of PRC economy, domestic investment and consumption, the PRC property market has been growing rapidly. Total investment in real estate development projects increased from RMB8,601 billion in 2013 to RMB12,026 billion in 2018, representing a CAGR of approximately 6.9%. The investment on residential property increased from approximately RMB5,895 billion in 2013 to RMB8,519 billion in 2018, representing a CAGR of approximately 7.6%. The investment on commercial property increased from approximately RMB1,194 billion in 2013 to RMB1,418 billion in 2018, representing a CAGR of approximately 3.5%. Major real estate indicators of the PRC are set out below:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2019 (Q3)	2013-2018 CAGR
Total real estate investment (RMB billion)	8,601	9,504	9,598	10,258	10,980	12,026	2,380	3,781	3,640	6.9%
Residential										
Real estate residential investment (RMB billion)	5,895	6,435	6,460	6,870	7,515	8,519	1,726	2,791	2,698	7.6%
Total GFA of commodity residential properties sold (million sq.m.)	1,157	1,052	1,124	1,375	1,448	1,479	260	402	385	5.0%
Average selling price of commodity residential properties (RMB per sq.m.)	5,850	5,933	6,473	7,203	7,614	8,544	8,954	9,478	9,390	7.9%
Commercial										
Real estate commercial investment (RMB billion)	1,194	1,435	1,461	1,584	1,564	1,418	247	371	361	3.5%
Total GFA of commercial properties sold (million sq.m.)	85	91	93	108	128	120	19	27	24	7.2%
Average selling price of commercial properties (RMB per sq.m.)	9,777	9,817	9,566	9,786	10,323	11,151	11,431	11,284	10,531	2.7%

Sources: China Statistical Yearbook 2018, National Bureau of Statistics, C&W

Historical price trends of raw materials

The major construction materials used in our Group's property development projects include cement and steel, which are subject to market fluctuation and volatility. While labour cost remains fairly stable over the years, prices for cement and steel show more volatility. As selling price of properties are market dependent, developers may not be able to pass any increase in material cost onto the customers immediately. The fluctuations can be managed by bulk purchase of raw materials.

The purchasing price indices for construction materials, labour, cement and steel price index industrial producers in the PRC from 2013 to 2018 are set out below:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2013-2018 CAGR
Construction Materials Price Index	101.0	101.8	98.9	99.1	105.1	111	N/A	1.9%
Labour Price Index	108.1	106.1	104.6	103.5	103.9	104.8	N/A	(0.6)%
Cement Price Index	98.6	100.7	96.7	96.7	106.8	111.1	N/A	2.4%
Steel Price Index	94.1	94.9	88.1	96.3	120.7	108.4	N/A	2.9%
(Preceding Year =100)								

Sources: National Bureau of Statistics

OVERVIEW OF THE ECONOMY AND THE PROPERTY MARKET OF SELECTED LOCATIONS IN GUANGDONG PROVINCE

Guangdong Province is located in the southern part of the PRC with a total land area of 179,700 sq.km. The GDP of Guangdong increased at an average annual rate of 9.3% from 2013 to 2018, reaching RMB9,728 billion in 2018, reflecting broad-based growth momentum. The residential property market in Guangdong experienced stable growth in recent years. In respect of demand for residential properties, a total GFA of approximately 120.8 million sq.m. of primary commodity residential properties were sold in 2018, representing an increase at a CAGR of 6.5% from 2013 to 2018. The Pearl River Delta region accounted for over 70% of the total GFA of commodity residential properties sold in Guangdong.

Guangzhou

Guangzhou is the capital city of Guangdong with a total land area of approximately 7,434 sq.km. and a total population of around 14.9 million as at 2018. The GDP of Guangzhou increased from approximately RMB1,550 billion in 2013 to RMB2,286 billion in 2018, at a CAGR of approximately 8.1%. Urbanisation rate increased from approximately 85.3% in 2013 to 86.4% in 2018. Residential property market in Guangzhou experienced stable growth in recent years. In respect of demand for residential properties, a total GFA of approximately 11.4 million sq.m. of primary commodity residential properties were sold in 2018, representing a decrease at a CAGR of (4.0)% from 2013 to 2018. Average selling price of commodity residential properties has grown steadily from 2013 to 2018 with a CAGR of 9.1%.

Conghua District of Guangzhou

Conghua used to be a county-level city until it became a district of Guangzhou in 2014. It is located in the northeast of Guangzhou with a total land area of 1,974.5 sq.km. and a total population of around 0.64 million as at 2018. The GDP of Conghua increased from approximately RMB28.5 billion in 2013 to RMB41.7 billion in 2018, at a CAGR of approximately 7.9%. There was an increase in urbanisation rate from approximately 44.3% in 2013 to 45.0% in 2017. The economic indicators are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2013-2018 CAGR
GDP (RMB billion)	28.5	32.4	34.9	38.0	40.0	41.7	N/A	7.9%
GDP Growth (%)	15.7	13.7	7.8	7.5	5.3	4.1	N/A	N/A
Regional population (million)	0.61	0.62	0.63	0.64	0.64	0.64	N/A	1.3%
Urbanisation rate (%)	44.3	44.5	44.8	44.8	45.0	45.0	N/A	N/A

Sources: Guangzhou Statistical Yearbook, C&W

The residential property market in Conghua has experienced significant growth in recent years. In respect of demand for residential properties, a total GFA of approximately 1.7 million sq.m. of primary commodity residential properties was sold in 2017, representing an increase at a CAGR of 9.4% from 2013 to 2017. Total sales amount of commodity residential properties increased from 2013 to 2017 with a CAGR of 17.6%. Major residential property indicators of Conghua are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2013-2017 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	1.2	1.4	1.7	1.8	1.7	N/A	N/A	9.4%
Average selling price of commodity residential properties (RMB per sq.m.)	6,866	6,584	6,522	7,299	9,140	N/A	N/A	7.4%

Sources: Guangzhou Statistical Yearbook, C&W

Nansha District of Guangzhou

Nansha is located in the south of Guangzhou, with a total area of 783.86 sq.km. and a total population of around 0.73 million as at 2017. The GDP of Nansha has experienced a relatively high growth from approximately RMB90.9 billion in 2013 to RMB145.8 billion in 2018, at a CAGR of approximately 9.9%. There was a slight increase in urbanisation rate from approximately 72.1% in 2013 to 72.5% in 2017. The economic indicators are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2013-2018 CAGR
GDP (RMB billion)	90.9	102.6	113.9	127.9	137.9	145.8	33.5	41.8	9.9%
GDP Growth (%)	12.4	12.9	11.1	12.3	7.8	5.8	11.9	7.5	N/A
Regional population (million)*(Note)*	0.63	0.64	0.66	0.69	0.73	0.75	N/A	N/A	3.6%
Urbanisation rate (%)	72.1	72.2	72.3	72.5	72.5	N/A	N/A	N/A	N/A

Note: CAGR is for 2013 - 2017
Sources: Guangzhou Statistical Yearbook, C&W

The residential property market in Nansha experienced a steady growth in the recent years. According to Guangzhou Statistical Yearbook, Nansha District sold a total of approximately 1.7 million sq.m. of primary commodity residential properties, representing a growth at a CAGR of 7.5% from 2013 to 2017. Besides, the average selling price of commodity residential properties grew steadily from 2013 to 2017 with a CAGR of 11.4%.

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2013-2017 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	1.3	1.3	1.6	1.9	1.7	N/A	N/A	7.5%
Average selling price of commodity residential properties (RMB per sq.m.)	9,817	11,895	11,282	11,560	15,142	N/A	N/A	11.4%

Sources: Guangzhou Statistical Yearbook, C&W

Qingyuan

Qingyuan is a prefecture-level city in Guangdong Province with a total land area of 19,000 sq. km and a total population of about 3.86 million as at 2017. The GDP of Qingyuan has increased from approximately RMB110.4 billion in 2013 to RMB156 billion in 2018, at a CAGR of approximately 7.2%. There was an increase in urbanisation rate from approximately 48.0% in 2013 to 52% in 2018. The economic indicators are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2013-2018 CAGR
GDP (RMB billion)	110.4	119.8	127.8	138.8	150.1	156.0	31.7	41.6	7.2%
GDP Growth (%)	6.9	8.5	6.7	8.6	8.1	3.9	6.3	1.9%	N/A
Regional population (million)	3.79	3.82	3.83	3.85	3.86	3.87	N/A	N/A	0.4%
Urbanisation rate (%)	48.0	48.3	49.1	50.0	50.7	52.0	N/A	N/A	N/A

Sources: Qingyuan Statistical Yearbook, Qingyuan Statistical Communique, C&W

The residential property market in Qingyuan has experienced significant growth in recent years. In respect of demand for residential properties, a total GFA of approximately 5.7 million sq.m. of primary commodity residential properties were sold in 2018, representing an increase at a CAGR of 3.4% from 2013 to 2018. The average selling price of commodity residential properties has grown from 2013 to 2018 with a CAGR of 10.9%. Major residential property indicators of Qingyuan are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2013-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	4.83	3.95	5.11	7.34	8.09	5.70	1.33	1.98	3.4%
Average selling price of commodity residential properties (RMB per sq.m.)	4,970	4,833	4,718	4,782	6,399	8,331	9,160	9,445	10.9%

Sources: Qingyuan Statistical Yearbook, Qingyuan Statistical Communique, C&W

Yingde County of Qingyuan

Yingde is a developing county-level city within Qingyuan with a total land area of 5,671 sq.km and a total population of 1.11 million in 2017. According to the press release issued by the Government of Yingde on 12 January 2018, the economy of Yingde has been developing well with local GDP reaching RMB29.4 billion in 2018, representing a 6.5% increase from the previous year. Fixed asset investment was recorded at RMB12.3 billion in 2018. Average urban disposable income was recorded at RMB20,259, representing a 8.3% increase from the previous year. There will be 28 new property developments in the next two years, with new supply for GFA of about 2.5 million sq.m.

Zhaoqing

Zhaoqing is a prefecture-level city in Guangdong Province. It has a total land area of 15,000 sq.km. and a total population of 4.12 million, with 1.93 million living in the urbanised areas, as at the end of 2017. The GDP of Zhaoqing increased from approximately RMB168.5 billion in 2013 to approximately RMB220.2 billion in 2018, at a CAGR of approximately 5.5%. There was a slight increase in urbanisation rate from approximately 43.8% in 2013 to 47.8% in 2018. The economic indicators are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2013-2018 CAGR
GDP (RMB billion)	168.5	185.8	198.4	210.1	211.0	220.2	43	55	5.5%
GDP Growth	14.0%	10.2%	6.8%	5.9%	0.4%	4.4%	7%	7%	N/A
Regional population (million)	4.02	4.04	4.06	4.08	4.12	4.15	N/A	N/A	0.6%
Urbanisation rate	43.8	44.0	45.2	46.1	46.8	47.8	N/A	N/A	N/A

Sources: Zhaoqing Statistical Yearbook, Zhaoqing Statistical Communique, C&W

The residential property market in Zhaoqing remained stable until it took off in 2017. The total GFA of commodity residential properties sold rocketed to 5.4 million sq.m. in 2017 after 4 steady years. The average selling price of commodity residential properties also rose to approximately RMB7,015 per sq.m. in 2018 accordingly, at a CAGR of 8.6% from 2013 to 2018. Major residential property indicators of Zhaoqing are as follows:

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 (Q1)**	**2019 (Q2)**	**2019 (Q3)**	**2013-2018 CAGR**
Total GFA of commodity residential properties sold (million sq.m.)	4.2	4.1	4.2	4.4	5.4	5.95	1.04	1.73	1.50	7.2%
Average selling price of commodity residential properties (RMB per sq.m.)	4,654	4,590	4,549	4,621	5,954	7,015	6,960	7,376	7,132	8.6%

Sources: Zhaoqing Statistical Yearbook, Zhaoqing Statistical Communique, C&W

Zhongshan

Zhongshan covers an area of 1,800 sq.km. and its economy experienced growth momentum in recent years. From 2013 to 2018, GDP of Zhongshan increased annually at an average rate of 6.5%. Urbanisation rate grew from approximately 88.0% to approximately 88.4% in the same period.

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 (Q1)**	**2019 (Q2)**	**2013-2018 CAGR**
GDP (RMB billion)	265	282	305	325	343	363	74.2	117.2	6.5%
GDP Growth (%)	8.6%	6.5%	8.1%	6.4%	5.6%	5.9%	2.6%	-0.1%	N/A
Regional population (million)	3.17	3.19	3.21	3.23	3.26	3.31	N/A	N/A	0.8%
Urbanisation rate (%)	88.0%	88.1%	88.1%	88.2%	88.3%	88.4%	N/A	N/A	N/A

Sources: Zhongshan Statistical Yearbook, Zhongshan Statistical Communique, C&W

The residential property price in Zhongshan has experienced significant growth since the approval of the Shenzhen – Zhongshan Passageway (深中通道) in 2015. According to the Zhongshan Statistical Yearbook and the Zhongshan Statistical Communique, real estate investment in Zhongshan increased from approximately RMB39.9 billion in 2013 to approximately RMB69.7 billion in 2018. Average selling price of commodity residential properties increased from a modest price of RMB5,766 per sq.m. in 2015 to RMB10,852 per sq.m. in 2017, at an average annual growth rate of 37% over a 2-year period. Because of home purchase restrictions, demand for new commodity residential properties is dominated by fundamental demand.

Major residential property indicators in Zhongshan are as follows:

	2013	**2014**	**2015**	**2016**	**2017**	**2018**	**2019 (Q1)**	**2019 (Q2)**	**2019 (Q3)**	**2013-2017 CAGR**
Total GFA of commodity residential properties sold (million sq.m.)	7.0	6.7	9.2	10.2	6.5	N/A	N/A	1.7	2.0	(1.8)%
Average selling price of commodity residential properties (RMB per sq.m.)	5,799	5,865	5,766	7,263	10,852	N/A	N/A	12,951	12,962	17.0%

Sources: Zhongshan Statistical Yearbook, Zhongshan Statistical Communique, C&W

OVERVIEW OF THE ECONOMY AND THE PROPERTY MARKET OF SELECTED LOCATIONS IN HAINAN PROVINCE

Hainan Province

Hainan is the southernmost province of the PRC with a total land area of 35,400 sq.km and a maritime area of about 2 million sq.km. Population of Hainan was recorded at 9.34 million in 2018, 58% of which are urban residents. The GDP increased from approximately RMB318 billion in 2013 to RMB483 billion in 2018, at a CAGR of approximately 8.7%. There was an increase in urbanisation rate from approximately 52.7% in 2013 to approximately 59.1% in 2018. Property market in Hainan experienced stable growth in recent years. The GFA sold from 2013 to 2015 remained stable before it took off in 2016. Average selling price has increased substantially over the past five years. Property sales in the eastern region (including Haikou, Sanya, Lingshui) account for more than 50% of the total GFA sold. More than 75% of the residential properties sold in the eastern region are having their prices higher than those in the central and western regions. While demand in the eastern region is composed of a mixture of fundamental and investment demand, demand in cities and counties in central and western regions is dominated by fundamental demand.

Lingshui

Lingshui is a popular tourist destination in Hainan. The residential property market in Lingshui has experienced significant growth in recent year until 2018 when restriction on residential property sales was carried out in April 2018. A total GFA of approximately 2.1 million sq.m. of commodity properties were sold in 2017, but the figure dropped 58% to only 0.9 million sq.m. in 2018. Average selling price of commodity residential properties has grown from 2014 to 2018, with a CAGR of 9.37%. Most of the price jump was contributed by a 22% year-on-year increase in 2017 and a 34% year-on-year increase in 2018, which were mainly driven by the sales of villa and high-grade apartments. Major residential property indicators of Lingshui are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2014-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	0.8	0.7	1.0	1.7	2.1	0.9	N/A	6.39%
Average selling price of commodity residential properties (RMB per sq.m.)	18,340	18,725	17,153	16,402	20,013	26,791	N/A	9.37%

Sources: Lingshui Government Report, C&W

In November 2011, Hainan International Tourism Island Pilot Zone (海南國際旅遊島先行試驗區) was established in Li'an, Lingshui. The area is planned to become the pilot zone in developing the island into an international tourism island. It will be one of the major cultural industry gathering area in China and a world class tourist resort. Together with Sanya City, Lingshui, Ledong and Baoting formed the "Big Sanya Tourism Economic Circle" (大三亞旅遊經濟圈). Being a newly developed area, Lingshui has better planning and a more liveable environment to attract high end property purchasers than Sanya.

Lingao

Connected to the West Ring High-Speed Railway (西環高鐵), Lingao is included in the "Haikou Half-Hour Economic Circle" (海口半小時經濟圈). The residential property market in Lingao had a late start from a relative low base but both the price and transaction volume showed rapid catch-up in the past three years. In respect of demand for residential properties, a total GFA of approximately 0.36 million sq.m. of primary commodity residential properties were sold in 2018. The average selling price of commodity residential properties increased from 7,499 per sq.m in 2014 to 8,398 per sq.m in 2018 with a CAGR of 2.9%. Both the transaction volume and property price began to take off in 2017 with a respective increase of 100% and 19.6%. While volume suffered a rapid decline in 2018 due to restriction on purchases, price continued to jump another 27% in 2018. Major residential property indicators of Lingao are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2014-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	N/A	0.37	0.34	0.42	0.80	0.36	N/A	-0.8%
Average selling price of commodity residential properties (RMB per sq.m.)	N/A	7,499	5,374	5,521	6,602	8,398	N/A	2.9%

Sources: Lingao Government Report, C&W

Development of the tourism industry has led to the transformation and upgrading of the real estate structure in the region. An area to the south of the old town is zoned for the development of a livable new city with well-being and tourism as the key themes. Land sale started in 2017 with developers picking up sites offered.

OVERVIEW OF THE ECONOMY AND THE PROPERTY MARKET OF SELECTED LOCATIONS IN YUNNAN PROVINCE

Land Market

Land Area sold in various Provinces

The land area sold in various Provinces from 2013 to 2018 are shown below:

Provinces	2013	2014	2015	2016	2017	2018
			(million sq m)			
Guangdong	22.5	19.6	14.8	17.5	18.4	19.7
Hainan	3.1	2.9	2.5	1.8	1.3	1.2
Yunnan	19.7	12.2	8.3	5.2	8.2	5.7
Hunan	13.3	11.1	8.6	8.1	10.3	14.3

Sources: National Bureau of Statistics

The land area sold in Guangdong Provinces decreased to 14.8 million sq m and bounce back to 19.7 million sq m in 2018 to cope with the increasing land demand in the province. Hunan also reached a short-term low in 2016 and bounced back to 14.3 million sq m in 2018. Hainan land area sold was on decreasing trend since 2013 and down to 1.2 million sq m in 2018. Yunnan land area sold is more volatile than the other provinces and fluctuated in the region of 5.2 million sq m and 8.3 million sq m in the last 4 years.

Yunnan Province

Yunnan Province is located in the Southwestern part of the PRC with a total land area of about 0.39 million sq.km and a total population of about 48.29 million as at 2018. The GDP of Yunnan increased from approximately RMB1,183.2 billion in 2013 to RMB1,788.1 billion in 2018, at a CAGR of approximately 8.6%. The residential property market in Yunnan experienced stable growth in recent years. In respect of demand for residential properties, a total GFA of approximately 29.3 million sq.m. of primary commodity residential properties was sold in Yunnan Province in 2017, with an increase at a CAGR of 5.1% from 2013 to 2017. The average selling price of commodity residential properties has grown from 2013 to 2016 with a CAGR of 4.8%.

Baoshan

In the last 5 years, the real estate market in Baoshan, which included industrial and commercial developments, went through a depression and a rebound. There had been a period that high stocks in the city caused developers to stop building new projects thus seriously affecting the economic development of the city. Major residential property indicators of Baoshan are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2013-2017 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	0.7	0.7	0.9	1.3	1.8	N/A	N/A	26.6%
Average selling price of commodity residential properties (RMB per sq.m.)	4,703	4,904	4,046	4,700	5,005	N/A	N/A	1.6%

Sources: Baoshan Statistical Statistics Bureau, C&W

Tengchong county of Baoshan

Tengchong is a county-level city in Baoshan, in the southwestern part of Yunnan. It had a total land area of 5,845 sq.km. and a total population of about 0.68 million in 2017. The economy growth steadily in 2017, with a regional GDP reaching RMB17.7 billion, representing a year-on-year increase of approximately 10.5%. The tourism industry has been developing rapidly. The residential properties offered in Tengchong consist mainly of low rise houses and apartments. Without any purchase restriction, the total sales amount of commodity properties reached RMB30.5 million in 2017, representing an increase of 33.3% from the previous year. The number of new projects under construction has also increased, which, when completed, would provide a total GFA of approximately 3.2 million sq.m., representing an increase of approximately 28.9% from the previous year. Apartments target mainly the local demand, while low-rise houses target those looking for second homes for vacation or for investment purposes. In recent years, national developers have entered the market, focusing on holiday-oriented houses for sale.

OVERVIEW OF THE ECONOMY AND THE PROPERTY MARKET OF ZHUZHOU IN HUNAN PROVINCE

Zhuzhou is located 60 km to the southeast of Changsha in Hunan Province with a total land area of 11,262 sq.km. and a total population of about 4.02 million as at 2017. The GDP of Zhuzhou increased from approximately RMB194.9 billion in 2013 to RMB263.2 billion in 2018, at a CAGR of approximately 6.2%. The urbanisation rate increased from approximately 60.1% in 2013 to 67.2% in 2018. The economic indicators are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2013-2018 CAGR
GDP (RMB billion)	194.9	216.1	233.5	251.3	258.0	263.2	67.7	59.6	6.2%
GDP Growth (%)	10.5	10.5	9.5	7.9	8.0	7.8	7.8	7.7	N/A
Regional population (million)	3.94	3.96	4.00	4.02	4.02	4.02	N/A	N/A	0.4%
Urbanisation rate (%)	60.1	61.0	62.1	64.1	65.7	67.2	N/A	N/A	N/A

Sources: Zhuzhou Statistical Yearbook, Zhuzhou Statistical Communique, C&W

Residential property market in Zhuzhou experienced a stable growth in recent years. In respect of demand for residential properties, a total of approximately 7.3 million sq.m. of primary commodity residential properties was sold in 2018, with an increase at a CAGR of 7.1% from 2013 to 2018. Average selling price of commodity residential properties has grown from 2013 to 2018 with a CAGR of 5.6%. Major residential property indicators of Zhuzhou are as follows:

	2013	2014	2015	2016	2017	2018	2019 (Q1)	2019 (Q2)	2019 (Q3)	2013-2018 CAGR
Total GFA of commodity residential properties sold (million sq.m.)	5.2	4.7	5.6	6.4	6.5	7.3	1.1	1.66	1.4	7.1%
Average selling price of commodity residential properties (RMB per sq.m.)	4,509	4,761	4,730	4,728	5.268	5,922	5,723	6,292	5,691	5.6%

Sources: Zhuzhou Statistical Yearbook, Zhuzhou Statistical Communique, C&W

HOTEL MARKET IN GUANGZHOU INCLUDING PANYU AND CONGHUA

Tourism and hotel market in Guangzhou witnessed a steady growth from 2012 to 2018, with a CAGR of 13.1% on tourism income and 5.2% on tourists staying overnight. Supply of guest rooms increased from 65,267 units in 2012 to 92,568 units in 2017, at a CAGR of 7.2%. Occupancy rate has increased from approximately 64% to 67.6% in the period between 2012 and 2017, in line with the steady market.

Tourism is one of the sectors which play significant role in the development of Panyu. The popular Chimelong Tourist Resort was one of the resorts included in the first batch of scenic areas given a "5A" rating by the China National Tourism Administration in 2007. According to the Tourism Administration of Guangzhou, the total number of visitors to Panyu in 2018 reached 45 million, representing an increase of 11.5% over the previous year, whilst the total revenue from tourism was recorded at RMB51.25 billion in 2018, representing an increase of 11.9% over the previous year. Amongst the 188 hotels with star ratings, 15 of them are located in Panyu. Average room rate of a standard double-bed room ranges from RMB200 to RMB850 for a hotel with three-star to five-star rating.

There are 14 star-rated hotels in Conghua, among which three hotels are four-star rated and eleven hotels are three-star rated. The room rates for four-star hotels vary from RMB450 to RMB1,000, whereas room rates for three-star hotels vary from RMB150 to RMB650. The hotel market in Conghua, especially the market for vacation hotels, is driven by the growing demand for short-distance trips by visitors within the Pearl River Delta region.

OVERVIEW OF RETAIL MARKET IN GUANGZHOU INCLUDING PANYU

The commercial property market activities in Panyu is traditionally concentrated in two major retail hubs mainly occupied by general merchandise retailers, such as department stores, hypermarkets and specialty stores. Retail streets in Panyu are usually ancillary facilities attached to a residential development providing daily convenient shops such as food and beverage outlets, drugstore, education for kids and supermarkets. The average monthly rent for a ground floor shop ranges from RMB210 per sq.m. to RMB270 per sq.m..

OVERVIEW OF RETAIL MARKET IN ZHONGSHAN

There has been a continued growth in consumer expenditure in Zhongshan, as demonstrated by the increasing trend in total retail sales of consumer goods and annual salary level in the period between 2013 and 2018. Total retail sales of consumer goods reached RMB149.08 billion in 2018, with an increase at a CAGR of 10.9% between 2013 and 2018. Average annual salary level reached RMB67,728 in 2017, with an increase at a CAGR of 8.7% between 2013 and 2017. Total retail sales of consumer goods in Zhongshan grew faster than GDP and average annual salary level in the past five years, indicating that retail market has been growing in a healthy way.

TOURISM REAL ESTATE MARKET

According to Notice of the State Council on the Tourism Development Plan for the 13th Five-Year Plan [2016] No. 70, by 2020, the total size of the tourism market shall reach 6.7 billion. The total investment in tourism shall be RMB2 trillion, and the total tourism revenue shall reach RMB7 trillion. Meanwhile, urbanisation will help to improve infrastructure for urban tourism and public service facilities, support the construction of large-scale tourism complexes, themed functional zones, and central recreation areas. Yunnan and Hainan provinces as well as Pearl River Delta are included in the cross-regional tourism city cluster and cross-regional characteristic tourism functional areas.

According to China Tourism Real Estate Development Report (2016-2017), the GFA of tourism related real estate increased from 455 million sq.m. in 2013 to 3,107 million sq.m in 2016, representing a CAGR of 89.7%. In 2016, apartments took up 59.4% of the market share and the remaining belonged to low-rise houses. Locations with special attractions such as the hot springs in Tengchong and Conghua, will benefit most from the growth of tourism real estate. Hainan Province has abundant natural resources to support its tourism development and will be a hot spot for tourism real estate in the PRC.

FUNDAMENTAL RESIDENTIAL MARKET DEMAND

Fundamental residential property demand usually refers to the first-time home purchase at an affordable price level in cities with healthy economic development and improving resident income. Fundamental demand plays an important role in developing the residential property market in Yingde, Zhuzhou and Nansha, and will therefore benefit the Group which is building in these cities to capture the demand.

Yingde is on the Wu-Guang High-Speed Railway that started operation in 2012, connecting Guangzhou and Wuhan with travel time from Guangzhou to Yingde cut down to 36 minutes. Yingde has become a city within the "half-an-hour living circle of Greater Guangzhou". Given the shortened travel time, the lower property price and cost of living and the natural scenery, it is believed that more people are willing to make short trips to Yingde over weekends and consider buying properties there, either as primary lodging by relocating to Yingde, or as a second home for holidays. Demand for residential properties is expected to increase.

In recent years, Zhuzhou has transformed itself from an traditional heavy industrial city to a city promoting innovation and technology. Factories for heavy industry have moved out of Zhuzhou to the surrounding areas. Meanwhile, large-scale high-tech industries have been vigorously promoted to attract talents and population inflow, which have increased the demand for housing. In addition, transformation of Zhuzhou shanty towns and the development trend of Changsha towards the South will produce a large number of buyers in the market. As a satellite city of Changsha with a lower average residential price and no price or purchase restriction, Zhuzhou is attracting the purchasing power from Changsha.

As the only Free Trade Area in Guangzhou, Nansha District has enjoyed great opportunities in recent years. With the operation of Guangzhou-Shenzhen-Hong Kong High-Speed Railway, Nansha is connected to the half-hour transportation zone of core areas in the Greater Bay Area. The Group has a residential property project in Nanshan Free Trade Zone, which is in proximity to Nanheng station of GuangZhou Metro Line No. 4. High-end industries such as advanced manufacturing is being bred in this area, making it more attractive to young talents who has strong fundamental demand for residential properties.

COMPETITIVE LANDSCAPE

The Group operates in Guangdong, Hainan, Yunnan and Hunan during the Track Record Period. Over the years, it has accumulated in-depth local knowledge, made good connections and earned its reputation in the market. These have become its competitive advantage over its peers in the market.

Projects undertaken by the Group are usually located in suburban areas of key cities or in satellite towns with good connectivity to core cities. Improvements in transportation networks in recent years have accelerated the urban development process of cities and have attracted more investments in the residential and commercial sectors to accommodate increasing demand. Over time, the Group's projects will benefit from improved connectivity with potential for substantial capital gain.

The Group owns a large land bank in Yingde and Zhaoqing, both of which are linked to the commercial centre of Guangzhou by high-speed train with a travel time of 15-20 minutes. The planned airport in Yingde, which is designated as a Grade 1 regional hub, is scheduled for completion in December 2020 to serve the north-eastern region of Guangdong.

Light-rail train (輕軌) between Changsha and Zhuzhou reduces the travel time between the two cities to less than 30 minutes while high-speed train further cuts it down to 10 minutes. This will attract more population to move from Changsha to Zhuzhou where the Group undertakes development projects. The improved connectivity has stimulated demand for residential housing in Zhuzhou in all sectors including fundamental demand, home upgrade and vacation homes. The Zhuzhou Government is building a BRT (Rapid Transit System) (快速公交系統) linking new development district where the Group owns land and the existing commercial centre. BRT is scheduled for commercial operation in 2019.

The Group has a diversified strategy in acquiring land, namely: through land auction, cooperation with other developers and urban redevelopment by following "Urban Renewal" policy. Land auction usually results in a relatively higher cost under competitive bidding but with a more controllable development period as the land is usually "clean" for immediate development. Cooperation with other developers can make better use of resources and expertise between the cooperating developers. The redevelopment of industrial projects has relatively lower costs but has a longer development period. With an effective land acquisition strategy, the Group can maintain a diversified portfolio with a balance between cost and development period.

Competitive landscape in the overall residential property market in Conghua and Nansha

Rankings of developers in Conghua with reference to their respective sales amount in 2018:

Rank	**Name of property developers**	**Sales amount** *(RMB million)*	**Sales area** *(sq.m.)*	**Percentage of total sales amount of Conghua market in 2018** *(%)*
1	廣東珠光集團有限公司	1,838	134,317	28.9%
2	廣東珠江投資股份有限公司	1,330	98,161	20.9%
3	The Group	569	38,132	8.9%
4	保利房地產(集團)股份有限公司	565	56,249	8.9%
5	碧桂園控股有限公司	423	34,295	6.6%

Source: CREIS (China Real Estate Index System), Guangzhou Statistical Bureau

The top five developers accounted for 74.2% of the total sales amount in Conghua in 2018. The property market of Conghua has provided an environment for local developers to dominate the market and to develop more affordable housing than in Guangzhou due to a lower land cost.

The top 7 developers in Nansha accounted for 81% of the total sales amount in 2018. The property market of Nansha is relatively small comparing with Guangzhou, which has provided an environment for local developers to dominate the market and to develop more affordable housing than in Guangzhou due to a lower land cost.

Competitive landscape in the overall residential property market in Sanya and Lingshui

As Sanya evolved into a property hotspot and a destination for tourists over the years, well-respected national developers gradually established their presence in the Sanya region while local players continued to thrive under the strong growth momentum of the market. Top 10 developers in Sanya accounted for only 16.1% of the market share in terms of the sales amount in 2017. Sanya has provided an environment to enable local developers to develop and compete with the national newcomers while the market is fragmented, with no developer dominating the market.

The total residential sale amount of Lingshui in 2017 is around RMB42.9 billion, which is about 44.8% of the market size of Sanya. The sales amount of the Group in Lingshui was RMB1.45 billion in 2017, representing a market share of 3.4%. Like Sanya, the market in Lingshui is fragmented, with no single developer dominating the market. Local developers, being native to the market, have obtained a relatively high market share with their widely known brand names.

Generally speaking, price remains the most important consideration in the Greater Sanya residential property market. This is especially true for individuals with fundamental demand. Other factors that purchasers place great emphasis in their decision-making process include the quality of the property and the built environment.

ENTRY BARRIERS

There are three main entry barriers to the PRC property market: difficulties in acquiring quality land, brand reputation and information asymmetry. Firstly, land availability in primary locations is limited, especially in the city centre, most of which has been acquired by existing developers. New developers may find it difficult to compete in the market. Secondly, the existing developers have long-established reputation towards consumers. New developers need to have their brand recognised/accepted by the local market. Thirdly, it takes time for new developers to deeply understand the local market.

OUTLOOK

The GDP of PRC enjoyed a steady growth during the period from 2013 to 2017 before it began a slowdown in 2018 due to weakened exports as the trade-war with the United States started to take its toll. The trade war intensified in May 2019 with the US threatening to levy tariff on all Chinese goods and sanctioning the hi-tech companies in China. It is envisaged that the Chinese economy will continue to slowdown in 2019 but it is still too early to count the impact of the trade war on the property market. Should the trade war continue to impact the PRC economy materially, purchasing power of consumers would be eroded and the property market would eventually be affected. However, fundamental demand from first-time buyers and up-graders will always be supported as the PRC government aims to maintaining a sustainable and healthy property market in all economic times.

Despite the continuing policy control on the property market in 2018, the transaction volume recorded a growth. It is believed that if the economy remains stable and there is no major policy change, there may be a small decline in transaction volume after the high sales volume in 2018 but the average transaction price will remain stable.

Tourism Real Estate witnessed a fast growth in the past few years. With hot springs and healthy environment, Tengchong and Conghua have enjoyed rapid growth and will continue to prosper. Meanwhile, Hainan has firmly established itself as a tropical coastal tourist destination and its tourism real estate will continue to flourish although, at the moment, property development and sales are regulated by the PRC government to stem out speculation after the entire Hainan was designated by the Central Government as a free trade port in April 2018.

The Greater Bay Area will become a growth engine for Southern China in the coming years and will boost fundamental demand for residential properties in all cities, including Qingyuan, and Zhaoqing, in the region. The Hong Kong-Zhuhai-Macau Bridge, which is in operation, and the Shenzhen – Zhongshan Passage, which is under construction, will reduce travel time between the eastern and western banks of the Pearl River Delta, thus enhancing the flow of travellers and goods in the region.

With infrastructure improvements, property price in cities on the western side of the Delta are playing a catch-up with their counterparts on the eastern side. Nansha and Zhongshan will benefit and be able to capture this property demand. Price differentials for cities on the two sides of the Delta will continue to narrow down.

The Guangzhou Metro Line 14 started operation at the end of 2018, bringing Conghua into the half-an-hour living circle of Greater Guangzhou. Yingde, with improved high-speed railway connection, has also joined the half-an-hour living circle of Greater Guangzhou. The property market in both cities, which already benefits from attractive tourism resources, will have much more to gain with the improved connectivity.

To make more land eligible for redevelopment under the Urban Renewal Policy and to speed up the approval process, the PRC government has in 2018 relaxed the criteria and decentralised the approval process of including land and buildings for urban renewal from provincial level to city level government. Developers with local connection and expertise in securing sites for urban renewal will benefit most.

Lingshui, being part of the "Big Sanya Tourism Economic Circle" with good tourism resources, enjoys a continual demand for high quality residential properties which are priced lower than comparable properties in Sanya. Lingao focuses mainly on residential and tourism resorts. Its economy will develop alongside Haikou with the "Belt & Road" strategy and the establishment of international free-trade zone. Lingao will continue to provide property products with lower development density, higher quality and more affordable price than Haikou.

Tengchong is planned to be developed into an international model tourism zone to fully utilise the advantages of its natural resource, by combining hot spring with other industries such as leisure vacation, sports entertainment, healthcare and agriculture. The development plan for Tengchong will stimulate demand for holiday homes, thus boosting the Tengchong property market.

The integration of Changsha, Zhuzhou and Xiangtan facilitates the economic collaboration in this region. The development of key industries, including railway equipment and rolling stock, aviation and new energy vehicles, helps to shape the long-term economic development of Zhuzhou. They will bring in new fixed asset investments, create new job opportunities and sustain the economic growth of Zhuzhou. Meanwhile, the Yangtze River Economic Belt Strategy announced in 2016 gave great emphasis in the development of Zhuzhou. This will, in turn, stimulate local spending and fundamental demand for housing. As the Zhuzhou market has less restrictions on property purchase and price control than Changsha, it will attract more buyers as the economy develops.

Zhaoqing, as one of the eleven cities in the Greater Bay Area (GBA), provides great opportunities for development in the future. Zhaoqing still has abundant land resources for future development. Zhaoqing also enjoys the advantage of natural environment, which may contribute to its tourism industry. With these advantages and the relatively low level of development, it is believed that development of Zhaoqing will gradually catch up with the other cities in the GBA.

THE LAWS AND REGULATIONS OF THE PRC

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

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 Administration of Urban Real Estate* (中華人民共和國城市房地產管理法) (the "**Urban Real Estate Law**") promulgated by the Standing Committee of the National People's Congress ("**SCNPC**"), which was effective on 1 January 1995 and amended on 30 August 2007 and 27 August 2009 and 26 August 2019, a real estate developer is defined as an enterprise which engages in the development and sale of real estate for the purpose of making profit. 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) ("**Development Regulations**") promulgated and implemented by the State Council on 20 July 1998 and amended on 8 January 2011 and 19 March 2018 and amended on 24 March 2019, an enterprise which is to engage in the development of real estate shall satisfy the following requirements: (i) its registered capital shall be RMB1 million or above; and (ii) 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. The Development Regulations also stipulate that the local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

Pursuant to the Development Regulations, the system of capital fund shall be established for a real estate development project and the percentage of capital fund in the total investment of a project shall not be less than 20%. Under the *Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment* (國務院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 25 May 2009, the requirement on the minimum capital for Social Welfare Housing and general commercial residence has been reduced from 35% to 20%, while the requirement on the minimum capital for other real estate projects has been reduced to 30%. In addition, under the *Notice on Adjusting and Perfecting the System of Capital Fund 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 9 September 2015, the minimum portion of capital funding for Social Welfare Housing and general commercial residence remains at 20%, while the minimum portion of capital funding for other real estate projects has been reduced from 30% to 25%.

Foreign-Invested Real Estate Enterprises

On 11 July 2006, the Ministry of Construction of the PRC, the Ministry of Commerce of the PRC ("**MOFCOM**"), the National Development and Reform Commission ("**NDRC**"), People's Bank of China ("**PBOC**"), the State Administration for Industry and Commerce ("**SAIC**") and the State Administration of Foreign Exchange ("**SAFE**") jointly promulgated the *Opinions on Regulating the Access and Administration of Foreign Capital in the Real Estate Market* (關於規範房地產市場外資准入和管理的意見) ("**Opinion 171**"), which states that: (i) an overseas entity or individual investing in real estate in China other than for self-use, shall apply for the establishment of a Foreign-Invested Real Estate Enterprise ("**FIREE**") in accordance with the applicable PRC laws and shall only conduct operations within the authorised business scope after obtaining the relevant approvals from and registering with the relevant governmental authorities; (ii) the registered capital of a FIREE with a total investment of US$10 million or above shall be no less than 50% of its total investment amount, whereas for FIREEs with a total investment of less than US$10 million, the current rules on registered capital shall apply; (iii) a newly established FIREE can only obtain an approval certificate and business license which are valid for one year. The approval certificate and business license can be obtained by submitting the land use rights certificate to the relevant government departments after the land grant premium for the land has been paid; and (iv) an equity transfer or project transfer of a FIREE, as well as the acquisition of a domestic real estate enterprise by foreign investors, must first be approved by the commerce authorities. The investor shall submit a letter to the commerce authorities confirming that it will abide with the land grant contract, the construction land planning permit and the construction works planning permit. In addition, the investor shall submit the land use rights certificate, the registration of change of investor and evidence from the tax authorities confirming that the tax relating to the transfer has been fully paid.

In connection with the filing requirement, MOFCOM issued the *Notice on the Proper Filings of Foreign Investment in the Real Estate Industry* (商務部關於做好外商投資房地產業備案工作的通知) on 16 June 2008 which was effective on 1 July 2008 to authorise the provincial branch of the MOFCOM to verify and check the filing documents.

On 19 August 2015, the Ministry of Housing and Urban-rural Development ("**MOHURD**"), MOFCOM, NDRC, PBOC, SAIC and SAFE jointly issued the *Circular on Amending the Policies Concerning Access by and Administration of Foreign Capital in the Real Estate Market* (關於調整房地產市場外資准入和管理有關政策的通知) which amended the relevant policies in the Opinion 171. According to this circular, (i) the ratio of registered capital to total investment of FIREEs 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); and (ii) the requirement that a FIREE must fully pay its registered capital before handling the procedures for domestic loans, foreign loans, and settlement of foreign exchange loans is hereby cancelled.

On 6 November 2015, MOFCOM and SAFE jointly issued the *Notice on Further Improving the Registration of Foreign Investment in Real Estate* (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). According to the Notice, the local departments shall approve the establishment and changes of FIREEs in accordance with the laws and statutes concerning foreign investment. The Notice also cancels the registry publication procedures on the website of the MOFCOM.

On 3 September 2016, the NPCSC adopted a decision on amending the law of foreign invested companies which became effective on 1 October 2016. Upon the effectiveness of the decision, the establishment of foreign invested enterprises and its subsequent changes will be required to be filed with the relevant authorities instead of obtaining approvals from the relevant commerce authorities as required by the existing PRC laws, except for the foreign invested enterprises which are subject to the special administrative measures regarding foreign investment entry. On 30 September 2016, the SAIC issued a circular on relevant issues of the registration of foreign invested enterprises to implement the decision of NPCSC. On 8 October 2016, the NDRC and MOFCOM jointly issued a notice according to which the industries falling within the categories in which foreign investment is prohibited or restricted and those falling within the encouraged category subject to the relevant requirements of equity or senior management under the Guidance Catalog, will be subject to the special administrative measures for foreign investment entry. On the same day, MOFCOM promulgated the *Provisional Measures for Filing Administration of Establishment and Changes of Foreign-invested Enterprises* (外商投資企業設立及變更備案管理暫行辦法) which was amended on 30 July 2017.

Under the *Catalogue of Industries for Guiding Foreign Investment* (外商投資產業指導目錄) ("**Guidance Catalogue**") promulgated by MOFCOM and the NDRC on 10 March 2015 and became effective on 10 April 2015, the construction of golf courses and villas falls within the category of industries in which foreign investment is prohibited, and the construction and operation of large theme parks fall within the restricted category. Other real estate development falls within the category of industries in which foreign investment is permitted. On 28 June 2017, MOFCOM and the NDRC jointly issued the latest revised Guidance Catalogue which was effective on 28 July 2017, according to which, the unanimous restrictive measures on both domestic and foreign investment are no longer included in the Guidance Catalogue. The construction of golf courses and villas still belongs to the prohibition category. The construction and operation of large theme parks must be subject to the project approval process. On 26 June 2018, MOFCOM and NDRC jointly issued the *Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version)* effective from 28 July 2018. On 30 June 2019, MOFCOM and NDRC jointly issued the *Special Administrative Measures (Negative List) for Foreign Investment Access (2019 Version)* to replace the *Special Administrative Measures (Negative List) for Foreign Investment Access (2018 Version)*, effective from 30 July 2019.

On 15 March 2019, the National People's Congress promulgated the *Foreign Investment Law of the People's Republic of China* (中華人民共和國外商投資法) which will be effective on 1 January 2020. Pursuant to it, foreign investors shall not invest in any field forbidden by the negative list for access of foreign investment (hereinafter referred to as the "**negative list**"). For any field restricted by the negative list, foreign investors shall conform to the investment conditions provided in the negative list. Fields not included in the negative list shall be managed under the principle that domestic investment and foreign investment shall be treated uniformly.

Qualification of a Real Estate Developer

Classification of a real estate enterprise's qualification

Under the Development Regulations, a real estate developer must record its establishment to the governing real estate development authorities in the location of the registration authority within 30 days after receiving its business license. The real estate development authorities shall examine applications for classification of a real estate 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* ("**Provisions on Administration of Qualification**") (房地產開發企業資質管理規定) promulgated by the Ministry of Construction of the PRC and implemented on 29 March 2000, revised on 4 May 2015, and last amended on 22 December 2018, a real estate 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 Qualification, qualifications of an 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. Procedures for approval of developers of class 2 or lower 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.

For a newly established real estate developer, after it has reported 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 one year from its issuance while the real estate development authority may extend the validity to a period of no longer than two years considering the actual business situation of the enterprise. The real estate developer shall apply for qualification classification by the real estate development authority within one month before the expiry of the Provisional Qualification Certificate.

Business scope of a real estate developer

Under the Provisions on Administration of Qualification, a developer of any qualification classification may only engage in the development and sale of the real estate within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 real estate developer may undertake real estate development projects throughout the country without any limit on the scale of the project. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 sq.m. and the specific scope of business undertaken shall be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality.

REGULATIONS ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

On 12 April 1988, the *Constitution of the PRC* (中華人民共和國憲法) (the "**Constitution**") was amended by the NPC to allow the transfer of land use rights for value. On 29 December 1988, the *Land Administration Law of the PRC* (中華人民共和國土地管理法) was amended by the SCNPC to permit the transfer of land use rights for value.

Under the *Provisional Regulations of the PRC on Grant and Transfer of the Right to Use 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) promulgated by the State Council on 19 May 1990, a system of grant 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. The land administration authority under the local government of the relevant city or county shall enter into a land grant agreement with the land user to provide for the grant of land use rights. 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.

According to *the Regulations regarding 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 ("**MLR**") on 9 May 2002, land use rights for properties for commercial use, tourism, entertainment and commodity residential purposes can only be granted through tender, auction or putting up for bidding. A number of measures are provided to ensure such grant of land use rights for commercial purposes is conducted openly and fairly.

On 11 June 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 entity 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 entities are interested in the land use rights to be assigned, such land use rights shall be granted by means of tender, auction or listing-for-sale.

The *Regulations regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale* was revised on 28 September 2007 with the name *Regulations regarding 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) to further require that land for industrial use, except land for mining, must also be granted by public tender, auction and listing-for-sale. Only after the grantee has paid the land premium in full under the land grant contract can the grantee apply for the land registration and obtain the land use rights certificates. Furthermore, land use rights certificates may not be issued in proportion to the land premium paid under the land grant contract.

According to the *Circular on the Distribution of the Catalogue for Restricted Land Use Projects (2012 Edition) and the Catalogue for Prohibited Land Use Projects (2012 Edition)* (關於發佈實施<限制用地項目目錄(2012年本)>和<禁止用地項目目錄(2012年本)>的通知) promulgated by the MLR and the NDRC on 23 May 2012, the granted land area of each residential housing project should not exceed (i) seven hectares for small cities and towns, (ii) 14 hectares for medium-sized cities, and (iii) 20 hectares for large cities, and the plot ratio must be more than 1.0 (inclusive).

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. Where construction does not commence within one year of commencement of construction as stipulated in the contract, an idle land fee may be charged at a rate of not more than 20% of the fee for the grant of land use rights. Where construction does not commence within two years, land use rights may be recovered without any compensation, except where the commencement of construction is delayed due to force majeure, an act of the government or relevant government departments, or preliminary work necessary for the commencement of construction.

Pursuant to the *Measures on Disposal of Idle Land* (閒置土地處置辦法) promulgated by the MLR on 28 April 1999, amended on 1 June 2012 and became effective on 1 July 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 has not commenced after one year of the prescribed time limit in the land use right grant contract or allocation decision; or (ii) the development and construction of the state-owned idle land have commenced but the area under such development and construction 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 governments behaviour 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*.

Planning and Acceptance Examination of a Real Estate Project

On 28 October 2007, the SCNPC promulgated the *Urban and Rural Planning Law of the PRC* (中華人民共和國城鄉規劃法) and amended on 23 April 2019, pursuant to which, a construction work planning permit must be obtained from the 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.

After obtaining the construction work planning permit, a real estate developer shall apply for a construction work commencement permit 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 25 June 2014 and implemented on 25 October 2014.

In accordance with the *Regulations on Administrative of Development and Operation of Urban Real Estate* promulgated by the State Council on 20 July 1998 and amended on 8 January 2011 and 19 March 2018, the *Development Regulations* and the *Regulations on the Quality Management of Construction Projects* (建設工程質量管理條例) promulgated by the State Council on 30 January 2000 and amended on 7 October 2017 and amended on 23 April 2019, the *Administrative Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure* (房屋建築和市政基礎設施工程竣工驗收備案管理辦法) promulgated by MOHURD on 7 April 2000 and amended on 19 October 2009 and the *Rules for the Confirmation of the Completion of Building Construction 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 and implemented on 2 December 2013, after the completion of construction of a project, the real estate must undergo inspection and receive relevant approvals from local authorities including planning bureau, fire safety authorities and environmental protection authorities within 15 days, and the relevant approvals should be despatched to the competent department of real estate development at regular intervals for the record.

REGULATIONS ON REAL ESTATE TRANSFER AND SALE

Real Estate Transfer

According to the Urban Real Estate Law and the *Provisions on Administration of Transfer of Urban Real Estate* (城市房地產轉讓管理規定) promulgated by the Ministry of Construction on 7 August 1995 and as amended on 15 August 2001, a real estate owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Sale and Pre-sale of Commodity Buildings

Under the *Regulatory Measures on the Sale of Commodity Buildings* (商品房銷售管理辦法) ("**Regulatory Measures**") promulgated by the Ministry of Construction on 4 April 2001 and implemented on 1 June 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales. The developer shall sign a contract on the sale of a commodity building with the purchaser. The price of the commodity building is decided by both parties, except for the conditions regulated by other laws and regulations.

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 real estate 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 real estate 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 *Development Regulations* and the *Measures for Administration of Pre-sale of Commodity Buildings* (城市商品房預售管理辦法) ("**Pre-sale Measures**") promulgated by the Ministry of Construction on 15 November 1994 and amended on 15 August 2001 and 20 July 2004 respectively, the pre-sale of commodity buildings shall be subject to a licensing system, and a real estate developer intending to sell a commodity building before its completion shall make the necessary pre-sale registration with the real estate development authority of the relevant city or county to obtain a pre-sale permit. According to the Pre-sale Measures, the proceeds of a real estate developer from the pre-sale of commodity buildings must be used for the construction of the relevant projects.

On 21 September 2018, the Guangdong Real Estate Association issued an *Emergency Notice on the Relevant Opinions on Providing the Pre-sale Permit for Commodity Houses* (關於請提供商品房預售許可有關意見的緊急通知), asking for opinions on the cancellation of the pre-sale system of commodity residential properties. As at the Latest Practicable Date, MOHURD and Guangdong province have not issued any regulations on abolishing the pre-sale system of commodity residential properties.

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 16 March 2011 and became effective on 1 May 2011. According to the provisions, any real estate developer or real estate agency is required to mark the selling price explicitly and clearly for both newly-build and second-hand commodity properties.

Measures on Stabilising Housing Prices

According to the *Notice on 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 the China Banking Regulatory Commission ("**CBRC**") on 30 March 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 30 March 2015 and effective on 31 March 2015 (collectively, the "**330 New Policy**"), (i) 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; (ii) 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; and (iii) 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 24 September 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* (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%.

On 1 February 2016, PBOC and CBRC jointly issued 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) which specifies that, in principle, in the 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 its first ordinary residential property shall be 25% of the purchase price. However, local authorities have been allowed to adjust such down payment ratio to 20%.

Meanwhile, with respect to a household that has already owned a residential property with unsettled personal housing commercial loan and applies for another personal housing commercial loan to purchase another ordinary residential property for the purpose of improving living conditions, the minimum down payment ratio for that purchase shall be at least 30% of the corresponding purchase price.

On 10 October 2016, the MOHURD issued the *Circular on Further Regulating Operations of Real Estate Developers to Safeguard the Order of the Real Estate Market* (關於進一步規範房地產開發企業經營行為維護房地產市場秩序的通知), which requires that improper operations of real estate developers shall be investigated and punished according to law. The improper operations include releasing or spreading false housing information and advertisements, maliciously pushing higher and artificially inflating housing prices by fabricating or spreading information on rising property price and other operations.

The MOHURD and the Ministry of Land and Resources jointly issued the *Circular on Tightening the Management and Control over Intermediate Residential Properties and Land Supply* (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) dated 1 April 2017, which provides, among others, that cities and counties that have more than one million inhabitants should make a three-year (2017—2019) plan and a five-year (2017—2021) plan for housing land supply, and publicise such plans by the end of June 2017. The circular further requires that local governments should adjust the size, structure and timing of land supply for residential housing in due course based on the period of depleting commodity residential housing inventory. For example, if the above period is longer than 36 months, no more land is to be supplied; if the said period is over 18 months but shorter than 36 months, land supply shall be reduced in size; if the said period is longer than six months but shorter than 12 months, more land shall be provided; however, if the current inventory could be sold in less than six months, land supply shall increase significantly within a short amount of time. In addition, the circular stipulates that local authorities should adopt the examination system of land acquisition capital to insure that the property developers use internal funds to acquire lands and that, if the land bid capital originates from a questionable source, the property developers shall be disqualified and prohibited from bidding for land for a designated time.

From 30 September 2016 to date, Beijing, Tianjin, Suzhou, Chengdu, Guangzhou and other cities have issued new property market control policies, including restoring the restriction on purchases of residential properties and tightening credit policy.

The General Office of the People's Government of Guangzhou issued the *Circular of Further Improving The Policies of Accelerating a Stable and Healthy Development in the Real Estate Market* in Guangzhou (關於進一步完善我市房地產市場平穩健康發展政策的通知) on 17 March 2017, requires that the single adult (including the divorced) with Guangzhou household has been limited to purchase only 1 housing unit. The family without household in Guangzhou can purchase only 1 housing unit, if the family can provide a continuous payment certificate of personal income tax or social insurance certificate for 5 years in Guangzhou. The circular also requires the further improvement of the Differential Housing Credit Policy.

The Department of Housing and Urban Rural Development of Qingyuan and the Department of Development and Reform of Qingyuan jointly issued the *Circular on Further Strengthening the Supervision of Real Estate Market* (關於進一步加強我市房地產市場監管工作的通知) on 8 June 2017, which requires that real estate developer should register with the Department of Development and Reform of the sale price before the developer applies for the pre-sale permit. The registered prices are allowed to fluctuate in the appropriate range, but the increase cannot be higher than 5% of the actual sale price of the same new type of commodity housing before 1 months of this project. The decrease of the actual sale price cannot exceed 15% of the registered price.

The General Office of Hainan Provincial Committee of the Communist Party of China issued the *Circular of Further Stabilising the Real Estate Market* (關於進一步穩定房地產市場的通知) on 22 April 2018 which mainly requires the following: (i) implementation of the strictest system for economising on the use of land and the control of both the total and intensity of construction land supply, ensuring that the total construction land in Hainan Province will not increase; implementation of the general plan of Hainan (space category 2015 – 2030) and strictly control the ecology space use; (ii) implementation of strict purchase policy and extension of the purchase policy to the whole province based on the current purchase polices. The houses in Wuzhishan, Baoting, Qiongzhong and Baisha cities and counties can only be sold to family with household in those cities and counties. For the areas which have already implemented purchase limit policies in Haikou, Sanya and Qionghai, families without Hainan household should provide at least 1 family member's continuous payment certificate of personal income tax or social insurance for at least 60 months, in order to purchase houses in the said areas. Apart from the areas above, families without Hainan household who purchase houses, should provide at least 1 family member's continuous payment certificate of personal income tax or social insurance for at least 24 months. The family who obtained Hainan household after this Circular has come into effect is limited to purchase only 1 housing unit, and the family has to provide at least 1 family member's continuous payment certificate of personal certificate of personal income tax or social insurance for at least 24 months; and (iii) the family without Hainan household who purchase houses in Hainan Province should pay no less than 70% down payment for commercial personal housing loans.

Rural collective construction land

On 26 August 2019, the Land Administration Law of the PRC was amended by the SCNPC which will be effective on 1 January 2020. Pursuant to it, the use right of rural collective construction land could be granted and leased by land owners to entities or individuals. Granting and leasing the use right of rural collective construction land should be subject to consent by not less than two-thirds of the members of the collective economic organization or of the members' representatives. On 23 June 2005, the People's Government of Guangdong Province promulgated the *Administrative Measures of Guangdong Province for the Circulation of the Right to Use Collective Construction Land* (廣東省集體建設用地使用權流轉管理辦法) which became effective on 1 October 2005. On 25 May 2016, the Standing Committee of the Guangdong Provincial People's Congress promulgated *the Regulations on the Management of Collective Assets in Rural Areas of Guangdong* (廣東省農村集體資產管理條例) which became effective on 1 July 2016. On 15 April 2015, the People's Government of Guangzhou promulgated the *Regulations on the Management of Collective Asset Transaction in Rural Areas of Guangzhou* (廣州市農村集體資產交易管理辦法) which became effective on 1 June 2015. On 23 July 2015, the General Office of the People's Government of Guangzhou promulgated the *Measures of Guangzhou for the Circulation of the Right to Use Collective Construction Land* (廣州市集體建設用地使用權流轉管理辦法). The People's Government of Baiyun District of Guangzhou promulgated the *Measures on the Management of Collective Assets in Rural Areas of Baiyun District of Guangzhou* (廣州市白雲區農村集體資產交易管理辦法) on 12 March 2018. On 20 September 2018, the People's Government of Baiyun District of Guangzhou promulgated the Measures of Baiyun District of Guangzhou for the Circulation of the Right to Use Collective Construction Land (廣州市白雲區集體建設用地使用權流轉管理辦法(試行)). Pursuant to the above regulations, under the premise that the ownership of collective construction land remains unchanged, the right to use collective construction land could be granted, leased, transferred, subleased and mortgaged.

The grant of the use of collective construction land by the collective economic organization should conform to the following: (i) conforming to the General Land Use Planning, Urban and Rural Planning, and not being used as commodity housing development and housing construction; (ii) having obtained the Certificate of the Ownership of Collective Land and the Certificate of Collective Land of Use; (iii) having obtained the permit of Construction Land Planning; (iv) having been approved by the Meeting of Collective Economic Organizations or the Meeting of the Delegates (which should have obtained no less than two-thirds of all members or delegates' consent), and having gained the document of consent.

The grant of the use of collective construction land should be conducted in the Organization of Transaction for Rural Collective Asset (三資平台) or the transaction center for public resources. The land which conforms to the following circumstances should be granted by way of tender, auction and listing for sale: industrial land, or the profit-oriented collective construction land including commercial, tourism, and entertainment land, or land which has more than two potential users. The land planned for other uses could be granted by way of agreement.

The procedure of the grant of use of collective construction land in the Organization of Transaction for Rural Collective Asset is as follows: (i) the collective economic organization should apply for the intention to grant and submit the transaction plan in the Organization of Transaction for Rural Collective Asset; (ii) the transaction plan should be examined first in town or street; (iii) the transaction plan should be approved by the Meeting of Collective Economic Organizations or the Meeting of the Delegates and be officially published; (iv) the project should be set up in town or street; (v) the Organization of Transaction for Rural Collective Asset should announce the transaction; (vi) the grantee should be determined and the transaction result should be announced; and (vii) the transaction parties should sign the agreement and put on record in town or street.

In Baiyun District of Guangzhou, the procedure of the grant of use of collective construction land is as follows: (i) the collective economic organization should apply to the town or street regarding the intention to grant collective land; (ii) the town or street should prepare relevant materials and consult with the departments of land resources, planning, urban management, information and technology, industry, business and investment in Baiyun District, and the town or street should collect the preliminary opinions from the above departments and apply to the government of Baiyun District for examination; (iii) the collective economic organization should vote for and announce the grant plan, and prepare written documents of approval of the grant plan; (iv) after the above written documents are prepared, the town or street should apply to the department of land resources in Baiyun District to include the collective land to be granted into the annual land supply plan; (v) apply to the Organization of Transaction for Rural Collective Asset for transaction.

Mortgage on real estate

Under 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 30 June 1995 and implemented on 1 October 1995, 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.

According to the *Measures on the Administration of Mortgages of Real Estate in Urban Areas* (城市房地產抵押管理辦法) promulgated by the Ministry of Construction in May 1997 and amended on 15 August 2001, within 30 days after a real estate mortgage contract has been signed, the parties to the mortgage shall register the mortgage with the real estate administration authorities at the location where the real estate is situated. A real estate mortgage contract shall become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a house ownership certificate has been obtained, the registration authority shall make an entry under the "third party rights" item on the original house ownership certificate and then issue a Certificate of Third Party Rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or under construction, the registration authority shall record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved shall re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the real property.

Lease of buildings

The *Administration Measures for Commodity Housing Leasing* was (商品房屋租賃管理辦法) promulgated on 1 December 2010 and came into effect on 1 February 2011. Pursuant to it, the parties to a real estate lease shall go through the lease registration formalities 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 has been 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.

Real Estate Registration

According to the *Interim Regulations on Real Estate Registration* (不動產登記暫行條例) promulgated by the State Council on 24 November 2014 and enforced on 1 March 2015 and amended on 24 March 2019, the PRC will apply a uniform registration system over real estate. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the mentioned Interim Regulations. If registration is applied by reasons of transfer or settlement of mortgage, the application shall be made jointly by both parties.

The MLR promulgated the *Implementing Rules of the Interim Regulations on Real Estate Registration* (不動產登記暫行條例實施細則) on 1 January 2016. The rules stipulate that after the acceptance of an application for real estate registration, the real estate registration authority shall perform site inspection. The owners and interested parties may inquire and obtain the relevant real estate registration information. The rules also clarify that real estate registration information shall be managed by the relevant real estate registration authorities, who shall establish a real estate registration information management system and the information safety and confidentiality system, and construct a specific place that meets the security standard for the protection of real estate registration materials to store the real estate registration materials.

REGULATIONS ON REAL ESTATE FINANCING

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 30 August 2004, loans of any kind must not be granted for projects which do not obtain a land use rights certificate, construction land planning permit, construction work planning permit and construction work commencement permit. Any real estate developer applying for real estate development loans shall have at least 35 percent of capital required for the development.

On 29 July 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). The notice emphasises the tightening of the management of loans to certain projects, the commercial banks are prohibited from providing loans to property developers to finance the payment of land premium.

On 29 September 2010, PBOC and CBRC jointly issued the *Circular on Issues Concerning the Improvement of Differentiated Housing Loan Policies* (關於完善差別化住房信貸政策有關問題的通知), which states that commercial banks shall stop issuing loans for new development projects and extending loan extensions to real estate development enterprises that have illegal records, such as holding idle land, changing the use and nature of land, delaying the opening of completion time, and selling the land to the public. We will continue to support real estate development enterprises in undertaking medium-and low-priced, small-and medium-sized housing projects and in participating in government-subsidised housing projects.

On 13 March 2018, the PRC State Council further submitted the Reform Plan on State Council Agencies for review of the First Session of the thirteenth NPC, proposing to merge the CIRC and the CBRC to strengthen the regulation over financial institutions, and thereafter report to the newly established Financial Stability and Development Committee.

REGULATIONS ON URBAN RENEWAL POLICY

Regulation of the Province of Guangdong

On 25 August 2009, the People's Government of Guangdong Province issued the *Opinions on Promoting the "Three Old" Renewal and Promoting the Economical and Intensive Use of Land* (關於推進「三舊」改造促進節約集約用地的若干意見). On 14 September 2016, the People's Government of Guangdong Province issued the *Notice on Upgrading the "Three Old" Renewal to Promote the Economical and Intensive Use of Land* (關於提升「三舊」改造水準促進節約集約用地的通知). Pursuant to the above regulations, the land which could be included in the scope of "Three Old" Renewal Policy are as follows: (i) urban land re-designated from manufacturing industry to the tertiary industry (退二進三); (ii) land discontinued to be used as factory sites of manufacturing industries under urban and rural planning; (iii) the original land for factories in prohibited or eliminated industries as stipulated in the state industrial policies; (iv) land of factories that do not meet the requirements of safe production or environmental protection; (v) towns and villages with scattered layout or in poor conditions that are planned to be redeveloped; and (vi) land for "Rural Land Improvement" Demonstration Project. All land subject to the "Three Old" Renewal Policy should have completed cadastral survey and it should be confirmed that the land use rights are registered. In the self-redevelopment projects of old factories involving changing the land from industrial land into profit-oriented land such as commercial, tourism, entertainment and commodity housing land, the land owner should pay supplementary land premium and other taxes and fee, and no less than 15% of the total land should be transferred to the government for free for urban infrastructure, public service facilities or other public welfare projects construction.

Regulation of the City of Guangzhou

On 28 November 2015, the People's Government of Guangzhou issued the Measures for Urban Renewal of Guangzhou (廣州市城市更新辦法) which was effective on 1 January 2016. On 29 December 2015, the General Office of People's Government of Guangzhou issued the *Measures for Old Factories Renewal of Guangzhou* (廣州市舊廠房更新實施辦法). Pursuant to the above regulations, the urban land of old factories which was built or granted the land use right before 30 June 2007, and re-designated from manufacturing industry or which are utilised inefficiently, could be included into the scope of redevelopment if the land of old factories conforms to the following standards: (i) land which was legally obtained through allocation or grant, and conform to registration requirement (including land which has been used before 1 January 1987); (ii) old factories land which has obtained the legal land use right of collective construction land; or (iii) original collective old factories land which has perfected the land grant procedures according to provincial Urban Renewal Policy.

There are three ways to redevelop old factories: procured-and-stored by the government, self-redevelopment and the combination of the two. Old factories land on state-owned construction land which are redeveloped into residential land (excluding indemnificatory housing) should be procured and stored by the government; old factories land on state-owned construction land which are redeveloped into commercial land and are located in some specific areas should be procured and stored by the government, otherwise it could be self-redeveloped by the land owner.

Procedure of self-redevelopment projects is as follows: (i) the land owner should apply to be plotted into the government system (標圖入庫), and apply to be listed into the annual renewal projects implementation plan; (ii) the land owner should compile the redevelopment plan and submit to the government for examination and approval; (iii) the government should issue the approval of redevelopment plan to the owner of the land; (iv) the land owner should go through the procedure of land grant by way of agreement, sign the land grant contract, pay the supplementary land grant premium and change the land owner certificate. The relevant land is not subject to any public auction or listing-for-sale process.

For old factories redevelopment projects procured-and-stored by the government, after the land owner has gained the approval of redevelopment plan, the land owner should sign the land transfer agreement and transfer the old factories land to the government, and cancel the registration of the certificate of the ownership of land; the government should pay the land owner compensation according to the agreement signed and should hold a public auction or listing-for-sale activity to grant the relevant land.

Regulations of the City of Qingyuan

On 25 June 2010, the People's Government of Qingyuan issued the *Implementation Opinion on Promoting the Renewal of "Three Old" and Promoting the Economical and Intensive Use of Land* (關於清遠市推進「三舊」改造促進節約集約用地實施意見) and *Supporting Policies for Implementing the "Three Old" Renewal and Promoting the Economical and Intensive Use of Land* (清遠市區實施「三舊」改造促進節約集約用地若干配套政策). Pursuant to the above regulations, land which could be included into the "three old" renewal are as follows: (i) land of old town and old factories redeveloped under urban planning; (ii) land re-designated from manufacturing industry to tertiary industry; (iii) urban land discontinued to be used as factory sites of manufacturing industries according to urban and rural planning; and (iv) land of factories that do not meet the requirements of safe production or environmental protection.

Ways of redevelopment of old factories include procured-and-stored by the government, self-redevelopment, redeveloped by third parties, and redevelopment for rural collective construction land. Land should be transferred to the government and redeveloped by the government if the land is redeveloped for urban infrastructure and public welfare facilities constructions or for old town redevelopment under urban planning. The land owner will sign the land transfer agreement with the government and cancel the registration of certificate of the ownership of land. The government should pay compensation to the land owner in accordance with the relevant land transfer agreement and should hold a public auction or listing-for-sale activity to grant the relevant land.

The procedure of self-redevelopment by land owner is as follows: (i) the land owner should submit application to the government; (ii) the land owner should compile redevelopment plan and submit to the government; (iii) after the redevelopment plan has been approved by the government, the land owner should go through the procedure of land grant by way of agreement, sign the land grant contract, pay the supplementary land grant premium and change the land owner certificate. The relevant land is not subject to any public auction or listing-for-sale process.

REGULATIONS ON HOTEL OPERATIONS

Currently, no dedicated regulator has been designated for the hotel industry in the PRC. The governmental regulation of operation of hotel business is undertaken by different authorities in accordance with the respective business scopes of different hotels.

Security and Fire Control

Pursuant to the *Provisions on the Supervision and Administration of Fire Control for Construction Project* (建設工程消防監督管理規定), issued by the Ministry of Public Security ("**MPS**") on 17 July 2012 and enforced on 1 November 2012, if the gross area of a hotel to be built is more than ten thousand square meters, the construction unit of the hotel should apply to the Fire Department of the public security authority for fire design review, and after the completion of the construction, the construction unit shall apply to the Fire Department of the public security authority for the issue of a reviewing opinion for acceptance of fire control protection.

INSURANCE

There is no mandatory provision under PRC laws and regulations requiring a property developer to obtain insurance policies for its property developments. Construction companies are required to pay for the insurance premium at their own costs and obtain insurance to cover their liabilities, such as third-party's liability risk, employer's liability risk, risk of non-performance of contract in the course of construction and risks associated with the construction and installation works during the construction period. The requirement for construction companies to obtain insurance coverage for all the aforementioned risks ceases immediately after the completion and acceptance upon inspection of construction.

REGULATIONS ON PROPERTY MANAGEMENT

Enterprises shall engage in property management activities subject to relevant provisions under the Property Management Regulations (物業管理條例) (implemented on 1 September 2003, amended on 26 August 2007 and 6 February 2016 and amended according to the Decision of the State Council on Revising and Repealing Certain Administrative Regulations (國務院關於修改和廢止部分行政法規的決定) on 19 March 2018).

On 8 March 2018, MOHURD issued Order No. 39 Decision Regarding Repealing the Measures on Property Service Enterprises Qualification Management (關於廢止<物業服務企業資質管理辦法>的決定), which repealed the Measures on Property Service Enterprises Qualification Management (物業服務企業資質管理辦法), and currently qualification of property service enterprise is no longer required for providing property service within the PRC.

REGULATIONS ON ENVIRONMENTAL PROTECTION

The laws and regulations governing the environmental requirements for real estate development in the PRC include the *Prevention and Control of Noise Pollution Law of the PRC* (中華人民共和國環境噪聲污染防治法) promulgated by SCNPC on 29 October 1996, the *Environmental Protection Law of the PRC* (中華人民共和國環境保護法) amended by SCNPC on 24 April 2014 and became effective on 1 January 2015, the *Environmental Impact Assessment Law of the PRC* (中華人民共和國環境影響評價法) amended by SCNPC on 2 July 2016 and became effective on 1 September 2016, the *Administrative Regulations on Environmental Protection for Development Projects* (建設項目環境保護管理條例) amended by the State Council on 16 July 2017 and effective on 1 October 2017, 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) promulgated on 27 December 2001, became effective on 1 February 2002 and last amended on 22 December 2010. Pursuant to these laws and regulations, depending on the impact of the project on the environment, an environmental impact study report, an environmental impact analysis table or an environmental impact registration form shall be submitted by a developer before the relevant authorities will grant approval for the commencement of construction of the property development. In addition, upon completion of the property development, the relevant environmental authorities will also inspect the property to ensure compliance with the applicable environmental standards and regulations before the property can be delivered to the purchasers.

REGULATIONS ON TAXATION

Income Tax

According to the *Enterprise Income Tax Law* (企業所得稅法) promulgated by the NPC on 16 March 2007 and amended and entered into force on 24 February 2017, enterprises that are established in China according to law, or established in accordance with foreign (regional) laws but the actual administrative agency is in China, will be subject to a corporate income tax rate of 25%.

According to the *Enterprise Income Tax Law* (企業所得稅法) and the *Regulations on the Implementation of the Enterprise Income Tax Law* (企業所得稅法實施條例) promulgated by the State Council on 6 December 2007 and became effective on 1 January 2008 and as amended on 23 April 2019, where non-resident enterprises have not established institutions or places in China, or where, despite the establishment of an institution or place, there is no real connection between the income obtained and the establishment of the institution or place, the enterprise income tax shall be levied at the rate of 10% of the income derived from the territory of China.

On 6 March 2009, SAT issued the *Measures Dealing with Enterprise Income Tax on Real Estate Development and Operation* (房地產開發經營業務企業所得稅處理辦法), which stipulates the tax treatment of real estate development enterprise income, cost and expense deduction, tax cost accounting and tax treatment of specific matters.

Pursuant to the *Arrangement between Mainland China and Hong Kong Special Administrative Region on 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 by SAT on 21 August 2006, if the beneficial owner of the dividend is a resident of the other party, the tax shall not exceed: (i) if the beneficial owner is a company that directly owns at least 25% of the capital of the company that pays the dividend, 5% of the total dividend; and (ii) in other cases, 10% of the total dividend. According to the *Notice on issues regarding the Administration of Dividend Provisions in Tax Treaties* (關於執行稅收協議股息條款有關問題的通知), which was promulgated by SAT on 20 February 2009, the payee of dividends paid by a Chinese resident company must meet a number of conditions in order to enjoy the preferential income tax rate stipulated in the tax agreement. One of the requirements is that the taxpayer must be the "beneficial owner" of the relevant dividend. Pursuant to the *Notice on How to Understand and Recognise the "Beneficiary Owner" in Tax Treaties* (關於如何理解和認定稅收協議中「受益所有人」的通知) promulgated by SAT on 27 October 2009, "beneficiary owners" generally engage in substantive business activities and may be individuals, companies or any other group. It also lists out the factors that have a negative impact on the identification of such "beneficial owners".

Business Tax and Value-added Tax

On 16 November 2011, with the approval of the State Council, SAT and the Ministry of Finance jointly promulgated the *Circular on the Pilot Program of Replacing Business Tax with Value-Added Tax* (營業稅改徵增值稅試點方案). According to the Proposal, in the pilot areas, pilot programs will be carried out in the transportation industry, some modern service industries and other productive service industries. Business taxes will be abolished and value-added tax will be levied. In addition to the current value-added tax 17% standard tax rate and 13% low tax rate, an increase of 11% and 6% in two low tax rates. The tax rate is 17% for leasing tangible movable property, and is 11% for transportation and construction, and is 6% for other modern service industries.

On 19 November 2017, the State Council promulgated the *Decision on Abolition of the Provisional Regulations of the PRC on Business Tax and Amendment of the Provisional Regulations of the PRC on Value-added Tax* (關於廢止中華人民共和國營業稅暫行條例和修改中華人民共和國增值稅暫行條例的決定), which abolished the *Provisional Regulations on Business Tax* (中華人民共和國營業稅暫行條例) and amended the *Provisional Regulations on Value-added Tax* (中華人民共和國增值稅暫行條例), sold goods or processed and repaired labour services within the PRC, sales of services, intangible assets, real estate and imported goods shall be subject to value-added tax.

On 4 April 2018, MOF and SAT promulgated the *Notice on the Adjustment of Value-added Tax Rates* (關於調整增值稅稅率的通知) which provided that the tax rate for the provision of transportation, postal services, basic telecommunications, construction, and real estate leasing services, the sales of real estate and the transfer of land use rights will be adjusted from 11% to 10%. Starting from 1 April 2019, the VAT rate for real estate industry has been lowered from 10% to 9%.

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) promulgated by the State Council on 13 December 1993, implemented on 1 January 1994 and amended on 8 January 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) which were promulgated and implemented by the Ministry of Finance on 27 January 1995, any capital-gain from a transfer of real estate shall be subject to LAT, after deducting various prescribed items. Deductible items include the following:

(i) amount paid for obtaining the land use rights;

(ii) costs and expenses for the development of the land;

(iii) costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;

(iv) related tax payable for the transfer of real property; and

(v) other deductible items as specified by MOF.

Deed Tax

Pursuant to the *Interim Regulations of the PRC on Deed Tax* (中華人民共和國契稅暫行條例) promulgated by the State Council on 7 July 1997 and implemented on 1 October 1997 and as amended on 2 March 2019, 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 MOF and SAT for the record.

Pursuant to the *Notice on Adjustment of Preferential Treatment Policies in respect of Deed Tax and Business Tax on 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) promulgated by MOF, SAT and MOHURD on 17 February 2016 and implemented on 22 February 2016, for an individual purchasing the only residential property for his/her household, the rate of deed tax was adjusted downward to 1% for a property of 90 sq.m. or less and to 1.5% for a property of more than 90 sq.m. For an individual purchasing the second residential property for his/her household to improve the living conditions, the rate of deed tax was reduced to 1% for a property of 90 sq.m. or less and to 2% for a property of more than 90 sq.m.

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 27 September 1988, implemented on 1 November 1988 and amended on 7 December 2013 and on 2 March 2019, land use tax in respect of urban land is levied according to the area of relevant land, the annual tax on every square meter of urban land shall be between RMB0.6 and RMB30.

Property Tax

In accordance with the *Provisional Rules on Real Estate Tax of the PRC* (中華人民共和國房產稅暫行條例) promulgated by the State Council on 15 September 1986, implemented on 1 October 1986 and amended on 8 January 2011 and the *State Council of the PRC Order 546* (中華人民共和國國務院令2008第546號) promulgated by the State Council on 31 December 2008, property owners (including foreign-invested enterprises, foreign enterprises and organisations, and foreign individuals) shall pay property tax. The tax rate of property tax shall be calculated according to the residual value of the property, and the tax rate shall be 1.2%. The tax rate is 12% if it is calculated on the basis of the rental income of the property.

Stamp Duty

Under the *Interim Regulations of the PRC on Stamp Duty* (中華人民共和國印花稅暫行條例) promulgated by the State Council on 6 August 1988, implemented on 1 October 1988 and amended on 8 January 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-by-item basis of RMB5 per item.

Municipal Maintenance Tax and Education Surcharge

Under the *Interim Regulations of the People's Republic of China on Municipal Maintenance Tax* (中華人民共和國城市維護建設税暫行條例) promulgated by the State Council on 8 February 1985, implemented on 1 January 1988 and amended on 8 January 2011, taxpayer, whether an individual or otherwise, of product tax, value-added tax or business tax are required to pay municipal maintenance tax. The tax rate 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.

Under the *Interim Provisions on Imposition of Education Surcharge* (徵收教育費附加的暫行規定) promulgated by the State Council on 28 April 1986, implemented on 1 July 1986 and amended on 8 January 2011, any taxpayer, whether an individual or otherwise, of value-added tax, business tax or consumption tax is liable for an education surcharge, unless such taxpayer is required to pay a rural area education surcharge as provided by the *Notice of the State Council on Raising Funds for Schools in Rural Areas* (國務院關於籌措農村學校辦學經費的通知). The additional rate of education surcharge is 3%.

REGULATIONS ON FOREIGN EXCHANGE

Under the *Foreign Exchange Administration Regulations of the PRC* (中華人民共和國外匯管理條例) promulgated by the State Council on 29 January 1996 and amended on 5 August 2008, the foreign exchange proceeds of domestic institutions and individuals may be transferred back to China or deposited abroad. 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 the 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 *Notice on Relevant Issues Concerning Foreign Exchange Administration of Offshore Investment, Financing and Return Investments by Domestic Residents through Special Purpose Vehicles* (國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知) issued by SAFE on 4 July 2014, before making capital contributions to a special purpose company with domestic or foreign legal assets or rights, residents shall apply to the foreign exchange administration for foreign exchange registration procedures for overseas investment. After a registered overseas special purpose company has undergone changes in basic information such as shareholders, names, and business terms, or changes in important matters such as capital increase, capital reduction, equity transfer or replacement, merger or division of domestic residents, residents should handle the relevant foreign exchange registration procedures at the foreign exchange bureau.

According to the *Notice on the Reform of the Administration of Foreign Exchange Capital Settlement for Foreign-Invested Enterprises* (關於改革外商投資企業外匯資本金結匯管理方式的通知) issued by SAFE on 30 March 2015 and became effective on 1 June 2015, the foreign exchange capital in the capital account of a foreign-invested enterprise that is confirmed by the foreign exchange bureau for currency investment rights (or registered by the bank for currency investment) may be settled at the bank according to the actual operating needs of the enterprise. The proportion of foreign exchange capital of foreign-invested enterprises willing to settle foreign exchange is tentatively set at 100%. The SAFE may adjust the above ratio according to the balance of payments situation in a timely manner.

REGULATIONS ON LABOUR AND SOCIAL SECURITY

On 29 June 2007, SCNPC promulgated the *PRC Labour Contract Law* (中華人民共和國勞動合同法), which became effective on 1 January 2008 and amended on 28 December 2012. Pursuant to it, the employing unit shall conclude a written labour contract with the employee. The employing unit shall, in accordance with the labour contract and the provisions of the State, pay the employees their remuneration in full and on time. The employing unit may not force a worker to work overtime or in disguised form, when the employing unit arranges overtime work, it shall pay overtime to the employee in accordance with the relevant regulations of the State. In addition, according to the relevant laws and regulations of social security, the employer should pay a number of social insurance (including medical treatment, old-age pension, unemployment, industrial injury and maternity insurance) and housing provident fund for its employees.

Pursuant to the *Social Insurance Law of the PRC* (中華人民共和國社會保險法) promulgated by SCNPC on 28 November 2010 and implemented on 1 July 2011, the *Interim Regulations Concerning the Collection and Payment of Social Insurance Premium* (社會保險費徵繳暫行條例) promulgated and implemented on 22 January 1999 by the State Council and amended on 24 March 2019, the *Interim Measures Concerning the Maternity Insurance of Employees of an Enterprise* (企業職工生育保險試行辦法) promulgated on 14 December 1994 and implemented on 1 January 1995 by the former Ministry of Labour, the *Regulation on the Administration of Housing Provident Fund* (住房公積金管理條例) promulgated and implemented on 3 April 1999 and amended on 24 March 2002 by the State Council and amended on 24 March 2019, the *Regulation on Occupational Injury Insurances* (工傷保險條例) promulgated on 27 April 2003 by the State Council and implemented on 1 January 2004 and amended on 20 December 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. While 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 overdue 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 one to three times the outstanding amount might be imposed by the relevant administrative department.

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Companies Law as an exempted company with limited liability on 2 November 2018. We are a property developer, operator and property management service provider based in the PRC and principally offered residential properties in Guangdong and Hainan provinces during the Track Record Period. We have land resources in Guangdong, Hainan, Yunnan and Hunan provinces for our future development. We have established a number of intermediate holding and operating subsidiaries in the PRC, Hong Kong and BVI.

Our History and Key Business Milestones

The origin of our Group can be traced back to the establishment of Jingye Holdings in 2013 by Mr. Michael Chan, our founder, chairman and an executive Director. Growing up in a family with background of running real estate business in the PRC, Mr. Michael Chan has developed an interest in the same industry and decided to establish his own property development business which was initially financed by his family resources. For further details of Mr. Michael Chan's biography and his involvement in the management of our Group, please refer to the section headed "Directors and Senior Management — Board of Directors — Executive Directors". In 2014, we commenced our first residential property development project, JY Lychee Town, in Guangzhou, Guangdong through acquisition of Guangzhou Yinong. Since then, our Group has primarily engaged in the development of residential properties and promoting our brand. In addition to strengthening our presence in Guangdong province, we further expanded our property development operation and land reserves into Hainan province in 2014, and Yunnan and Hunan provinces in 2018.

As at the Valuation Date, we had a property portfolio of 30 property project phases in 10 locations with an aggregate GFA attributable to us of approximately 3.0 million sq.m., comprising completed properties available for sale or lease with an aggregate GFA of approximately 0.2 million sq.m., properties under development with an aggregate GFA of approximately 0.9 million sq.m. and properties held for future development with an aggregate GFA of approximately 1.9 million sq.m..

In 2015, we commenced the property management business through acquisition of Guangzhou Zhuodu. We also began to engage in property leasing business through establishment of Guangzhou Shunbang where our staff, Ms. Tan Yuxing and Ms. Su Lifen, held the entire interest for Mr. Michael Chan. For details, please refer to the paragraph headed "Our Corporate Development — Our Major Subsidiaries — Guangzhou Shunbang" below. In 2016, we expanded into hotel operation business through acquisition of Guangzhou Just Stay.

The following table sets out a summary of our Group's key business development milestones:

Year	Event
December 2013	Jingye Holdings was established in the BVI.
March 2014	We owned our first piece of land in Conghua District, Guangzhou through acquisition of Guangzhou Yinong.
	We commenced the development of JY Lychee Town, our first project in Guangdong province.

Year	Event
July 2014	We expanded our property development operations into Hainan province.
February 2015	We commenced the pre-sale of JY Clearwater Bay No. 3 Phase I, our first project in Hainan province.
August 2015	We commenced property leasing business through establishment of Guangzhou Shunbang.
	We commenced the development of JY Hot Spring Villas in Guangzhou through acquisition of Guangzhou Jingye.
December 2015	We commenced property management business through acquisition of Guangzhou Zhuodu.
April 2016	We expanded into Shilou Town, establishing our presence in Panyu District, Guangzhou through acquisition of Guangzhou Jianghe.
June 2016	We commenced hotel operation business through acquisition of Just Stay Hotel in Panyu District, Guangzhou.
October 2016	We commenced the development in Donghuzhou, establishing our presence in Nansha District, Guangzhou.
February 2017	We obtained land grant contracts in JY Clearwater Bay No. 3 Phases VI and VII.
March 2017	We acquired JY Maofengshan Project, our first project in Baiyun District, Guangzhou through acquisition of Guangzhou Xinfang.
July 2017	We commenced the operation of Just Stay Resort in JY Hot Spring Villas.
November 2017	We obtained land grant contracts in Lingao in Hainan province.
December 2017	We commenced building decoration business through acquisition of Guangzhou Chuangyi.
January 2018	We obtained land grant contracts in Tengchong, establishing our presence in Yunnan province.
August 2018	We obtained land grant contracts in Zhuzhou, Hunan province.
October 2018	We obtained land grant contracts in Zhaoqing, Guangdong province.
April 2019	We acquired commercial properties for sale in Zhongshan, Guangdong province.

OUR CORPORATE DEVELOPMENT

In general, we establish a subsidiary, joint venture or associated company for each new project, a structure we believe is necessary for our financing arrangement. Set forth below are certain details of our major Subsidiaries.

Our Major Subsidiaries*(Note)*

Company name	Date of establishment	Date of becoming our Subsidiary	Registered capital as at the Latest Practicable Date	Principal business activity	Property development project	Shareholder as at the Latest Practicable Date (shareholding percentage)
Guangzhou Yinong	1 July 2002	21 March 2014	RMB500 million	Property development	JY Lychee Town	Jingye Holdings (HK) (100%)
Hainan Jingye	25 December 2013	18 September 2014	RMB100 million	Property development	JY Clearwater Bay No. 3	Zhongshan Jingya (100%)
Guangzhou Jingye	18 June 2008	28 July 2015	RMB301 million	Property development	JY Hot Spring Villas	Jingye Holdings (HK) (100%)
Guangzhou Guangze	5 November 2010	29 March 2016	RMB10 million	Property development	JY Grandmark Building	Guangzhou Jingye (100%)
Yingde Shanhuju	22 July 2011	19 October 2017	RMB25 million	Property development	JY Grand Garden	Yingde Jingye (100%)
Hainan Xuanyu	16 October 2017	27 August 2018	RMB50 million	Property development	JY Well-being Valley	Guangzhou Pusheng (100%)
Tengchong Jingye	24 January 2018	24 January 2018	RMB50 million	Property development	JY Gaoligong Town	Guangzhou Yinong (100%)
Zhuzhou Jingye	25 July 2018	25 July 2018	RMB300 million	Property development	JY Mountain Lake Gulf	Guangzhou Yinong (100%)
Zhaoqing Jingyue	28 August 2018	22 October 2018	RMB50 million	Property development	Zhaoqing International Technology and Innovation Centre	Guangzhou Jingyue (100%)
Zhongshan Yueheng	20 September 2010	26 April 2019	RMB0.5 million	Property holding	N/A	Zhongshan Jingyue (100%)
Guangzhou Chuangyi	24 April 2017	7 December 2017	RMB50 million	Building decoration	N/A	Hongchuang Holdings (100%)
Guangzhou Just Stay	22 July 2015	22 July 2015	RMB50 million	Hotel operation	N/A	Jingye Hotel Management (HK) (100%)
Guangzhou Shunbang	21 August 2015	21 August 2015	RMB50 million	Property leasing	N/A	Shunbang Corporate Management (100%)
Guangzhou Zhuodu	30 July 2014	15 December 2015	RMB1 million	Property management	N/A	Guangzhou Yinong (100%)
Hainan Zhuodu	31 October 2014	29 March 2016	RMB1 million	Property management	N/A	Hainan Jingye (100%)

Note: Our major Subsidiaries include: (i) companies which we consider to be significant in the regions and segments where we operate; and (ii) project companies with projects which have contributed to more than 5% of our Group's revenue during any year/period of the Track Record Period.

Guangzhou Yinong

Guangzhou Yinong is one of our major Subsidiaries in the PRC. It is the project company for JY Lychee Town, our property development project in Conghua District, Guangzhou. Guangzhou Yinong, previously known as Guangzhou Qiuye Enterprise Co., Ltd.* (廣州秋葉實業有限公司), was established on 1 July 2002 with a registered capital of RMB5 million. At the time of establishment, Guangzhou Yinong was owned by Ms. Cheng Huiqiu (an Independent Third Party) and Mr. Ren Chengqun (an Independent Third Party) as to 90% and 10%, respectively.

As a result of several increases in registered capital and equity transfers, the registered capital of Guangzhou Yinong was increased from RMB5 million to RMB45 million, and Guangzhou Yinong was wholly owned by Guangzhou Guangze as at 28 November 2013. Guangzhou Guangze was at material time wholly owned by Mr. Zheng Guanping and Mr. Zheng Wenbo, two relatives of Mr. Michael Chan.

On 21 March 2014, Jingye Holdings (HK) acquired the entire equity interest in Guangzhou Yinong from Guangzhou Guangze at a consideration of RMB138.5 million, which was based on the valuation on the net asset value of Guangzhou Yinong by an independent valuer. Following completion of the equity transfer, Guangzhou Yinong became wholly owned by Jingye Holdings (HK). The registered capital of Guangzhou Yinong was also increased to RMB100 million on the same date. Upon the capital injection by Jingye Holdings (HK) on 30 July 2018, the registered capital of Guangzhou Yinong was further increased to RMB500 million.

Hainan Jingye

Hainan Jingye is the project company for JY Clearwater Bay No. 3, our property development project in Hainan province. Hainan Jingye was established on 25 December 2013 with a registered capital of RMB10 million. At the time of establishment, Hainan Jingye was wholly owned by Guangzhou Jingye. Guangzhou Jingye was at the material time owned by Zhongshan Jingya and Wukuang International Trust Co., Ltd.* (五礦國際信託有限公司) as to 66.78% and 33.22%, respectively. At that time, Zhongshan Jingya was wholly owned by Ms. Zheng Yujuan and Ms. Chen Shao'e, two relatives of Mr. Michael Chan, while Wukuang International Trust Co., Ltd.* (五礦國際信託有限公司) was an Independent Third Party.

On 18 September 2014, Ms. Zheng Yujuan, Ms. Chen Shao'e, Guangzhou Jingye, Zhongshan Jingya (as transferors) (the "**Transferors**"), Guangzhou Yinong (as transferee) and Hainan Jingye entered into equity interest transfer agreement (the "**Hainan Jingye Transfer Agreement**"), pursuant to which, the Transferors agreed to transfer the entire equity interest of Hainan Jingye to Guangzhou Yinong at a consideration of RMB70 million, which was based on the (i) expected distribution to be received by Guangzhou Jingye and (ii) capital contribution of Guangzhou Jingye to be increased to RMB50 million on or before 30 December 2014. Guangzhou Yinong has then acquired the control of Hainan Jingye. Following completion of the equity transfer, Hainan Jingye became our Subsidiary on 18 September 2014. On 10 December 2014, the registered capital of Hainan Jingye was increased from RMB10 million to RMB50 million.

On 18 June 2015, the Transferors, Guangzhou Yinong and Hainan Jingye entered into a supplemental agreement to the Hainan Jingye Transfer Agreement (the "**Hainan Jingye Supplemental Transfer Agreement**") to streamline the shareholding structure of Hainan Jingye. Pursuant to the Hainan Jingye Supplemental Transfer Agreement, Hainan Jingye should be held by Zhongshan Jingya, but Guangzhou Yinong remained as the *de facto* shareholder and maintained control over Hainan Jingye. On 3 December 2015, Zhongshan Jingya was acquired by Guangzhou Zhuodu, and became wholly owned by our Group. Our PRC Legal Advisers have confirmed that Hainan Jingye Transfer Agreement and Hainan Jingye Supplemental Transfer Agreement are valid and enforceable under the PRC laws. Upon the capital injection by Zhongshan Jinya on 26 March 2019, the registered capital of Hainan Jingye was increased to RMB100 million.

Guangzhou Jingye

Guangzhou Jingye is the project company for JY Hot Spring Villas, our property development project in Conghua District, Guangzhou. Guangzhou Jingye was established on 18 June 2008 with a registered capital of RMB1 million. At the time of establishment, Guangzhou Jingye was wholly owned by Zhongshan Jingya. Zhongshan Jingya was at the material time owned by Ms. Zheng Yujuan and Ms. Chen Shao'e, two relatives of Mr. Michael Chan, as to 50% and 50%, respectively.

As a result of several increases in registered capital and an equity transfer, the registered capital of Guangzhou Jingye was increased from RMB1 million to RMB301 million as at 22 May 2015.

On 28 July 2015, Jingye Holdings (HK) acquired the entire equity interest in Guangzhou Jingye from Zhongshan Jingya at a consideration of approximately RMB308.5 million, which was based on the valuation on the net asset value of Guangzhou Jingye by an independent valuer. Following completion of the equity transfer, Guangzhou Jingye became wholly owned by Jingye Holdings (HK).

Guangzhou Guangze

Guangzhou Guangze is the project company for JY Grandmark Building, our property development project in Panyu District, Guangzhou. Guangzhou Guangze was established on 5 November 2010 with a registered capital of RMB1 million. At the time of establishment, Guangzhou Guangze was owned by Mr. Zheng Guanping and Mr. Zheng Wenbo, two relatives of Mr. Michael Chan, as to 50% and 50%, respectively.

Upon the capital injection by Guangzhou Jingye on 29 March 2016, Guangzhou Guangze was held by Mr. Zheng Guanping, Mr. Zheng Wenbo and Guangzhou Jingye (our Subsidiary since 12 August 2015) as to 5%, 5% and 90%, respectively, and the registered capital of Guangzhou Guangze was increased from RMB1 million to RMB10 million.

On 14 April 2016, Guangzhou Jingye acquired 5% interest in Guangzhou Guangze from each of Mr. Zheng Guanping and Mr. Zheng Wenbo at a consideration of RMB7.5 million each, which was based on the valuation on the net asset value of Guangzhou Guangze by an independent valuer. Following completion of the equity transfers, Guangzhou Guangze became wholly owned by Guangzhou Jingye.

Yingde Shanhuju

Yingde Shanhuju is the project company for JY Grand Garden, our property development project in Qingyuan. Yingde Shanhuju was established on 22 July 2011 with a registered capital of RMB1 million, and principally engages in property development. At the time of establishment, Yingde Shanhuju was owned by Mr. Chen Jianquan, Mr. Li Jinwei, Mr. Lin Shu, and Mr. Zhang Weiyun, all of whom are Independent Third Parties, as to 15%, 30%, 25% and 30%, respectively.

Upon the capital injection by the initial shareholders of Yingde Shanhuju on 15 August 2011, the registered capital was increased from RMB1 million to RMB10 million. On 2 March 2015, Mr. Chen Jianquan transferred (i) 13.7% to Mr. Lin Shu at a consideration of RMB1.4 million and (ii) 1.3% to Mr. Li Jinwei at a consideration of RMB131,500, both of which were based on the actual capital contribution of Mr. Chen Jianquan. Following completion of the equity transfer, Yingde Shanhuju was owned by Mr. Li Jinwei, Mr. Lin Shu, and Mr. Zhang Weiyun as to 31.3%, 38.7% and 30%, respectively.

On 19 October 2017, Yingde Jingye (our Subsidiary since 12 September 2017) injected capital of RMB15 million. Yingde Shanhuju was then owned by Yingde Jingye, Mr. Li Jinwei, Mr. Lin Shu, and Mr. Zhang Weiyun as to 60%, 12.5%, 15.5% and 12%, respectively, and the registered capital of Yingde Shanhuju was increased from RMB10 million to RMB25 million. On 24 January 2018, Mr. Li Jinwei transferred 6.3% to Yingde Jingye for a consideration of approximately RMB15.3 million, Mr. Lin Shu transferred 7.7% to Yingde Jingye for a consideration of approximately RMB19.0 million, Mr. Zhang Weiyun transferred 6% to Yingde Jingye for a consideration of RMB14.7 million. The total consideration was based on the valuation of Yingde Shanhuju by an independent property valuer. Following completion of the equity transfers, Yingde Shanhuju was owned by Yingde Jingye, Mr. Li Jinwei, Mr. Lin Shu, and Mr. Zhang Weiyun as to 80%, 6.3%, 7.7% and 6%, respectively.

On 16 April 2019, Mr. Li Jinwei, Mr. Lin Shu, and Mr. Zhang Weiyun transferred their respective interests of 6.3%, 7.7% and 6% in Yingde Shanhuju to Yingde Jingye at a consideration of RMB15.3 million, RMB18.8 million and RMB14.6 million, respectively with reference to their respective actual capital contribution. Following completion of the equity transfers, Yingde Jingye became wholly owned by our Group.

As the above transactions do not form a business combination of Yingde Shanhuju, it was treated as an asset acquisition.

Hainan Xuanyu

Hainan Xuanyu is the project company for JY Well-being Valley, our property development project in Lingao. Hainan Xuanyu was established on 16 October 2017 with a registered capital of RMB50 million, and principally engages in property development. At the time of establishment, Hainan Xuanyu was wholly owned by Guangzhou Pusheng (our Subsidiary since 27 August 2018).

Tengchong Jingye

Tengchong Jingye is the project company for JY Gaoligong Town, our property development project in Tengchong. Tengchong Jingye was established on 24 January 2018 with a registered capital of RMB50 million, and principally engages in property development. At the time of establishment, Tengchong Jingye was wholly owned by Guangzhou Yinong (our Subsidiary since 21 March 2014).

Zhuzhou Jingye

Zhuzhou Jingye is the project company for JY Mountain Lake Gulf, our property development project in Zhuzhou. Zhuzhou Jingye was established on 25 July 2018 with a registered capital of RMB50 million, and principally engages in property development. At the time of establishment, Zhuzhou Jingye was wholly owned by Guangzhou Yinong (our Subsidiary since 21 March 2014). Upon the capital injection by Guangzhou Yinong on 19 October 2018, the registered capital of Zhuzhou Jingye was increased to RMB100 million. Upon the capital injection by Guangzhou Yinong on 30 November 2018, the registered capital of Zhuzhou Jingye was further increased to RMB300 million.

Zhaoqing Jingyue

Zhaoqing Jingyue is the project company for Zhaoqing International Technology and Innovation Centre, our property development project in Zhaoqing. Zhaoqing Jingyue was established on 28 August 2018 with a registered capital of RMB30 million, and principally engages in property development. At the time of establishment, Zhaoqing Jingyue was wholly owned by Guangzhou Jingyue (our Subsidiary since 22 October 2018). Upon the capital injection by Guangzhou Jingyue on 5 March 2019, the registered capital was increased to RMB50 million.

Zhongshan Yueheng

Zhongshan Yueheng was established on 20 September 2010 with a registered capital of RMB0.5 million, and it is a property holding company. At the time of establishment, Zhongshan Yueheng was wholly owned by Zhongshan Longrui, which was then owned by Zhongshan Yuelai. Zhongshan Yuelai was equally owned by Mr. Liu Huaxi (who was later appointed as our Director on 24 May 2019) and Mr. Chen Weike. Since the establishment of Zhongshan Yueheng until the acquisition by our Group, each of Zhongshan Longrui, Zhongshan Yuelai, Mr. Liu Huaxi and Mr. Chen Weike has been an Independent Third Party.

On 26 April 2019, Guangzhou Yinong, Zhongshan Yuelai and Zhongshan Longrui entered into an agreement, pursuant to which Zhongshan Jingyue acquired the entire interest in Zhongshan Yueheng from Zhongshan Longrui at a consideration of approximately RMB118.5 million, which was based on the valuation of Zhongshan Yueheng by an independent property valuer. Zhongshan Jingyue was owned by Guangzhou Yinong and Zhongshan Yuelai as to 95% and 5%, respectively. Zhongshan Yuelai was equally owned by Mr. Liu Huaxi and Mr. Chen Weike. At that time, each of Zhongshan Longrui, Zhongshan Yuelai, Mr. Liu Huaxi and Mr. Chen Weike has been an Independent Third Party. Please refer to "Business — Our Property Projects — Commercial properties held for sale" for the principal terms of the agreement. The equity transfer was completed on 30 April 2019. Following completion of the equity transfer, Zhongshan Yueheng became our Subsidiary. Mr. Liu Huaxi joined our Group in May 2019 and was appointed as our Director on 24 May 2019. For further details of Mr. Liu Huaxi's biography, please refer to "Directors and Senior Management — Board of Directors — Executive Directors". Mr. Chen Weike remained as an Independent Third Party.

The Group has applied acquisition method of accounting for consolidation of Zhongshan Yueheng.

Guangzhou Chuangyi

Guangzhou Chuangyi was established on 24 April 2017 with a registered capital of RMB50 million, and principally engages in building decoration works. At the time of establishment, Guangzhou Chuangyi was wholly owned by Mr. Lu Zanchu and Ms. Lu Huanlan, both of whom are Independent Third Parties, as to 50% and 50%, respectively.

On 7 December 2017, Guangzhou Yinong acquired the entire interest in Guangzhou Chuangyi from Mr. Lu Zanchu and Ms. Lu Huanlan at a consideration of RMB45,000 per initial shareholder, which was based on the actual capital contribution of the initial shareholders. Following completion of the equity transfer, Guangzhou Chuangyi became wholly owned by Guangzhou Yinong.

On 26 November 2018, Hongchuang Holdings acquired the entire equity interest in Guangzhou Chuangyi at a consideration of RMB52 million with reference to the actual capital contribution of Guangzhou Chuangyi. Upon completion of the acquisition, Guangzhou Chuangyi became wholly owned by Hongchuang Holdings.

The Group has applied acquisition method of accounting for consolidation of Guangzhou Chuangyi.

Guangzhou Just Stay

Guangzhou Just Stay was established on 22 July 2015 with a registered capital of RMB10 million, and principally engages in hotel operation. At the time of establishment, Guangzhou Just Stay was wholly owned by Guangzhou Zhuosidao Education Investment Management Co., Ltd.* (廣州卓思道教育投資管理有限公司) ("**Guangzhou Zhuosidao Education**"). Guangzhou Zhuosidao Education was wholly owned by Ms. Tan Yuxing and Ms. Su Lifen. Pursuant to the two nominee agreements dated 20 October 2016 entered into by Ms. Tan Yuxing and Mr. Michael Chan, and Ms. Su Lifen and Mr. Michael Chan, respectively, Ms. Tan Yuxing and Ms. Su Lifen together held the entire interest in Guangzhou Zhuosidao Education for Mr. Michael Chan since its establishment. The nominee agreements were entered into due to management convenience and efficiency at that time, and are valid and enforceable under the PRC laws.

On 8 April 2016, the registered capital of Guangzhou Just Stay was increased to RMB50 million. On 3 May 2016, Ms. Tan Yuxing and Ms. Su Lifen acquired the entire equity interest in Guangzhou Just Stay from Guangzhou Zhuosidao Education at a total consideration of RMB10 million, which was determined based on the actual capital contribution of Guangzhou Zhuosidao Education. Pursuant to the two nominee agreements dated 20 October 2016 entered into between Ms. Tan Yuxing and Mr. Michael Chan, and Ms. Su Lifen and Mr. Michael Chan, Ms. Tan Yuxing and Ms. Su Lifen each held 50% interest in Guangzhou Just Stay for Mr. Michael Chan since its establishment. The nominee agreements were entered into due to management convenience and efficiency at that time, and are valid and enforceable under the PRC laws.

As part of the Reorganisation, Jingye Hotel Management (HK) acquired the entire equity interest in Guangzhou Just Stay on 15 June 2018. For details, please refer to the paragraph headed "Reorganisation" in this section.

On 13 July 2016, Guangzhou Just Stay established Guangzhou Just Stay (Conghua Branch) a branch in Conghua District, Guangzhou. It principally engages in hotel operation business.

Guangzhou Shunbang

Guangzhou Shunbang was established on 21 August 2015 with a registered capital of RMB10 million, and principally engages in property leasing business. At the time of establishment, Guangzhou Shunbang was held by Ms. Tan Yuxing and Ms. Su Lifen, as to 50% and 50%, respectively. Pursuant to the two nominee agreements dated 20 October 2016 entered into by Ms. Tan Yuxing and Mr. Michael Chan, and Ms. Su Lifen and Mr. Michael Chan, Ms. Tan Yuxing and Ms. Su Lifen each held 50% interest in Guangzhou Shunbang for Mr. Michael Chan since its establishment. The nominee agreements were entered into due to management convenience and efficiency at that time, and are valid and enforceable under the PRC laws.

As part of the Reorganisation, Shunbang Corporate Management acquired the entire equity interest in Guangzhou Shunbang in 2018. For details, please refer to the paragraph headed "Reorganisation" in this section.

Guangzhou Zhuodu

Guangzhou Zhuodu was established on 30 July 2014 with a registered capital of RMB1 million, and principally engages in property management. At the time of establishment, Guangzhou Zhuodu was wholly owned by Guangzhou Guangze. Guangzhou Guangze was at the material time owned by Mr. Zheng Guanping and Mr. Zheng Wenbo, two relatives of Mr. Michael Chan.

On 15 December 2015, Guangzhou Yinong acquired the entire equity interest in Guangzhou Zhuodu from Guangzhou Guangze at a consideration of RMB1 million, which was based on the actual capital contribution of Guangzhou Guangze. Following completion of the equity transfer, Guangzhou Zhuodu became wholly owned by Guangzhou Yinong.

Hainan Zhuodu

Hainan Zhuodu was established on 31 October 2014 with a registered capital of RMB1 million, and principally engages in property management. At the time of establishment, Hainan Zhuodu was wholly owned by Guangzhou Guangze. Guangzhou Guangze was at the material time owned by Mr. Zheng Guanping and Mr. Zheng Wenbo, two relatives of Mr. Michael Chan, as to 50% and 50%, respectively.

On 29 March 2016, Hainan Zhuodu became a Subsidiary when Guangzhou Guangze became a Subsidiary upon capital injection by Guangzhou Jingye.

On 30 March 2018, Hainan Jingye acquired the entire equity interest in Hainan Zhuodu from Guangzhou Guangze at a consideration of RMB1 million based on the actual capital contribution of Guangzhou Guangze. Upon completion of the acquisition, Hainan Zhuodu became wholly owned by Hainan Jingye.

Our Associated Company

We set up joint venture(s), invest in associate(s) and enter into agreement(s) with other property developers to conduct property development from time to time. In June 2019, we disposed of Guangzhou Wanjing, a joint venture company, to a third party. For details of the disposal, please refer to the section headed "Business – Our Property Projects – Our Disposed Projects – Zhongxin Zhishicheng Project (中新知識城項目)" in this prospectus.

As at the Valuation Date, we have one project which we co-operate with an(other) property developer(s) and in which we have no control. Set forth below are certain details of the arrangements we had with our partners through our associated company as of 30 June 2019:

Our partner(s)[(1)]	Company name	Role of our representatives	Board majority by our representatives	Shareholding percentage of our Group
Mr. Liang Qunying, Guangzhou Panyu Lanshan Printing Factory* (廣州市番禺區欖山印刷廠), Mr. Deng Jisong and Mr. Chen Yongyan	Guangzhou Nansha Donghuzhou	Two directors	No	30%

Note:

(1) To the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, each of the partners was an Independent Third Party as of the Latest Practicable Date.

MAJOR ACQUISITIONS DURING THE TRACK RECORD PERIOD

As part of our business strategies and long-term development goals, we regularly engage in acquisition activities to expand our business. During the Track Record Period, we acquired (i) Guangzhou Guangze, (ii) Yingde Shanhuju, (iii) Hainan Xuanyu (through acquisition of Guangzhou Pusheng), (iv) Zhaoqing Jingyue (through acquisition of Guangzhou Jingyue), (v) Hainan Zhuodu, and (vi) Guangzhou Chuangyi which are our major Subsidiaries. Please refer to the paragraphs headed "Our Corporate Development – Our Major Subsidiaries" in this section for details of the acquisitions.

MAJOR ACQUISITION AFTER THE TRACK RECORD PERIOD

Our Group acquires equity interests in companies that possess the land use rights for the targeted land or property interests held by other companies. We acquired Zhongshan Yueheng after the Track Record Period. Please refer to the paragraph headed "Our Corporate Development – Our Major Subsidiaries – Zhongshan Yueheng" in this section for details of the acquisition.

REORGANISATION

Our Group underwent the Reorganisation which is composed of three parts, namely acquisitions, disposals and setting up our Company.

Part 1 of the Reorganisation: Acquisitions

Relating to Guangzhou Shun'an

On 7 December 2017, Jingye Holdings acquired 100% shareholding in Jingye Health Industry Holdings from Mr. Michael Chan at a consideration of US$1, which was based on the actual capital contribution of Mr. Michael Chan. The acquisition was properly and legally completed on 7 December 2017.

On 30 May 2018, Jingye Health, which was indirectly wholly owned by Jingye Health Industry Holdings, acquired from Ms. Tan Yuxing and Ms. Su Lifen the entire equity interest in Guangzhou Shun'an which was held by them for Mr. Michael Chan at a consideration of RMB50,000 each, which was based on the actual capital contribution of the outgoing shareholders. Upon completion of the acquisition, Guangzhou Shun'an became wholly owned by Jingye Health.

Relating to Guangzhou Just Stay

On 27 March 2018, Jingye Holdings incorporated Zhuosidao Hotel Management Holdings in the BVI. Zhuosidao Hotel Management Holdings was authorised to issue up to a maximum of 50,000 shares with a par value of US$1. On 20 April 2018, one subscriber share of US$1 in Zhuosidao Hotel Management Holdings was allotted and issued at par and credited as fully paid to Jingye Holdings.

On 30 April 2018, Zhuosidao Hotel Management Holdings incorporated Jingye Hotel Management (HK) in Hong Kong. 10 shares in Jingye Hotel Management (HK) were allotted and issued and credited as fully paid to Zhuosidao Hotel Management Holdings.

On 15 June 2018, Jingye Hotel Management (HK) acquired from Ms. Tan Yuxing and Ms. Su Lifen the entire equity interest in Guangzhou Just Stay which was held by them for Mr. Michael Chan at a consideration of RMB25 million each, which was with reference to the valuation of Guangzhou Just Stay by an independent property valuer. Upon completion of the acquisition, Guangzhou Just Stay became wholly owned by Jingye Hotel Management (HK).

Relating to Guangzhou Shunbang

On 23 April 2018, Shunbang (HK) established Shunbang Corporate Management with a registered capital of RMB100 million.

On 28 May 2018, Jingye Holdings acquired 100% shareholding in Shunbang Holdings from Mr. Michael Chan at a consideration of US$10, which was based on the actual capital contribution of Mr. Michael Chan. The acquisition was properly and legally completed on 28 May 2018.

On 25 April 2018, Shunbang Corporate Management acquired 80% equity interest of Guangzhou Shunbang by capital injection of RMB40 million. Upon completion of the capital injection, the registered capital of Guangzhou Shunbang became RMB50 million. Guangzhou Shunbang was owned by Ms. Tan Yuxing, Ms. Su Lifen and Shunbang Corporate Management as to 10%, 10% and 80%, respectively. The acquisition was properly and legally completed on 25 April 2018.

On 27 July 2018, Shunbang Corporate Management acquired from Ms. Tan Yuxing and Ms. Su Lifen their respective 10% equity interest in Guangzhou Shunbang which was held by them for Mr. Michael Chan at a consideration of RMB12 million, which was based on the valuation of Guangzhou Shunbang by an independent property valuer. The acquisition was properly and legally completed on 27 July 2018.

Part 2 of the Reorganisation: Disposals

Disposal of Guangzhou Jinghengyue and Guangzhou Tianyue

Immediately prior to the disposal, Guangzhou Jinghengyue was owned by Guangzhou Guangze and Guangdong Hengyue Investment Co., Ltd.* (廣東恒悦投資有限公司) ("**Guangdong Hengyue**") (an Independent Third Party), as to 55% and 45%, respectively. Guangzhou Tianyue was owned by Guangzhou Jinghengyue and Guangzhou Zhicheng Real Estate Development Co., Ltd.* (廣州志誠房地產開發有限公司) (an Independent Third Party), as to 70% and 30%, respectively.

On 15 June 2018, Guangzhou Guangze and Guangdong Hengyue entered into an equity transfer agreement with Jinghengyue Holdings (HK) Limited ("**Jinghengyue HK**") (an Independent Third Party), pursuant to which, Jinghengyue HK acquired 55% equity interest of Guangzhou Jinghengyue from Guangzhou Guangze at a consideration of RMB110 million while Jinghengyue HK acquired 45% equity interest of Guangzhou Jinghengyue from Guangdong Hengyue at a consideration of approximately RMB74.2 million. The consideration was based on the respective actual capital contribution of the outgoing shareholders to Guangzhou Jinghengyue, and has been settled. The transfer was properly and legally completed on 15 June 2018 (the "**Completion Date of Disposal**").

At the time of the disposal, Guangzhou Jinghengyue and Guangzhou Tianyue primarily engaged in investment and preliminary service business of urban renewal project of old villages in China until the stage before obtaining the government approval. Since the date of establishment up to the completion date of the disposal, Guangzhou Jinghengyue and Guangzhou Tianyue only provided services on preliminary stage of renewal of old villages in Guangzhou until the renewal projects satisfy the conditions for public recruitment of renewal partners, for instance assisting the villagers committees which applied for renewal in site surveys, data verification and preparation of renewal proposal. Guangzhou Jinghengyue and Guangzhou Tianyue entered into three contracts (the "**Pre-disposal Contracts**") prior to the Completion

Date of Disposal. On 7 July 2017, Guangzhou Jinghengyue entered into a contract with Guangzhou City Huangpu District Jiulong Town Yantang Village Economic Collective Organisation* (廣州市黃埔區九龍鎮燕塘村經濟聯合社) for exclusive provision of preliminary services of urban renewal of Yantang Village* (燕塘村) by Guangzhou Jinghengyue for two years commencing from the contract date subject to renewal. On 10 October 2017, Guangzhou Tianyue entered into a contract with Guangzhou City Huangpu District Huangsha Street Xiasha First Share Economic Cooperative Organisation* (廣州市黃埔區黃埔街下沙第一股份經濟合作社), Guangzhou City Huangpu District Huangsha Street Xiasha Second Share Economic Cooperative Organisation* (廣州市黃埔區黃埔街下沙第二股份經濟合作社) and Guangzhou City Huangpu District Huangsha Street Xiasha Third Share Economic Cooperative Organisation* (廣州市黃埔區黃埔街下沙第三股份經濟合作社) for exclusive provision of preliminary services of urban renewal of Zhujiang Village* (珠江村) by Guangzhou Tianyue for three years. On 23 November 2017, Guangzhou Jinghengyue entered into a contract with Guangdong Province Guangzhou City Nansha District Dongyong Town Xiqiao Share Cooperative Collective Economic Organisation* (廣東省廣州市南沙區東涌鎮西樵股份合作經濟聯合社) for exclusive provision of preliminary services of urban renewal of Xiqiao Village* (西樵村) by Guangzhou Jinghengyue for three years subject to renewal. The Pre-disposal Contracts were not completed as of the Completion Date of Disposal. They did not engage in development of renewal of old villages after obtaining the government approval and redevelopment of old factory sites. Such business was different from our primary business of second-class land development (二級土地開發) in the PRC. As of the Latest Practicable Date, we engage in redevelopment of old factory sites only. Our Directors believed that the disposal could achieve a more effective utilisation of our Group's resources by strengthening our business focus. Based on the unaudited management accounts of Guangzhou Jinghengyue and Guangzhou Tianyue, their total revenue was nil, nil and nil for FY2016, FY2017 and the period from 1 January 2018 to the Completion Date of Disposal, respectively. Their total net loss was approximately nil, RMB5.5 million and RMB6.0 million for FY2016, FY2017 and the period from 1 January 2018 to the Completion Date of Disposal, respectively. Guangzhou Jinghengyue and Guangzhou Tianyue, since their respective establishment in December 2016 and June 2017, recorded no revenue with losses because the Pre-disposal Contracts were entered into in the second half of FY2017 and the services contemplated therein were not completed. Therefore, only operating expenses were recognised in the respective financial period. Guangzhou Jinghengyue and Guangzhou Tianyue do not contribute to our revenue or profit after the Completion Date of Disposal. We recorded gains on disposal of subsidiaries of approximately RMB6.4 million for FY2018 due to disposal of Guangzhou Jinghengyue and Guangzhou Tianyue.

Our PRC Legal Advisers have confirmed that Guangzhou Jinghengyue and Guangzhou Tianyue were not involved in any material impact and/or systemic non-compliances during the Track Record Period up to the completion date of the disposal. To the best of our Directors' knowledge, information and belief having made reasonable due diligence enquiries, Guangzhou Jinghengyue and Guangzhou Tianyue did not experience any material dispute or disagreement among local residents of old villages in any of their urban renewal project(s) since the beginning of the Track Record Period and up to the Completion Date of Disposal. They were not involved in material impact and/or systemic non-compliance incidents or litigations, insolvent or had no off-balance sheet contingent liabilities since the beginning of the Track Record Period and up to the Completion Date of Disposal.

Disposal of Guangzhou Juxin

Immediately prior to the disposal, Guangzhou Juxin was wholly owned by Guangzhou Zhuodu.

On 11 May 2018, Guangzhou Zhuodu entered into an equity transfer agreement with Juxin Corporate Management (Guangzhou) Co., Ltd.* (聚信商務管理(廣州)有限公司) ("**Juxin Corporate Management**") (a company indirectly wholly owned by Mr. Michael Chan), pursuant to which Juxin Corporate Management acquired the entire equity interest of Guangzhou Juxin at a consideration of RMB3 million, based on the actual capital contribution of the outgoing shareholders, and has been settled. Upon completion of the disposal, Juxin Corporate Management held the entire equity interest of Guangzhou Juxin. The transfer was properly and legally completed on 11 May 2018.

At the time of the disposal, Guangzhou Juxin was an investment holding company with no operation. It was disposed to streamline the structure of our Group for the purpose of the Listing. Our PRC Legal Advisers have confirmed that Guangzhou Juxin has not been involved in any material impact and/or systemic non-compliances during the Track Record Period up to the completion date of the disposal. We recorded gains on disposal of subsidiaries of approximately RMB0.9 million for FY2018 due to disposal of Guangzhou Juxin.

Disposal of Sure Fine and Well Power

Immediately prior to the disposal, Sure Fine was wholly owned by Jingye Holdings (HK). Well Power was wholly owned by Sure Fine.

On 30 June 2018, Jingye Holdings (HK) entered into an agreement (as supplemented by an agreement dated 5 October 2018) to dispose of Sure Fine together with its wholly-owned subsidiary, Well Power, which holds a land (PCL#678) in Peng Chau, Hong Kong at a consideration of HK$600 million by reference to the valuation amount as set out in the property valuation report dated 30 June 2018 issued by Cushman & Wakefield, to Asia Perfect Development Limited, a company which was then wholly owned by Mr. Chan Cheuk Yin, the father of Mr. Michael Chan. The disposal was properly and legally completed on 18 October 2018 and settled. We recorded gains on disposal of subsidiaries of approximately RMB203.0 million for FY2018 due to disposal of Sure Fine.

At the time of the disposal, Sure Fine was an investment holding company while Well Power commenced construction of a project in Hong Kong. Such business is different from our goal to become a high quality and high profit "Eco-friendly and People-oriented Property Developer" in the PRC. Please refer to the section headed "Business – Our Business Strategies" in this prospectus for detailed description of our business strategies. Our Directors believe that the disposal could achieve a more effective utilisation of our Group's resources by strengthening its business focus in the PRC. The Hong Kong Counsel has confirmed that Well Power was not involved in any material impact and/or systemic non-compliances during the Track Record Period up to the completion date of the disposal.

Part 3 of the Reorganisation: Setting up our Company

Trust settlement of Mr. Michael Chan

On 4 September 2018, Mr. Michael Chan as settlor and protector set up Chan S. M. Michael Family Trust in accordance with the laws of the BVI by settlement of the entire issued share capital of Sze Ming in Chan S. M. Michael Family Trust with IQ EQ (BVI) Limited acting as the trustee. There are certain discretionary beneficiaries including Mr. Michael Chan, his parents, his siblings and his descendants. Mr. Michael Chan's father is Mr. Chan Cheuk Yin who is the vice chairperson and non-executive director of Agile Group Holdings Limited (雅居樂集團控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange with stock code 3383. IQ EQ (BVI) Limited is a professional corporate trustee licensed by the British Virgin Islands Financial Services Commission.

Incorporation of Sze Ming

On 14 September 2018, Chan S. M. Michael Family Trust incorporated Sze Ming in the BVI. Sze Ming is authorised to issue up to a maximum of 50,000 shares without par value, of which 1,000 shares were allotted and issued, credited as fully paid to IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust on the same date for a consideration of US$1,000.

Incorporation of our Company

On 2 November 2018, Sze Ming incorporated our Company in the Cayman Islands with limited liability to act as the holding company of our Subsidiaries. On incorporation, it had an authorised share capital of HK$380,000 divided into 38,000,000 Shares of a nominal or par value of HK$0.01 each, of which one Share was allotted and issued, credited as fully paid at par to an initial subscriber, an Independent Third Party, who then transferred the Share to Sze Ming on the same date at par value. As a result of the transfer, our Company became wholly owned by Sze Ming. Mr. Michael Chan, Ms. Catherine Zheng, Mr. Wu Xinping and Mr. Xue Shuangyou were appointed as our Directors on the same date. On 7 December 2018, our Company was registered as a non-Hong Kong company under Part 16 of the Companies Ordinance. In 2019, Mr. Liu Huaxi and Ms. Wei Miaochang were appointed as our Directors.

Share swap and assignment of loan

On 28 December 2018, Mr. Michael Chan (as vendor) and our Company (as purchaser) entered into an agreement for the sale and purchase of the entire issued share capital in and the assignment of shareholder loan due from Jingye Holdings, pursuant to which Mr. Michael Chan agreed to sell and our Company agreed to purchase the entire issued share capital of Jingye Holdings and the benefit of the shareholder loan of HK$50 million owed by Jingye Holdings to Mr. Michael Chan. The consideration was settled by the allotment and issue by our Company of two Shares to Sze Ming (as nominated and directed by Mr. Michael Chan) credited as fully paid.

Capitalisation issue by Jingye Holdings of the loan

On 28 December 2018, Jingye Holdings and our Company entered into a deed of loan capitalisation, pursuant to which Jingye Holdings repaid the loan of HK$50 million owed by Jingye Holdings to our Company by the allotment and issue of 100 new shares of Jingye Holdings to our Company.

Assignment of loan, capitalisation issue by Jingye Holdings and our Company of the loan

On 12 November 2019, Mr. Michael Chan (as assignor), our Company (as assignee) and Jingye Holdings entered into a deed of assignment for the assignment (the "**Deed of Assignment**") to our Company of the benefit of the loan (the "**Last Loan**") in the approximate amount of HK$1.6 billion due from Jingye Holdings to Mr. Michael Chan. Upon completion of the Deed of Assignment, the Last Loan was owed by Jingye Holdings to our Company and our Company in turn owed an amount that was equivalent to the total amount of the Last Loan (the "**New Loan**") to Mr. Michael Chan as consideration for the Deed of Assignment.

On 12 November 2019, our Company and Mr. Michael Chan entered into a deed of loan capitalisation (the "**Cayman Deed of Loan Capitalisation**"), pursuant to which our Company repaid an approximate amount of HK$515.7 million, being part of the New Loan, owed by our Company to Mr. Michael Chan by the allotment and issue of one Share to Sze Ming as directed by Mr. Michael Chan. Upon completion of the Cayman Deed of Loan Capitalisation, our Company owed Mr. Michael Chan an amount that was equivalent to the New Loan less HK$515.7 million and Sze Ming owed Mr. Michael Chan HK$515.7 million as consideration for Mr. Michael Chan directing our Company to issue the one Share to Sze Ming as abovementioned in this paragraph.

On 12 November 2019, Jingye Holdings and our Company entered into a deed of loan capitalisation, pursuant to which Jingye Holdings repaid the Last Loan owed by Jingye Holdings to our Company by the allotment and issue of 100 new shares of Jingye Holdings to our Company.

Increase of authorised share capital of Our Company

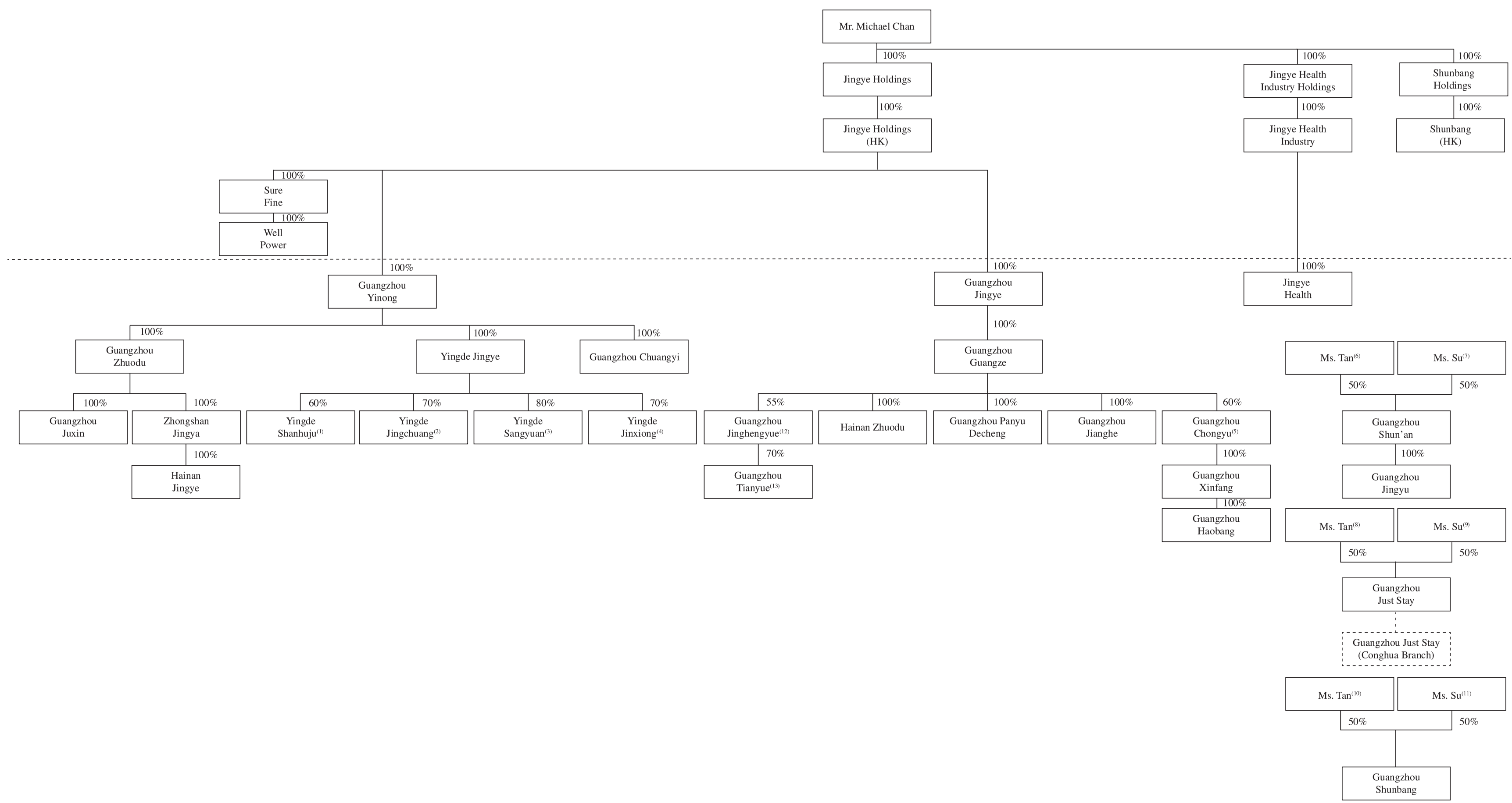
On 13 November 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$25,000,000 divided into 2,500,000,000 Shares by the creation of an additional 2,462,000,000 new Shares of HK$0.01 each.

Capitalisation Issue

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Company will capitalise an amount of HK$11,999,999.96 standing to the credit of the share premium account and apply such sum in paying up in full at par value a total of 1,199,999,996 Shares for allotment and issue to Sze Ming, the sole shareholder of the Company immediately prior to the Capitalisation Issue. Our Company will issue 400,000,000 Shares under and upon the completion of the Global Offering.

CORPORATE STRUCTURE IMMEDIATELY BEFORE THE REORGANISATION

The following chart sets forth the shareholding structure of our Group immediately before the Reorganisation:



Notes:

(1) The remaining 40% equity interest in Yingde Shanhuju was held by Mr. Li Jinwei, Mr. Lin Shu, and Mr. Zhang Weiyun who are Independent Third Parties.

(2) The remaining 30% equity interest in Yingde Jingchuang is held by Yingde Kunhou Enterprise Investment Co., Ltd.* (英德坤厚實業投資有限公司), an Independent Third Party.

(3) The remaining 20% equity interest in Yingde Sangyuan was held by Mr. Huang Junyong, Mr. Huang Junliang and Yingde Sangshengyuan Agriculture Development Co., Ltd.* (英德桑盛源農業發展有限公司) which are Independent Third Parties.

(4) The remaining 30% equity interest in Yingde Jinxiong was held by Mr. Xie Guanjin, an Independent Third Party.

(5) The remaining 40% equity interest in Guangzhou Chongyu is held by Guangzhou Hengyue Investment Co., Ltd.* (廣州恒悦投資有限公司) and Guangzhou Yikun Investment Co., Ltd.* (廣州頤坤投資有限公司) which are Independent Third Parties.

(6) Pursuant to the nominee agreement dated 20 October 2016 entered into by Ms. Tan Yuxing and Mr. Michael Chan, Ms. Tan Yuxing held 50% interest in Guangzhou Shun'an for Mr. Michael Chan since the establishment of Guangzhou Shun'an.

(7) Pursuant to the nominee agreement dated 20 October 2016 entered into by Ms. Su Lifen and Mr. Michael Chan, Ms. Su Lifen held 50% interest in Guangzhou Shun'an for Mr. Michael Chan since the establishment of Guangzhou Shun'an.

(8) Pursuant to the nominee agreement dated 20 October 2016 entered into by Ms. Tan Yuxing and Mr. Michael Chan, Ms. Tan Yuxing held 50% interest in Guangzhou Just Stay for Mr. Michael Chan since the establishment of Guangzhou Just Stay.

(9) Pursuant to the nominee agreement dated 20 October 2016 entered into by Ms. Su Lifen and Mr. Michael Chan, Ms. Su Lifen held 50% interest in Guangzhou Just Stay for Mr. Michael Chan since the establishment of Guangzhou Just Stay.

(10) Pursuant to the nominee agreement dated 20 October 2016 entered into by Ms. Tan Yuxing and Mr. Michael Chan, Ms. Tan Yuxing held 50% interest in Guangzhou Shunbang for Mr. Michael Chan since the establishment of Guangzhou Shunbang.

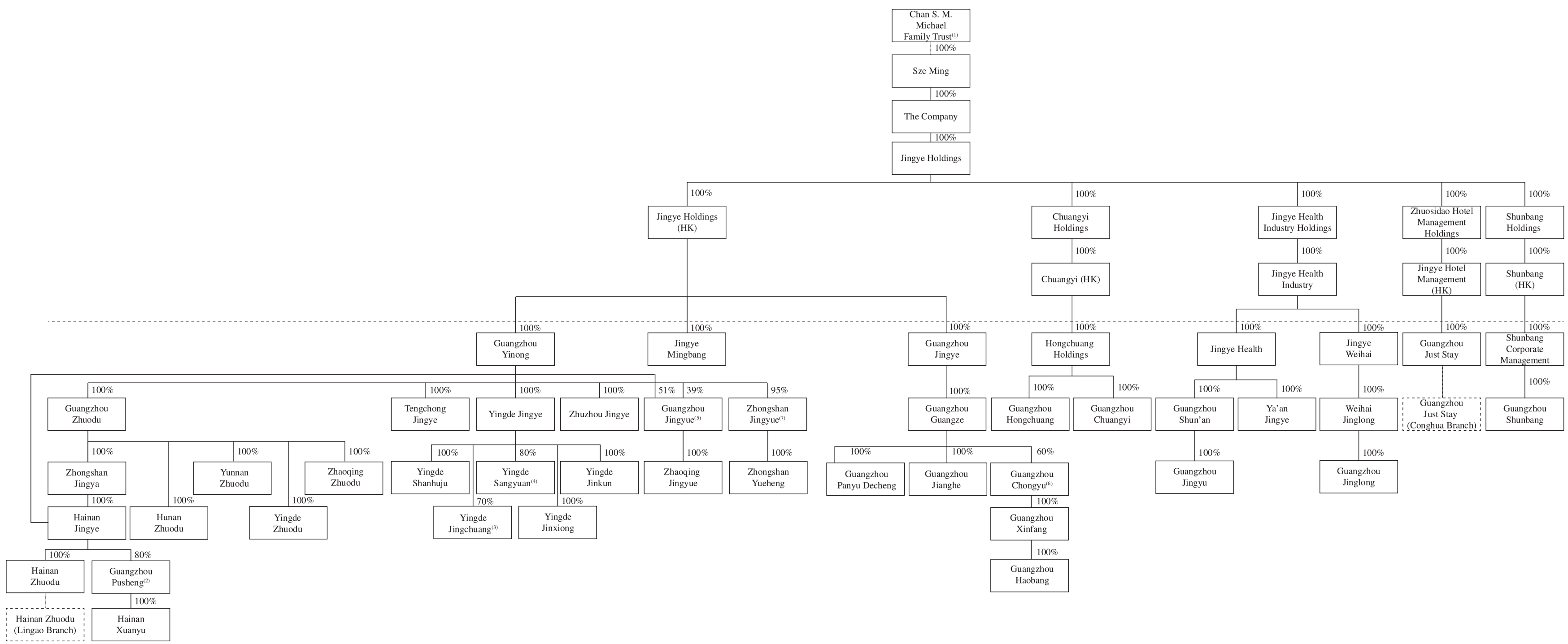
(11) Pursuant to the nominee agreement dated 20 October 2016 entered into by Ms. Su Lifen and Mr. Michael Chan, Ms. Su Lifen held 50% interest in Guangzhou Shunbang for Mr. Michael Chan since the establishment of Guangzhou Shunbang.

(12) The remaining 45% equity interest in Guangzhou Jinghengyue was held by Guangdong Hengyue Investment Co., Ltd.* (廣東恒悦投資有限公司), an Independent Third Party.

(13) The remaining 30% equity interest in Guangzhou Tianyue was held by Guangzhou Zhicheng Real Estate Development Co., Ltd.* (廣州志誠房地產開發有限公司), an Independent Third Party.

CORPORATE STRUCTURE IMMEDIATELY AFTER THE REORGANISATION AND BEFORE COMPLETION OF THE CAPITALISATION ISSUE AND GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after the Reorganisation and before completion of the Capitalisation Issue and Global Offering:



Notes:

(1) Chan S. M. Michael Family Trust is a trust established by Mr. Michael Chan as the settlor and protector of the trust, with IQ EQ (BVI) Limited as the trustee, for the benefits of certain discretionary beneficiaries including Mr. Michael Chan, his parents, his siblings and his descendants. Please refer to the paragraphs headed "— Reorganisation – Part 3 of the Reorganisation: Setting up our Company – Trust Settlement of Mr. Michael Chan" in this section and the section "Appendix V – Statutory and General Information – C. Further information about Directors and Substantial Shareholders" in this prospectus.

(2) The remaining 20% equity interest in Guangzhou Pusheng is held by Guangzhou Tianjian Real Estate Development Co., Ltd.* (廣州市天建房地產開發有限公司), an Independent Third Party.

(3) The remaining 30% equity interest in Yingde Jingchuang is held by Yingde Kunhou Enterprise Investment Co., Ltd.* (英德坤厚實業投資有限公司), an Independent Third Party.

(4) The remaining 20% equity interest in Yingde Sangyuan is held by Yingde Kunhou Enterprise Investment Co., Ltd.* (英德坤厚實業投資有限公司), an Independent Third Party.

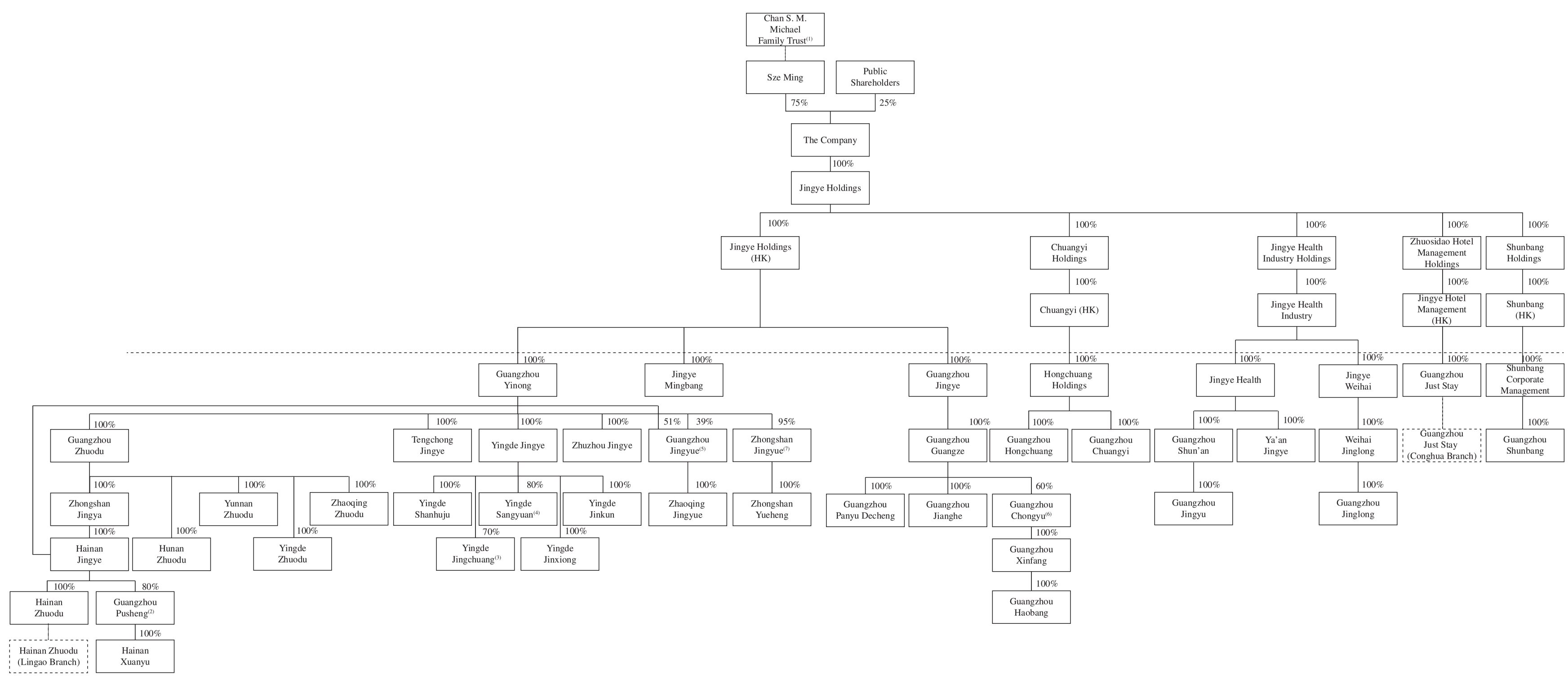
(5) The remaining 10% equity interest in Guangzhou Jingyue is held by Guangzhou Tongyue Investment Co., Ltd.* (廣州市通悅投資有限公司), an Independent Third Party.

(6) The remaining 40% equity interest in Guangzhou Chongyu is held by Guangzhou Hengyue Investment Co., Ltd.* (廣州恒悅投資有限公司) and Guangzhou Yikun Investment Co., Ltd.* (廣州頤坤投資有限公司) which are Independent Third Parties.

(7) The remaining 5% equity interest in Zhongshan Jingyue is held by Zhongshan Yuelai, which is owned by Mr. Liu Huaxi (our executive Director and vice chairman) and Mr. Chen Weike (an Independent Third Party) as to 50% and 50%, respectively.

CORPORATE STRUCTURE IMMEDIATELY AFTER COMPLETION OF THE CAPITALISATION ISSUE AND GLOBAL OFFERING

The following chart sets forth the shareholding structure of our Group immediately after of the Capitalisation Issue and Global Offering (without taking into account any Shares which may be allotted and issued upon any exercise of the Over-allotment Option or options which have been or may be granted under the Share Option Scheme):



Notes:

(1) Chan S. M. Michael Family Trust is a trust established by Mr. Michael Chan as the settlor and protector of the trust, with IQ EQ (BVI) Limited as the trustee, for the benefits of certain discretionary beneficiaries including Mr. Michael Chan, his parents, his siblings and his descendants. Please refer to the paragraphs headed "— Reorganisation – Part 3 of the Reorganisation: Setting up our Company – Trust settlement of Mr. Michael Chan" in this section and the section "Appendix V – Statutory and General Information – C. Further information about Directors and Substantial Shareholders" in this prospectus.

(2) The remaining 20% equity interest in Guangzhou Pusheng is held by Guangzhou Tianjian Real Estate Development Co., Ltd.* (廣州市天建房地產開發有限公司), an Independent Third Party.

(3) The remaining 30% equity interest in Yingde Jingchuang is held by Yingde Kunhou Enterprise Investment Co., Ltd.* (英德坤厚實業投資有限公司), an Independent Third Party.

(4) The remaining 20% equity interest in Yingde Sangyuan is held by Yingde Kunhou Enterprise Investment Co., Ltd.* (英德坤厚實業投資有限公司), an Independent Third Party.

(5) The remaining 10% equity interest in Guangzhou Jingyue is held by Guangzhou Tongyue Investment Co., Ltd.* (廣州市通悅投資有限公司), an Independent Third Party.

(6) The remaining 40% equity interest in Guangzhou Chongyu is held by Guangzhou Hengyue Investment Co., Ltd.* (廣州恒悦投資有限公司) and Guangzhou Yikun Investment Co., Ltd.* (廣州頤坤投資有限公司) which are Independent Third Parties.

(7) The remaining 5% equity interest in Zhongshan Jingyue is held by Zhongshan Yuelai, which is owned by Mr. Liu Huaxi (our executive Director and vice chairman) and Mr. Chen Weike (an Independent Third Party) as to 50% and 50%, respectively.

PRC REGULATORY REQUIREMENTS

Our PRC Legal Advisers have confirmed that all the transfers of equity interests and increase in registered capital of our subsidiaries established in the PRC in relation to the Reorganisation or as otherwise described in this section were legally and properly completed and settled (if applicable), and all approvals and permits have been obtained and are valid as at the Latest Practicable Date, and all procedures involved are in compliance with the PRC laws and regulations.

OVERVIEW

We are a property developer, operator and property management service provider based in the PRC. We principally offer residential properties in Guangdong and Hainan provinces during the Track Record Period and have land resources in Guangdong, Hainan, Yunnan and Hunan provinces for our future development. We position ourselves as an "Eco-friendly and People-oriented Property Developer" (生態人文地產發展商). We leverage the natural resources, unique landscapes and features as well as rich culture of our selected project sites to develop homes and communities that we consider to be truly liveable for our buyers. Ever since our incorporation in 2013, this positioning has been clear and it is what differentiates our Group from other property developers in the PRC. As a young member of the industry, we have 10 completed project phases, six project phases under development and three of which had commenced pre-sale activities up to the Valuation Date, and held 14 project phases for our future development as at the Valuation Date. We have received a number of awards that recognise the quality of our projects. Our first project JY Lychee Town was awarded Green Residential Area in Guangdong Province*(廣東省綠色住區) by Guangdong Province Real Estate Industry Association* (廣東省房地產行業協會) in 2019. Our JY Gaoligong Town was awarded "Yang Meng" Quality Project* (羊盟好項目) by Yangcheng Design Alliance, Guangzhou City Space Design Association* (羊城設計聯盟，廣州市空間設計協會) in 2018.

We mainly target purchasers looking for a home upgrade, a second home or a vacation home, those who value a home that is surrounded by tranquil environment while still located in proximity to first-tier cities for convenience. As the consumption power of the PRC residents increases, people looking for home upgrade, second home and vacation home are becoming more aware of the quality of life and lifestyle that the real property brings about as well as the liveability of the neighbourhood in selecting their new homes. Following the higher and higher degree of industrialisation and urbanisation in the PRC, particularly in first-tier cities, we believe that natural resources such as clean air and water, fresh food and produces and scenery landscape are becoming scarce and highly sought after in the PRC. People are also becoming increasingly health conscious, prioritising healthy living environment over convenience. This is particularly the case for second home and vacation home buyers, who are relatively more willing to trade off transportation time for a high quality living environment and better quality of life in selecting their new homes. Meanwhile, high speed rail and highway network in the PRC are facilitating working and living across districts and expanding the "one-hour living circle" of provincial capital cities to cover their surrounding satellite towns. We believe that the combined effect of these development trends has increased urbanisation, and therefore, growth in the property markets of provincial capital cities' surrounding satellite towns.

In line with our positioning, we select our project sites strategically, with priority for places with iconic natural resources. For example, our first property project, namely JY Lychee Town (景業荔都), is located next to woods, providing city mountainous landscape view, local fresh produces and clean air which are all valued qualities sought after by urban dwellers; our JY Hot Spring Villas (景業瓏泉灣) is situated at a famous hot spring area in Conghua, Guangzhou, and for which we built a series of low-rise houses targeting vacation home buyers and a hot spring resort which we operate; and certain phases of our JY Clearwater Bay No. 3 (景業清水灣3號) are located in proximity to coastline or surrounding golf courses with rich greenery. In our land reserve, our JY Gaoligong Town (景業高黎貢小鎮) is located in hot spring geological area in Yunnan and is surrounded by mountainous landscape. We also have our JY Maofengshan Project (景業帽峰山項目), which is close to Maofengshan Forest Park. Recently, we have expanded our product portfolio into developing residential properties that cater for the need of first home buyers and our first such project is our JY Donghuzhou Haoyuan (景業東湖洲豪園) in Nansha, Guangzhou, which is followed by JY Grand Garden (景業雍景園) in Qingyuan, Guangdong and JY Mountain Lake Gulf (景業山湖灣) in Zhuzhou, Hunan.

As at the Valuation Date, we had a property portfolio of 30 property project phases in 10 locations with an aggregate GFA attributable to us of approximately 3.0 million sq.m., comprising completed properties available for sale or lease with an aggregate GFA of approximately 0.2 million sq.m., properties under development with an aggregate GFA of approximately 0.9 million sq.m. and properties held for future development with an aggregate GFA of approximately 1.9 million sq.m.

We are expanding our businesses to develop our brand as a "360° Asset and Lifestyle Service Provider (360°資產生活服務商)" with an aim to provide all-round services for convenient-living to owners of properties that we developed. As a continuation of our core value in our property development business to pursue quality and excellence, we provide property management services to our residents and plan to expand into development of specialty residential products such as our JY Well-being Valley in Lingao, Hainan, providing leisure and well-being services for our residents. Moreover, as part of our JY Hot Spring Villas project, we have a hot spring resort that we own and operate, which together with our Just Stay Hotel in Panyu, Guangzhou, form our hotel operations business. We also have certain commercial properties in Panyu for investment and have contracted to acquire certain commercial properties which will be held for sale in Zhongshan. We may retain the office and shop premises in our projects for leasing in future.

The following table sets forth the breakdown of our total revenue by business segment and nature of income for the periods indicated:

	Revenue									
Business	**FY2016**		**FY2017**		**FY2018**		**1H2018**		**1H2019**	
	(RMB million)	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million) (unaudited)*	*(%)*	*(RMB million)*	*(%)*
Property development	624.7	97.5	783.4	93.4	1,245.8	93.7	84.6	67.7	712.5	93.5
Hotel operations	13.6	2.1	46.1	5.5	66.6	5.0	33.6	26.9	36.6	4.8
Commercial property investment	2.1	0.3	5.6	0.7	10.0	0.8	4.8	3.8	7.7	1.0
Property management	0.3	0.1	3.1	0.4	6.5	0.5	2.0	1.6	5.6	0.7
	640.7	100.0	838.3	100.0	1,328.9	100.0	125.0	100.0	762.4	100.0

OUR COMPETITIVE STRENGTHS

We believe that our accurate positioning as an "Eco-friendly and People-oriented Property Developer" has distinguished us from our competitors. With our abilities to (i) identify and acquire strategically located land reserves, (ii) develop diverse types of high quality residential properties based on unique land features, (iii) execute our meticulous project plans with effective cost and quality control, and (iv) enrich resident experience with tailored and all-round services, we have achieved high growth during the Track Record Period. We believe that led by our strong and loyal senior management team, these competitive strengths will continue to contribute to our future success and enable us to bring value to our Shareholders.

Ability to acquire strategically located land reserves and develop diverse residential properties leveraging unique land features

Acquisition of strategically located land reserves

Our philosophy has always been to become an "Eco-friendly and People-oriented Property Developer". In line with this philosophy, we have acquired land reserves in strategic locations with abundant natural resources, rich culture and potential for growth. We take into account the natural and cultural resources of our project site in the design of our properties to enable our residents to truly enjoy such resources. For example, our first property project, namely JY Lychee Town (景業荔都), is located next to woods, providing city mountainous landscape view, local fresh produces and clean air which are all increasing valued qualities sought after by urban dwellers. We design our JY Lychee Town with an aim to allow the residents to enjoy the view of the woods, mountain or garden nearby and we organise lychee picking tours for our residents. It also has a farming area for residents to farm their own produce; our JY Hot Spring Villas (景業瓏泉灣) is situated in an area famous for its hot spring in Conghua, Guangdong and each house in the project is equipped with a hot spring pool; our JY Clearwater Bay No. 3 (景業清水灣3號) and our JY Well-being Valley are located in Hainan, a vacation destination with pleasant climate; and our JY Gaoligong Town (景業高黎貢小鎮) is located in hot spring geological area in Yunnan with temperate climate, clean air and surrounded by scenic landscape. Our JY Gaoligong Town adopted Chinese ancient "Song" (宋) dynasty architectural style, with courtyards and lanes (巷) connecting houses within the project, and modern Chinese style interior decoration. We also designed an iconic clubhouse for this project, which houses events such as folk music festival, photography competition, and folk art markets to provide art and cultural experience to potential customers. Recently, we have expanded our product portfolio into developing residential properties that cater for the need of first home buyers, which include JY Donghuzhou Haoyuan, JY Grand Garden and JY Mountain Lake Gulf.

Satellite cities and towns surrounding provincial capitals and locations along high speed rail network are also preferred locations for our projects. For example, Yingde, Qingyuan, where our JY Grand Garden, JY Qingyuan City Jinxiong Project, JY Canglong Bay Project and JY Yonghua Shijia Project are located, is connected by high-speed railway connection and joined the half-an-hour living circle of Greater Guangzhou according to C&W Report. This makes our projects in Qingyuan more attractive. Other than Qingyuan, our Zhaoqing International Innovation and Technology Centre in Zhaoqing and our JY Mountain Lake Gulf in Zhuzhou are connected to Guangzhou and Changsha city by high speed train also.

We also favour locations without price restriction and purchase restriction policies. As at the Latest Practicable Date, among our 30 project phases, 18 of them were not subject to any price restriction or purchase restriction policies. Through acquisition of strategically selected project sites, we add land parcels of desirable quality to our land reserve. We focus on cities that we consider to have high potential for future development and growth and also carefully evaluate suitability of the potential sites.

Diverse residential properties leveraging unique features

Since our Group's founding in 2013, we have designed and developed different types for residential products leveraging unique features of our project sites to target second home buyers, vacation home buyers as well as customers looking for a home upgrade. In designing our projects, we carefully consider the characteristics of our project sites in coming up with the type of product and target customers that we set to capture with every project. Our first project JY Lychee Town (景業荔都) in Conghua district of Guangzhou is a sub-urban area of Guangzhou which we believe can attract Guangzhou residents looking for a more spacious home, at the same time it also has the scenery landscape and tranquility to attract second home buyers. It mainly consists of apartments. Our second project JY Clearwater Bay No. 3 (景業清水灣3號) in Lingshui, Hainan targets vacation home buyers and mainly consist of low-rise houses as well as apartments. Our JY Hot Spring Villas (景業瓏泉灣) is situated at an area famous for its hot spring in Conghua, Guangdong. At that site, we developed a resort as well as a series of low-rise houses targeting vacation home buyers. Recently, we have expanded our product portfolio into developing residential properties that cater for the need of first home buyers and our first such project is our JY Donghuzhou Haoyuan (景業東湖洲豪園) in Nansha, Guangzhou, Guangdong, which is followed by JY Grand Garden (景業雍景園) in Qingyuan City, Guangdong, and JY Mountain Lake Gulf (景業山湖灣) in Zhuzhou, Hunan.

Meanwhile, our strong property development capability is well recognised by the media. In 2019, our JY Lychee Town received 廣東省綠色住區 (Green Residential Area in Guangdong Province*) award from 廣東省房地產行業協會 (Guangdong Province Real Estate Trade Association*). In 2018, we received, among others, 工匠精神地產品牌獎 (Spirit of Craftsmanship Real Property Brand Award*) from 華夏時報 (China Times*), our JY Gaoligong Town received the award of 羊盟好項目 ("Yang Meng" Quality Project*) by Yangcheng Design Alliance, Guangzhou City Space Design Association* (羊城設計聯盟，廣州市空間設計協會) and our Just Stay Resort was awarded Winner for "Space" category by K-Design Award. In 2017, we were recognised by the "Most Influential Enterprise of the Year" issued by fzg360.com which is a property website in the PRC and the "Up and coming Enterprise" issued by Anjuke which is another a property website in the PRC. In 2016, we were awarded the "Property brand with the most cultural influence" by Yangcheng Evening News* (羊城晚報).

Flexible means to acquire desirable project sites

We adopt flexible means to acquire desirable project sites. We acquire land for project development through (i) acquiring equity interest in companies holding such land, (ii) jointly developing land with original land owners; (iii) bidding for land in auction or listing-for-sale activities organised by government, (iv) acquiring old factories for redevelopment under the "Urban Renewal Policy" (城市更新改造政策), as well as (v) obtaining land use rights by entering into land use right transfer agreements with owners of collectively-owned construction land.

During the Track Record Period, we have adopted all of the above means to acquire land for our business development. For example, JY Lychee Town and JY Clearwater Bay No.3 Phases I to III are developed on land acquired through acquiring equity interest in companies holding the land; JY Donghuzhou Haoyuan is a project jointly developed with original land owner; JY Gaoligong Town, JY Mountain Lake Gulf and Zhaoqing International Technology and Innovation Centre are located on land acquired in listing-for sale activities; JY Grandmark Building, JY Guangzhou Asian Games City Area Project as well as JY Qingyuan City Jinxiong Project are expected to be developed on land covered by "Urban Renewal Policy"; and our JY Maofengshan Project is planned to be developed on collectively-owned construction land for which we are in the process of obtaining the land use rights.

We believe that our ability to obtain land through different means increases our chance to acquire suitable land for our projects at desirable costs, which in turn facilitate us to achieve higher profit margin. During FY2016, FY2017, FY2018 and 1H2019, our land costs were RMB122.1 million, RMB119.0 million, RMB189.8 million and RMB57.8 million, respectively, which accounted for 26.4%, 23.9%, 25.6% and 17.9% of our cost of properties sold for the corresponding period.

Stably growing business and financial performance

As at the Valuation Date, we had completed 10 project phases, had six project phases under development and three of which had commenced pre-sale activities, and held 14 project phases for our future development. Notwithstanding our growth, we remain prudent in financing our projects. Our net debt to equity ratio as at 31 December 2016, 2017 and 2018 and 30 June 2019 were 614.4%, 194.1%, 42.0% and 80.8%, respectively.

We experienced increases in our revenue, gross profit margin, as well as our adjusted net profit margin from FY2016 to FY2017 and then to FY2018, and from 1H2018 to 1H2019. During the Track Record Period, our property development business contributed to over 90% of our Group's revenue, profits and assets. During FY2016, FY2017, FY2018 and 1H2019, our revenue from our property development and sales business were RMB624.7 million, RMB783.4 million, RMB1,245.8 million and RMB712.5 million, respectively, representing a growth of 25.4% from FY2016 to FY2017, 59.0% from FY2017 to FY2018 and 742.2% from 1H2018 to 1H2019. Our gross profit margin during FY2016, FY2017, FY2018 and 1H2019 were 25.7%, 32.2%, 38.6% and 52.0%, respectively, while the gross profit margin of our property development business have increased from 26.0% for FY2016 to 36.4% for FY2017, and further to 40.4% in FY2018, and from 43.0% for 1H2018 to 54.8% for 1H2019. Excluding the non-recurring expenses of Listing expenses, fair value gains on investment properties and gains on disposal of subsidiaries, our adjusted net profit margin were 6.3%, 7.3%, 13.1% and 19.0% for FY2016, FY2017, FY2018 and 1H2019, respectively.

Quality control and cost efficiency by meticulous project management

We believe that quality is the key to our success. Therefore, we place emphasis in our project design and planning process and adopt stringent quality control policies at different stages of the property development process, which enable us to closely monitor the construction quality. We have developed standardised property development procedures covering the entire life cycle of a property project, and systematic monitoring and reporting system with an aim to enhance operation efficiency, expedite asset turnover and to ensure consistent high quality and cost control of our projects. We have detailed breakdown of key work-streams for each stage of the property development process, with clear division of responsibilities among responsible personnel and related parties, and we closely monitor our employees and contractors to promote uniform practice and standard in our projects.

At the project design and planning stage, our design centre typically conducts site visits to potential sites for our projects, conducts market research, and develops quality and tailored products based on the regional characteristics of the project sites. We conduct due diligence in the selection of design firms for our project design, as well as raw materials suppliers and construction contractors for the construction work of our projects and regularly inspect and review the qualification and performances of these service providers to ensure they fulfil our quality standard.

During the construction process, our construction contractors are required to follow our standardised technical and quality control guidelines that set out our requirements as to quality control standards in the construction process. Our engineering centre, together with the construction supervision companies engaged by us will conduct regular inspection on the building materials and workmanship on site to ensure that the quality of the relevant construction work satisfies our stipulated standard.

To achieve cost efficiency, we adopt cost control measures to control our development costs at different stages of the development process of our properties. At design stage, our design centre works with our costing centre to meet the budget of each project by adjusting the design. We generally select our construction contractors through obtaining price quotes from a number of contractors before commencement of construction work. Under such selection process, we assess, among others, the fee quotes of construction work and select those construction contractors who can provide quality work at lower costs. Where we are responsible for acquiring raw materials on our own, we generally seek quotations from potential suppliers with a view to acquiring such raw materials at relatively low costs. Where any cost overrun is expected or detected during construction stage, we also work with the on-site engineering centre to fine-tune the construction plan. Our finance centre also brings noted unusual costs to the attention of relevant centre, and in serious cases, require that centre to provide reasons for such costs.

We believe that our standardised property development and management procedures, coupled with our strong execution capabilities enable us to lower our construction cost, manage the process of property development efficiently, ensure consistent product quality, and more importantly, to replicate our success when we enter new markets and boost Shareholders' return.

Experienced and dedicated management team enabling the successful development of our business

We are led by a professional and dedicated management team with substantial experience in the real estate development industry in the PRC. Our Chairman Mr. Michael Chan was awarded "Real Estate Innovator in 2018" (「2018年度地產創新人物」) by China Times (《華夏時報》), and "New China's Real Estate Leader of the Year" (「中國房地產年度新領軍人物」) by China International Real Estate & Architectural Technology Fair (CIHAF) (中國國際房地產與建築科技展覽會) in 2019. Most of our executive Directors and members of our senior management have extensive experience and expertise in their respective fields including property development, hotel operations, finance, accounting and management. For instance, Mr. Liu Huaxi, vice chairman of our Company, was named "Person of the Year" (年度影響力風雲人物) for 2015-2016 Zhongshan Zhuhai Jiangmen Real Estate Overall Rating* (中珠江樓市總評榜) by Sohu and www.focus.cn in 2016. Ms. Catherine Zheng, our executive Director and president, was awarded "Outstanding Female Entrepreneur of Guangdong Province" (廣東省優秀女企業家) by Guangdong Female Entrepreneur Association* (廣東省女企業家協會) in May 2013. Mr. Wu Xinping and Mr. Xue Shuangyou, our executive Directors and vice presidents, have over 19 and 20 years of experience in the real estate development industry in the PRC, respectively. Our operation teams such as project design, costing and sales are also led by leaders experienced in their field of work and has prior working experiences in property development industry in China. With their diverse knowledge and rich industry experience, we are well positioned to make strategic plans to seize potential opportunities to expand our land bank and develop quality properties demanded by our target customers.

Furthermore, we have committed employees with experience in their respective fields of work. We provide our employees with vocational training and conduct performance review to enhance their competency and expertise. We believe under the vision and leadership of such capable and experienced management team, along with their commitment to sound business practice and provision of quality products and services to customers, we will be able to respond promptly to the fast-changing trends and demands in the PRC property market and achieve sustainable growth.

OUR BUSINESS STRATEGIES

We intend to implement the following business strategies to achieve our goal to become a high quality and high profit "Eco-friendly and People-oriented Property Developer" in the PRC:

Enhance our presence in existing markets and strategically develop into selected markets

In terms of geographical market, our strategy is to focus on areas covered by China's national development strategies, in particular, Guangdong-Hong Kong-Macao Greater Bay Area (粵港澳大灣區) and areas covered by the Belt and Road Initiative (一帶一路) within mainland China. We believe the PRC government's policy to give priority to the development of the Guangdong — Hong Kong — Macao Greater Bay Area will lead to rapid growth in economy and urbanisation in Guangdong Province, whereas its plan to develop Hainan Province into an international free trade zone will further open up the province's market and economy to foreign investors, leading to economic growth and increase in local purchasing power and consumption. According to the C&W Report, the Yangtze River Economic Belt Strategy that was announced in 2016 gave great emphasis in the development of Zhuzhou. We also believe that the Belt and Road Initiative will bring business opportunities to and drive the urbanisation of western China provinces. These factors will cause the demand for high quality properties and vacation-lifestyle residential properties in these regions to increase.

As at the Valuation Date, we had completed projects as well as project phases having commenced pre-sale activities in Guangdong province (Conghua, Nansha and Qingyuan City), Hainan province (Lingshui), Yunnan province (Tengchong) and Hunan province (Zhuzhou). We will continue to develop high quality properties in these provinces to expand our scale of operations and increase our market share. Going forward, we plan to leverage our brand name, extensive experience and sophisticated property development capacities to strategically expand into a number of new locations such as Panyu and Baiyun districts in Guangzhou and Zhaoqing. As at the Valuation Date, we held land with an aggregate GFA of approximately 1.9 million sq.m. attributable to us for our future development.

In addition to new locations, we are also diversifying in terms of property types. During the Track Record Period, the majority of our projects are residential properties, with one resort within our JY Hot Spring Villas. Our Zhaoqing International Technology and Innovation Centre (肇慶國際科創中心) is planned to be a commercial and residential property project with technology and innovation incubator, office buildings, and residential properties, which aim to introduce a platform for the incubation of domestic high-technology enterprises. We also plan to launch another commercial property project in Panyu, Guangzhou, namely JY Grandmark Building, which is planned to be an office building. Our JY Well-being Valley, which is a residential project featuring leisure, vacation and well-being concepts in Lingao, Hainan, represents our first step in developing a specialty residential project.

Develop our brand into a "360˚ Asset and Lifestyle Service Provider (360°資產生活服務商)"

We consider that our business relationship with our home buyers does not end with delivery of property purchased. We are taking steps to develop our brand into a "360˚ Asset and Lifestyle Service Provider (360°資產生活服務商)" with an aim to provide all-round services for convenient-living to owners of properties that we developed. Other than our principal business of property development and sales, we will continue to explore opportunities and cooperate with different business partners to provide various services to our residents and to identify suitable sites for expanding our commercial properties investment. Since September 2018, our property management business has been fully operated by our Group without sub-contracting any operations. We will proactively seek feedback from our customers and improve quality of the fitting out work and property management services at our developed properties, especially the services of the "Celebrity Club (名仕會)", to suit their various needs. We will further enhance our hotel operations to build our brand image and attract more customers.

Maintain our diversified land acquisition strategies to capture profitable opportunities

We adopt flexible means to acquire desirable project sites and believe that it increases our chance to acquire suitable land for our projects at desirable costs, which in turn facilitate us to achieve higher profit margin. For details see "Our Competitive Strengths — Flexible means to acquire desirable project sites". We intend to continue to seek new and suitable opportunities and adopt our diversified land acquisition strategies to acquire land reserves that meet our selection criteria in the PRC. For instance, we intend to explore and participate in public investment activities relating to old village redevelopment projects in the urban areas in Guangzhou under the "Urban Renewal Policy" so as to obtain the cooperative qualification for old village redevelopment projects, and acquire land which is available for development through investing in old village redevelopment. We plan to participate in old village redevelopment projects with the relevant land which has been included in the annual redevelopment plan under the "Urban Renewal Policy" and has good transportation network, and acquire land which is available for development into residential and/or commercial properties through such projects. Suitable and sufficient land reserves serve as a solid backbone to support our future development against changes in government policies or increase in land costs. We will continue to conduct market research on the macroeconomic conditions, government policies and growth potential of the property market before we make land acquisitions in future.

We intend to continue to prioritise our financial resources towards what we believe to be the most profitable opportunities by selectively targeting at areas which we believe has high growth potential and acquiring lands there at competitive costs. We will adhere to the strategy of not accumulating excessive land reserves while maintaining our projects and land bank at a level sufficient for development. Specifically, we aim to avoid over-priced land but invest selectively and timely when we acquire resources for our future projects. When replenishing our land bank, we mainly target at land parcels with attributes and infrastructure that complement our positioning and meet the needs and demands of our customers. We will strive to continue to respond to market changes timely and effectively. On our financial management front, we take prudent measures to maintain sufficient liquidity and adequate cash balance to cover borrowings.

Continue to improve our customer-oriented product offerings and enhance our brand recognition and customer loyalty

We believe that the offering of high quality properties which satisfy the demands of our target customers is crucial to building our brand image and securing customer loyalty. Hence, we will continue to analyse the characteristics of our target customers, and design our product offerings based on their preferences and demands. We typically consider the regional characteristics of the project sites, market trends and customer feedback in creating designs for our properties which we believe will satisfy our customers' needs. We will strengthen our quality control policies as well as examination and inspection procedures to closely monitor the quality of our property projects throughout all stages of property development to ensure the quality of our properties are up to our standard. We will fortify our relationship with design firms, raw materials suppliers and construction contractors to develop high quality properties with architectural and landscape designs that offer comfortable and convenient living environment to our target customers.

Further, we intend to enhance our brand recognition through marketing initiatives such as advertising campaigns, organising activities such as cultural, art, economic analytical activities, cultural sports competitions and cross-brand cooperation, holding feasts, and sponsoring sports and charity activities. We believe the promotion of our brand image can amplify the value of our properties and facilitate to increase customer satisfaction and loyalty.

Adopt a balanced and systematic approach to achieve sustainable and profitable future growth

We will adopt a balanced and systematic approach to achieve sustainable and profitable future growth for our property development projects. We will continue to strengthen our market research analysis capability and land selection and acquisition procedures, and enhance the coordination between our different departments so that they can continue to prepare feasibility study and forecast to support our business growth. We believe an enhanced land acquisition evaluation model can help us better identify potentially high-premium projects and obtain quality land at competitive costs. We will continue to strengthen our management capability and systemise our business procedures so as to increase efficiency in our business operations and our management of project development, sales and marketing and customer services activities. We will also allocate resources to enhance procurement and sales and marketing activities in order to reduce our development and operational costs. We believe these measures will enable us to further shorten our development cycle and achieve sustainable and profitable growth.

Adhere to prudent financial policies and proactive management of our capital structure

We plan to continue to adhere to prudent internal financial policies and carefully manage our land acquisition costs, construction costs and operating expenses. We have adopted and aim to refine various measures to control our costs and expenses and monitor our cash flow such as preparing budget plans and conducting cost assessments and reviews throughout our property development process, implementing centralised procurement and formulating financial policies to manage our administrative expenses and sales and marketing costs. We aim to utilise our working capital more efficiently through prudent cost management. We also pay attention to the changes in market conditions and government policies to identify and consider potential opportunities.

We review our gearing ratio to monitor our capital and indebtedness level. We plan to continue to analyse the maturity profiles of our borrowings and manage our liquidity level to ensure sufficient cash flow to service our indebtedness and meet cash requirements arising from our business. We will also review leverage that we use, with reference to cost, equity size and profit impact, when acquiring new land to expand our business operations. We believe that our leverage will be improved effectively by utilising part of the proceeds we receive from the Global Offering to finance our property development projects.

We have and will continue to seek business opportunities to cooperate with business partners to jointly develop projects in order to reduce our capital commitment. We will also remain proactive in managing our capital structure to meet our ongoing capital requirements.

Use of proceeds from the Global Offering

We will use the net proceeds from the Global Offering mainly for development costs of our projects and acquisition of land in listing-for-sale activities, while our internal resources will be used to carry out the above plans and strategies. Please see the section headed "Future Plans and Use of Proceeds" in this prospectus for the expected use of proceeds from the Global Offering.

OUR BUSINESS MODEL

Our business operations are primarily located in Guangdong, Hainan, Yunnan and Hunan provinces and comprise four principal business segments: (i) property development and sales; (ii) hotel operations; (iii) property management; and (iv) commercial properties investment.

Our core business is development of residential properties, offering a range of products for purchasers looking for their first home, a home upgrade, second home and vacation home. We differentiate our products targeting vacation home, second home and first home buyers mainly in terms of: (i) location; (ii) property type and floor plan; (iii) community facilities and property services. For our products targeting vacation home or second home buyers, we select locations that are common vacation destinations in the PRC such as Lingshui, Hainan and Tengchong, Yunnan, with vacations resources such as coastline and hot spring. Houses or large apartments with three to four large bedrooms are more commonly offered, with emphasis on the view of surrounding landscapes, low density, landscaping, carpark spaces, etc. We also provide butler and concierge services to and organise more community activities for residents in these properties. For products targeting first home buyers, we mainly select satellite towns of provincial capital cities, preferably those within the capital city's "one-hour living circle", such as Panyu district, Guangzhou and Yingde, Qingyuan, Guangdong and Zhuzhou, Hunan. We mainly offer apartments with two to three bedrooms, with less emphasis on the view, but more convenient access to community facilities such as public transports, schools and grocery stores.

During the Track Record Period, we mainly acquire land reserves through (i) participating in public tenders, auctions and listings-for-sale activities organised by government authorities; (ii) acquiring equity interest in companies holding land parcels that fit our selection criteria; and (iii) acquisition of old factories for redevelopment under the "Urban Renewal Policy" (城市更新改造政策). We will also obtain development rights of collectively-owned construction land through bidding in assets management platform of collective economic organisation and entering into land use right transfer agreements with collective economic organisations. Properties developed on collectively-owned construction land can be leased and operated by us upon completion. We pre-sell our properties before completion in compliance with the applicable PRC laws and regulations and we mainly sell our properties through our internal sales and marketing personnel, external property brokerage firms and referral by residents of our developed properties. We also derive income from our property management services provided in respect of our developed properties. We also operate a Just Stay Hotel and a Just Stay Resort under our hotel operations business, and receive rental income from certain commercial properties that we lease or sub-lease to third parties. Our operations are capital intensive and we fund our operations through a combination of cash generated mainly from our operations including proceeds from the pre-sale of our properties, bank borrowing and shareholders' loan.

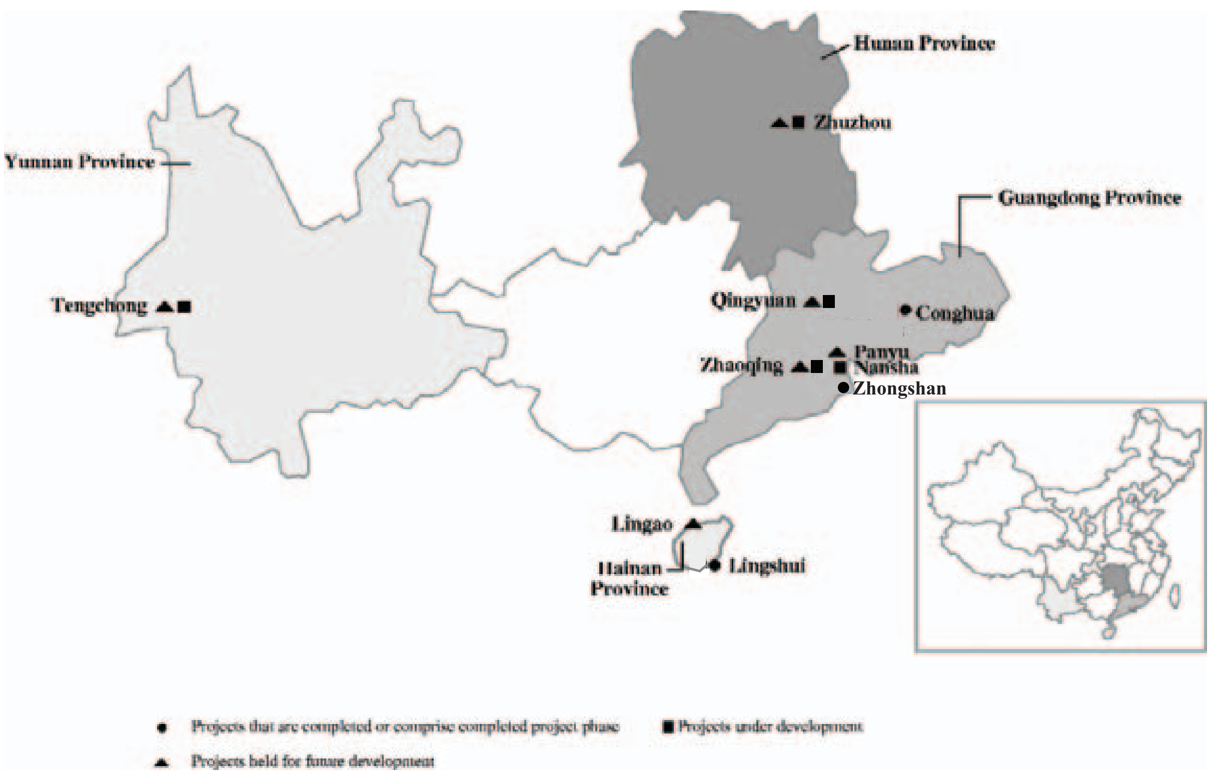
Each of our property projects is held and operated by a project company within our Group. We have adopted a two-tier management system which consists of (i) the Board, senior management and various functional centres of our Group which are responsible for overall strategic planning and management of our Group; and (ii) our project companies which are in charge of the daily operations of their respective property projects and entities set up for various businesses or functions such as hotel operation, property management and building decoration. We have established various centres and departments for different functions to supervise and coordinate different aspects of our operations. We have also formulated internal policies setting out the responsibilities and reporting system of each centre and department in order to facilitate efficient communications, prompt decision-making and responsiveness to changing market conditions.

OUR PROPERTY PROJECTS

Overview

During the Track Record Period, we mainly focused on the development of quality residential properties. As at the Valuation Date, our property portfolio consisted of 10 completed project phases, six project phases under development and 14 project phases held for future development. These 30 property project phases are in 10 locations with an aggregate GFA attributable to us of approximately 3.0 million sq.m., comprising completed properties available for sale or lease with an aggregate GFA of approximately 0.2 million sq.m., properties under development with an aggregate GFA of approximately 0.9 million sq.m. and properties held for future development with an aggregate GFA of approximately 1.9 million sq.m..

Our properties are situated at Guangdong, Hainan, Yunnan and Hunan provinces. The following map shows the geographical locations of our property portfolio as at the Valuation Date:



Classification of our Property Projects

We generally classify our property projects into the following three categories:

- ***"completed projects or project phases"*** refer to projects or project phases for which the required land use rights certificates issued by the relevant government authorities and the first completed property inspection filings from the relevant government construction authorities have been obtained;

- ***"projects or project phases under development"*** refer to projects or project phases in which the required land use rights certificates and the first construction work commencement permit have been obtained but a completed property inspection filings has not been obtained; and

- ***"projects or project phases held for future development"*** refer to projects or project phases for which (i) the land use rights certificate has been obtained, or old factory buildings have been acquired for redevelopment, but have not obtained the requisite construction work commencement permits; or (ii) we have signed a land grant contract or a transaction confirmation in land tender, auction or listing-for-sale activities with relevant government authorities, but have not obtained relevant land use rights certificate.

As some of our projects comprise multiple-phase developments that are completed on a rolling basis, a project may fall into one or more of the above categories.

The commencement dates relating to each project or each phase of a project refers to the date construction of the first building of the project or phase first commenced. The completion dates set out in the description of our completed projects or phases refer to the dates on which the first completed property inspection filings was obtained for each project or each phase of a multi-phase project. For projects or phases under development or for future development, the completion dates and estimated future development costs reflect our best estimate based on our current development plans.

Site area is calculated as follows:

- for projects or phases for which we have obtained land use rights, based on the relevant land use right certificates; or

- for projects or phases for which we have not obtained land use rights, based on the relevant land grant contracts or transaction confirmation in land tender, auction or listing-for-sale activities.

Total GFA is calculated as follows:

- for projects and phases that are completed, based upon relevant property ownership certificate or completed property inspection filings;

- for projects and phases that are under development, based upon the relevant construction work commencement permit or construction work planning permit, or other documents issued by relevant government authorities; and

- for projects and phases that are held for future development, based upon our internal records and development plans which are subject to change. Total GFA shall not exceed the product of site area and the maximum permissible plot ratio as specified in the relevant land grant contracts, or the GFA as stated in other approval documents from the local governments relating to the project.

Total GFA as used in this prospectus is comprised of saleable GFA and non-saleable GFA. Non-saleable GFA as used in this prospectus refers to certain communal facilities and ancillary facilities, such as certain underground GFA and spaces for security offices, for which sale is not permitted. Saleable GFA as used in this prospectus refers to the floor area exclusive of non-saleable GFA. Saleable GFA is further divided into saleable GFA pre-sold/sold and saleable GFA unsold. A property is pre-sold when we

have executed the sale and purchase contract but have not issued the notice of delivery of property to the customer yet. A property is considered sold after we have executed the sale and purchase contract with a customer and have issued the notice of delivery of property to the customer.
Saleable GFA does not include saleable GFA sold.

Total saleable GFA is calculated as follows:

- for projects and phases that are completed, based on the relevant property ownership certificate or completed property inspection filings, but where no such information is stated on these documents, relevant information is extracted from the pre-sale permit, construction work planning permit or other documents issued by government authority; and

- for projects and phases under development, based upon (i) the relevant pre-sale permit, or (ii) the construction work commencement permit or construction work planning permit if the pre-sale permit is not available, or (iii) other documents issued by relevant government authorities if none of the aforementioned documents contain such information.

Our classification of our properties reflects the basis on which we operate our business and may differ from classifications employed by other property developers. Each property project or project 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 throughout the development process. The following table sets forth the differences between our classification of properties and the classification of properties in the "Valuation Report" set out in Appendix III and the "Accountant's Report" set out in Appendix I to this prospectus:

Our classification	**Valuation Report**	**Accountant's Report**
Completed projects or project phases	• Group I — Completed properties held by the Group for sale in the PRC • Group IV — Properties held by the Group under construction in the PRC	• Completed properties held for sale
Our commercial properties held for investment	• Group II — Completed properties held by the Group for investment in the PRC	• Investment properties
Properties for our own use	• Group III — Completed properties held by the Group for operation in the PRC	
Projects or project phases under development	• Group IV — Properties held by the Group under construction in the PRC • Group V — Properties held by the Group for future development in the PRC	• Properties under development
Projects or project phases held for future development	• Group V — Properties held by the Group for future development in the PRC	• Properties under development
Commercial Properties held for Sale	• Group I — Completed properties held by the Group for sale in the PRC	• Completed properties held for sale

Land Bank and Project Portfolio

The following table sets out a summary of our land bank as at the Valuation Date in terms of geographical location:

Location	No. of project/ phase	Saleable GFA unsold and leasable GFA for completed properties(1) (sq.m.)	GFA for properties under development(1) (sq.m.)	Planned GFA for projects held for future development(1) (sq.m.)	Total land bank (sq.m.)	Percentage of total land bank (%)
Guangdong (廣東省)						
Guangzhou (廣州)						
Conghua (從化)	3	102,826	—	—	102,826	3.4
Nansha (南沙)	1	14,265	19,002	—	33,267	1.1
Panyu (番禺)	2	—	—	51,260	51,260	1.7
Zhongshan (中山)	1	57,065	—	—	57,065	1.9
Qingyuan (清遠)	6	—	437,365	882,635	1,320,000	44.1
Zhaoqing (肇慶)	2	—	134,668	100,496	235,164	7.9
Hainan (海南省)						
Lingshui (陵水)	5	25,935	—	—	25,935	0.9
Lingao (臨高)	3	—	—	159,736	159,736	5.3
Yunnan (雲南省)						
Tengchong (騰衝)	3	—	152,553	182,735	335,288	11.2
Hunan (湖南省)						
Zhuzhou (株洲)	4	—	131,556	540,950	672,506	22.5
Total	30	200,091	875,144	1,917,812	2,993,047	100.0

Note: For projects held by our non-wholly-owned subsidiaries and associated companies, the GFA is adjusted by our equity interest in the respective project.

Average land costs attributable to our Group as at the Valuation Date, calculated as our total land costs divided by the total land bank of our projects (excluding the land bank of Zhongshan Yueying Xincheng which are completed held-for-sale properties acquired by our Group), was approximately RMB942 per sq.m.

Summary on Our Property Projects

The following table sets forth a summary of our property projects and project phases that are completed, under development and held for future development as at the Valuation Date:

Project	Location	Actual/ Estimated Construction Commencement Date[1]	Actual/ Estimated Pre-sale Commencement Date[2]	Actual/ Estimated Construction Completion Date[3]	Site Area[4]	Completed: Saleable GFA Sold[5]	Completed: Completed saleable GFA unsold and Leasable GFA[6]	Completed: Total GFA Completed[7]	Under Development: GFA Pre-Sold[5]	Under Development: Saleable/ Leasable GFA[6]	Under Development: Total GFA Under Development[7]	Future Development: GFA with Land Use Right not yet Obtained	Future Development: Total Estimated GFA for Future Development[7]	Future Development: Development Cost Incurred as at 30 June 2019	Future Development: Estimated Future Development Cost as at 30 June 2019[8]	Group's Interest in the Project as at the Valuation Date[9]	Group's Attributable Value as at the Valuation Date[10]	Reference to Valuation Report
					(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(sq.m.)	(RMB million)	(RMB million)	(%)	(RMB million)	(Property No.)
Completed projects																		
1. JY Lychee Town Phase I	Conghua, Guangzhou, Guangdong	August 2014[12]	September 2014	December 2015	70,385[11]	88,082	7,192	108,402	—	—	—	—	—	505.0	—	100.0	84.0	1
2. JY Lychee Town Phase II	Conghua, Guangzhou, Guangdong	June 2016	April 2017	October 2018	70,385[11]	40,194	73,517	118,500	—	—	—	—	—	503.9	—	100.0	686.0	4
3. JY Hot Spring Villas	Conghua, Guangzhou, Guangdong	July 2014	July 2017[14]	October 2016	131,091	560	22,117	44,521	—	—	—	—	—	289.6	—	100.0	622.0	3
4. JY Clearwater Bay No. 3 Phase I	Lingshui, Hainan	July 2014[12]	February 2015	December 2015	83,375	33,079	333	39,491	—	—	—	—	—	480.7	—	100.0	19.5[20]	2
5. JY Clearwater Bay No. 3 Phase II	Lingshui, Hainan	October 2015	October 2015	December 2016	67,770	25,923	566	28,081	—	—	—	—	—	376.8	—	100.0	19.5[20]	2
6. JY Clearwater Bay No. 3 Phase III	Lingshui, Hainan	September 2016[12]	December 2016	July 2018	121,631	77,626	—	89,981	—	—	—	—	—	751.7	—	100.0	N/A[19]	N/A[19]
7. JY Clearwater Bay No. 3 Phase VI	Lingshui, Hainan	July 2017[12]	December 2017	June 2019	58,823	18,166	5,517	28,284	—	—	—	—	—	353.4	11.6	100.0	148.9	5
8. JY Clearwater Bay No. 3 Phase VII	Lingshui, Hainan	December 2017	March 2018	June 2019	48,471	—	19,519	23,352	—	—	—	—	—	253.9	23.9	100.0	628.0	6
9. JY Donghuzhou Haoyuan	Nansha, Guangzhou, Guangdong	June 2016	April 2018	May 2019	17,791	—	14,265	15,986	883	17,838	19,002	—	—	346.5	264.9	30.0	553.2	11
10. Zhongshan Yueying Xincheng	Zhongshan, Guangdong	N/A[23]	N/A[23]	N/A[23]	N/A[23]	586	57,065	57,652	—	—	—	—	—	893.0	—	95.0[24]	981.4	7
Projects under development																		
11. JY Grand Garden Phase I	Qingyuan, Guangdong	July 2018	January 2019	December 2019	67,812[15]	—	—	—	45,069	253,740	261,289	—	—	370.6	627.9	100.0	1,883.0[18]	12
12. JY Grand Garden Phase II	Qingyuan, Guangdong	September 2019	May 2020	June 2021	67,812[15]	—	—	—	—	176,076	176,076	—	—	69.3	569.4	100.0	1,883.0[18]	12
13. JY Gaoligong Town Phase I	Tengchong, Yunnan	September 2018	November 2018	December 2019	252,047[16]	—	—	—	37,553	121,805	127,784	—	—	284.7	466.7	100.0	1,711.0[18]	13
14. JY Gaoligong Town Phase II	Tengchong, Yunnan	April 2019	December 2019	June 2020	252,047[16]	—	—	—	—	23,608	24,769	—	113,842	33.3	660.2	100.0	1,711.0[18]	13
15. JY Mountain Lake Gulf Phase I	Zhuzhou, Hunan	February 2019	March 2019	July 2020	101,175[17]	—	—	—	14,957	126,238	131,556	—	—	425.1	274.6	100.0	1,975.0[21]	14
16. Zhaoqing International Technology and Innovation Centre (Zone B)	Zhaoqing, Guangdong	September 2019	December 2019	March 2021	40,335	—	—	—	—	131,757	134,668	—	—	247.4	802.0	90.0	—[22]	22

Project	Location	Actual/ Estimated Construction Commencement Date(1)	Actual/ Estimated Pre-sale Commencement Date(2)	Actual/ Estimated Construction Completion Date(3)	Site Area(4)	Completed: Saleable GFA Sold(5)	Completed: Completed saleable GFA unsold and Leasable GFA(6)	Completed: Total GFA Completed(7)	Under Development: GFA Pre-Sold(5)	Under Development: Saleable/ Leasable GFA(6)	Under Development: Total GFA Under Development(7)	Future Development: GFA with Land Use Right not yet Obtained	Future Development: Total Estimated GFA for Future Development(7)	Future Development: Development Cost Incurred as at 30 June 2019	Future Development: Estimated Future Development Cost as at 30 June 2019(8)	Group's Interest in the Project as at the Valuation Date(9)	Group's Attributable Value as at the Valuation Date(10)	Reference to Valuation Report
					(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Projects held for future development																		
17. JY Grandmark Building	Panyu, Guangzhou, Guangdong	June 2020	May 2021	June 2022	8,194	—	—	—	—	—	—	—	19,610	5.6	373.8	100.0	21.0	16, 17
18. JY Guangzhou Asian Games City Area Project	Panyu, Guangzhou, Guangdong	June 2020	March 2021	June 2022	16,747	—	—	—	—	—	—	—	31,650	9.4	523.7	100.0	32.0	15
19. JY Well-being Valley Phase I	Lingao, Hainan	December 2019	December 2019	June 2020	23,023	—	—	—	—	—	—	—	28,237	78.1	92.4	80.0	392.0(18)	21
20. JY Well-being Valley Phase II	Lingao, Hainan	December 2019	February 2020	December 2020	47,774	—	—	—	—	—	—	—	80,984	40.9	381.7	80.0	392.0(18)	21
21. JY Well-being Valley Phase III	Lingao, Hainan	May 2020	October 2020	June 2021	41,210	—	—	—	—	—	—	—	50,515	28.4	274.2	80.0	392.0(18)	21
22. JY Grand Garden Phase III	Qingyuan, Guangdong	March 2021	October 2021	September 2022	26,340	—	—	—	—	—	—	—	118,531	82.4	600.0	100.0	1,883.0(18)	12
23. JY Canglong Bay Project	Qingyuan, Guangdong	December 2019	November 2020	November 2021	60,230	—	—	—	—	—	—	—	180,690	95.4	1,049.8	80.0	308.0	18
24. JY Yonghua Shijia Project	Qingyuan, Guangdong	December 2019	March 2020	November 2020	60,877	—	—	—	—	—	—	—	182,630	86.5	849.3	100.0	331.0	19
25. JY Qingyuan City Jinxiong Project	Qingyuan, Guangdong	August 2021	May 2022	May 2023	160,314	—	—	—	—	—	—	—	400,784	112.6	2,028.6	100.0	113.0	20
26. JY Gaoligong Town Phase III	Tengchong, Yunnan	January 2020	May 2020	January 2021	252,047(16)	—	—	—	—	—	—	—	68,893	8.3	267.8	100.0	1,711.0(18)	13
27. JY Mountain Lake Gulf Phase II	Zhuzhou, Hunan	January 2020	March 2020	June 2021	101,175(17)	—	—	—	—	—	—	—	236,787	372.1	869.8	100.0	1,975.0(21)	14
28. JY Mountain Lake Gulf Phase III	Zhuzhou, Hunan	December 2020	October 2021	June 2022	85,260	—	—	—	—	—	—	213,147	213,147	242.5	1,299.0	100.0	1,975.0(21)	14
29. JY Mountain Lake Gulf Phase IV	Zhuzhou, Hunan	September 2020	April 2021	August 2022	22,754	—	—	—	—	—	—	91,016	91,016	142.0	477.6	100.0	1,975.0(21)	14
30. Zhaoqing International Technology and Innovation Centre (Zone A)	Zhaoqing, Guangdong	December 2019	August 2020	December 2021	26,446	—	—	—	—	—	—	—	100,496	146.1	780.2	90.0	—(22)	22
Total Land Bank(13)					1,639,875	284,216	200,091	554,250	98,462	851,062	875,144	304,163	1,917,812					

Notes:

(1) Unless otherwise specified, construction commencement date refers to the date of the first construction work commencement permit for completed projects and projects under development; For projects held for future development, the date refers to the construction commencement date estimated by our Group and is subject to change.

(2) For completed projects and projects for which pre-sale permit has been obtained, the date refers to the date of the first relevant pre-sale permit. For projects that do not have a pre-sale permit, the date refers to the pre-sale commencement date estimated by our Group and is subject to change.

(3) For completed projects, the date refers to the date of the first relevant completed property inspection filing. For projects under development and projects held for future development, the date refers to the construction completion date estimated by our Group and is subject to change.

(4) Where a land use right certificate has been obtained for the relevant project, the site area stated is based on the relevant land use right certificate. Where a land use right certificate has not been obtained, the site area stated is based on the relevant land grant contracts or transaction confirmation in land tender, auction and listing-for-sale activities. For projects held by our non-wholly-owned subsidiaries and associated companies, the area is adjusted by our equity interest in the respective project.

(5) In this "Business" section, GFA sold does not include GFA pre-sold.
A property is considered "sold" after our Group has executed relevant sale and purchase agreement and delivered the property to the purchaser accordingly. A property is considered delivered to a purchaser after the property has been completed, inspected and a notice of delivery of property has been issued by our Group.
A property is considered "pre-sold" when our Group has executed the relevant sale and purchase agreement with a purchaser but the property has not been delivered yet. For projects held by our non-wholly-owned subsidiaries and associated companies, the area is adjusted by our equity interest in the respective project.

(6) This includes unsold saleable/leasable GFA. Leasable GFA means space that can generate rental income. We set out below the basis on which saleable/leasable GFA is calculated: For completed projects, saleable/leasable GFA stated is based on the relevant property ownership certificate or completed property inspection filings, but where no such information is stated on these documents, relevant information is extracted from the pre-sale permit, construction work planning permit or other documents issued by government authorities. For projects under development, saleable/leasable GFA stated is based on (i) the relevant pre-sale permit, or (ii) construction work commencement permit and construction work planning permit if pre-sale permit is not available, or (iii) other documents issued by relevant government authorities if the none of the aforementioned documents contain such information. For projects held by our non-wholly-owned subsidiaries and associated companies, the area is adjusted by our equity interest in the respective project.

(7) For completed projects, total GFA stated is based on relevant property ownership certificate or the completed property inspection filings. For projects under development, total GFA stated is based upon the relevant construction work commencement permit or construction work planning permit, or other documents issued by relevant government authorities. For projects held for future development, total GFA stated is based upon our internal records and development plans which are subject to change. Total GFA shall not exceed the product of site area and the maximum permissible plot ratio as specified in the relevant land grant contracts, or the GFA as stated in other approval documents from the local governments relating to the project. For projects held by our non-wholly-owned subsidiaries and associated companies, the area is adjusted by our equity interest in the respective project.

(8) Values stated are based on our internal record and current plan and subject to change resulting from changes of market environment and our adjustment of the cost structure of the entire project.

(9) Values stated are based on our effective equity interest in the respective project companies as at the Valuation Date.

(10) Values stated are values of the projects in proportion to our Group's interest in the respective projects as at the Valuation Date.

(11) Relevant land use right certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.

(12) Refers to the actual construction commencement date.

(13) Total land bank equals to the sum of (i) total unsold saleable/leasable GFA for completed projects, (ii) total GFA for projects under development and (iii) total GFA for projects held for future development. For projects held by our non-wholly-owned subsidiaries and associated companies, total GFA will be adjusted by our equity interest in the respective project.

(14) Sales of this project commenced after completion of the properties and there was no pre-sale.

(15) Two parcels of land were used as a whole to develop these two project phases. Breakdown of site area for each phase was not available.

(16) Relevant land use right certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.

(17) Relevant land use right certificate was granted to the entire land parcel and breakdown of site area for each phase was not available.

(18) This is the total value of all phases of the relevant project attributable to our Group as at the Valuation Date.

(19) There is no saleable/leasable GFA unsold for this project phase as at the Valuation Date.

(20) This is the aggregate value of phase I and phase II of the project.

(21) As the land use right certificate for part of the site area of this project has not been obtained, the market value of this project as at the Valuation Date did not take into account the market value of that parcel of land. For details, see the Valuation Report set out in Appendix III.

(22) The market value of this project as at Valuation Date was nil as the land use right certificate has not been obtained as at the Valuation Date. For details, see the Valuation Report set out in Appendix III.

(23) Zhongshan Yueying Xincheng were certain completed commercial properties acquired by us through acquiring Zhongshan Yueheng. Such commercial properties form part of our land reserve and are held for sale.

Status of our Property Projects

Completed Projects

Guangzhou

JY Lychee Town (景業荔都)

JY Lychee Town (景業荔都) is the first property project developed by our Group in the PRC and is located in Conghua District, Guangzhou, Guangdong. The project consists of two phases, both Phase I and Phase II were completed. The project is developed by Guangzhou Yinong. The relevant land grant contract was signed in May 2011 and the total land premium of approximately RMB124.8 million has been paid in full. The relevant land use rights certificate was obtained in August 2011. We acquired the relevant land through acquiring the entire equity interest of Guangzhou Yinong in June 2014 and has paid the consideration of RMB138.5 million in full. The project occupies a total site area of approximately 70,385 sq.m. and is surrounded by woods, providing city mountainous landscape view. The Guangzhou Metro Line 14 started operation at the end of 2018, bringing Conghua into the half-an-hour living circle of Greater Guangzhou. The community has well-established facilities such as kindergarten, supermarket and swimming pool.

1. JY Lychee Town Phase I (景業荔都第一期)

JY Lychee Town Phase I (景業荔都第一期) is a residential property project located in Conghua District, Guangzhou, Guangdong. It has an aggregate GFA of approximately 108,402 sq.m.. It comprises seven blocks of residential buildings with 14 to 26 storeys and one block of low-rise house with two storeys. We obtained the certificate of completion of this project in December 2015. As at the Valuation Date, there was 7,192 sq.m. of saleable GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	August 2014
Actual completion date	December 2015
Development costs incurred as at 30 June 2019	RMB505.0 million
Total saleable/leasable GFA completed	95,275 sq.m.
Total saleable/leasable GFA completed and sold	88,082 sq.m.
Percentage of total saleable/leasable GFA sold	92.5%

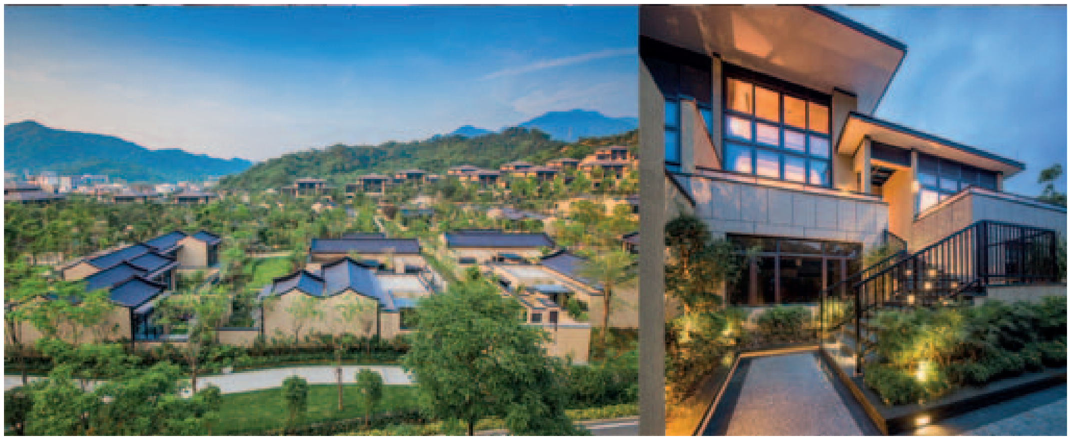
2. JY Lychee Town Phase II (景業荔都第二期)

JY Lychee Town Phase II (景業荔都第二期) is a residential property project located in Conghua District, Guangzhou, Guangdong. It has total GFA of 118,500 sq.m.. It consists of eight blocks of residential buildings with 11 to 26 storeys. We obtained the certificate of completion of this project in October 2018. As at the Valuation Date, there was 73,517 sq.m. of saleable GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	June 2016
Actual completion date	October 2018
Development costs incurred as at 30 June 2019	RMB503.9 million
Total saleable/leasable GFA completed	113,711 sq.m.
Total saleable/leasable GFA completed and sold	40,194 sq.m.
Percentage of total saleable/leasable GFA sold	35.3%

3. JY Hot Spring Villas (景業瓏泉灣)



JY Hot Spring Villas (景業瓏泉灣) is a commercial property project situated at Conghua District, Guangzhou, Guangdong, which is next to Just Stay Resort (從化卓思道溫泉度假酒店) operated by us. Located at a famous hot spring area, it is surrounded by mountains and is close to a river. It occupies a total site area of 131,091 sq.m. together with Just Stay Resort. It has an aggregate GFA of approximately 44,521 sq.m.. It comprises 101 units of low-rise house. Currently, 39 out of the 101 units of low-rise house are operated as part of our Just Stay Resort, but may be sold in future. Each property is equipped with a private hot spring pool.

The project is developed by Guangzhou Jingye. Guangzhou Jingye entered into the relevant land use rights transfer agreement in December 2007 and had paid the consideration of approximately RMB52.9 million in full. The relevant land use rights certificate was obtained in September 2009 and the certificate of completion of this project was obtained in October 2016. As at the Valuation Date, there was 22,117 sq.m. of saleable GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	July 2014
Actual completion date	October 2016
Development costs incurred as at 30 June 2019	RMB289.6 million
Total saleable/leasable GFA completed	22,677 sq.m.
Total saleable/leasable GFA completed and sold	560 sq.m.
Percentage of total saleable/leasable GFA sold	2.5%

Lingshui

JY Clearwater Bay No. 3 (景業清水灣3號)

JY Clearwater Bay No. 3 (景業清水灣3號) is a property project located in Lingshui Lizu Autonomous County, Hainan. The project consists of five phases which were all completed. The project is developed by Hainan Jingye. We acquired the relevant land of phases I to III of this project through acquiring the entire equity interest of Hainan Jingye and has paid the consideration of RMB70.0 million in full. In February 2017, Hainan Jingye acquired the land parcels for phases VI and VII through participating in listing-for-sale activities. The land premium for the land parcels for Phase VI and VII were RMB169.6 million and RMB129.6 million, respectively, which have been settled in full.

4. JY Clearwater Bay No. 3 Phase I (景業清水灣3號第一期)

JY Clearwater Bay No. 3 Phase I (景業清水灣3號第一期) is a residential property project situated at Lingshui Lizu Autonomous County, Hainan. It is encompassed by golf courses with rich greenery. It occupies a total site area of approximately 83,375 sq.m. and an aggregate GFA of approximately 39,491 sq.m. It comprises two blocks of residential buildings with seven storeys and 139 units of low-rise house.

Two relevant land grant contracts of this project phase were entered into in December 2013 and January 2014 respectively and the total land premium of approximately RMB129.4 million had been paid in full. The relevant land use rights certificates were obtained in September 2014 and the completion inspection filing of this project was obtained in December 2015. As at the Valuation Date, there was 333 sq.m. of saleable GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	July 2014
Actual completion date	December 2015
Development costs incurred as at 30 June 2019	RMB480.7 million
Total saleable/leasable GFA completed	33,412 sq.m.
Total saleable/leasable GFA completed and sold	33,079 sq.m.
Percentage of total saleable/leasable GFA sold	99.0%

5. JY Clearwater Bay No. 3 Phase II (景業清水灣3號第二期)


JY Clearwater Bay No. 3 Phase II (景業清水灣3號第二期) is a residential property project situated at Lingshui Lizu Autonomous County, Hainan. It occupies a total site area of approximately 67,770 sq.m. and an aggregate GFA of approximately 28,081 sq.m.. It comprises two blocks of residential buildings with six to seven storeys and 120 units of low-rise house.

The relevant land grant contract was signed in January 2014 and the total land premium of approximately RMB111.1 million had been paid in full. Relevant land use rights certificate was obtained in September 2014 and the certificates of completion of this project was obtained in December 2016. As at the Valuation Date, there was 566 sq.m. of saleable GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	October 2015
Actual completion date	December 2016
Development costs incurred as at 30 June 2019	RMB376.8 million
Total saleable/leasable GFA completed	26,489 sq.m.
Total saleable/leasable GFA completed and sold	25,923 sq.m.
Percentage of total saleable/leasable GFA sold	97.9%

6. JY Clearwater Bay No. 3 Phase III (景業清水灣3號第三期)

JY Clearwater Bay No. 3 Phase III (景業清水灣3號第三期) is a residential property project located in Lingshui Lizu Autonomous County, Hainan, and is in proximity to coastline and mountains. It occupies a total site area of approximately 121,631 sq.m. and an aggregate GFA of approximately 89,981 sq.m.. It consists of four blocks of residential buildings with 16 to 24 storeys and 236 units of low-rise house.

Two relevant land grant contracts were signed in December 2013 and January 2014 respectively and the total land premium of approximately RMB186.6 million had been paid in full. Relevant land use rights certificates were obtained in March 2016. Construction of this project commenced in September 2016 and certificate of completion was obtained in July 2018. As at the Valuation Date, there was nil GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	September 2016
Actual completion date	July 2018
Development costs incurred as at 30 June 2019	RMB751.7 million
Total saleable/leasable GFA completed	77,626 sq.m.
Total saleable/leasable GFA completed and sold	77,626 sq.m.
Percentage of total saleable/leasable GFA sold	100.0%

7. JY Clearwater Bay No. 3 Phase VI (景業清水灣3號第六期)

JY Clearwater Bay No. 3 Phase VI (景業清水灣3號第六期) is a residential property project located in Lingshui Lizu Autonomous County, Hainan. It provides scenery of golf courses and coastline. It occupies a total site area of approximately 58,823 sq.m. and an aggregate GFA of approximately 28,284 sq.m.. It is expected to consist of three blocks of residential buildings with 15 storeys and 108 units of low-rise house.

We entered into the relevant land grant contract in February 2017 and had paid the total land premium of approximately RMB169.6 million in full. We obtained the relevant land use rights certificate in June 2017. Construction of this project commenced in July 2017 and completed in June 2019. We commenced the pre-sale of this project in December 2017. As at the Valuation Date, there was 5,517 sq.m. of saleable GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	July 2017
Actual completion date	June 2019
Development costs incurred as at 30 June 2019	RMB353.4 million
Total saleable/leasable GFA completed	23,683 sq.m.
Total saleable/leasable GFA sold	18,166 sq.m.
Percentage of total saleable/leasable GFA sold	76.7%

Since 1 July 2019, we estimate that we will incur additional development costs of approximately RMB11.6 million for the completion of the project.

8. JY Clearwater Bay No. 3 Phase VII (景業清水灣3號第七期)

JY Clearwater Bay No. 3 Phase VII (景業清水灣3號第七期) is a residential property project located in Lingshui Lizu Autonomous County, Hainan. It is encompassed by golf courses with rich greenery. It occupies a total site area of approximately 48,471 sq.m. and an aggregate GFA of approximately 23,352 sq.m.. It is expected to consist of three blocks of residential buildings with 14 storeys and 76 units of low-rise house.

We entered into the relevant land grant contract in February 2017 and had paid the total land premium of approximately RMB129.6 million in full. We obtained the relevant land use rights certificate in June 2017. The construction of this project commenced in December 2017 and completed in June 2019. We commenced the pre-sale of this project in March 2018. As at the Valuation Date, there was 19,519 sq.m. of saleable GFA unsold.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	December 2017
Actual completion date	June 2019
Development costs incurred as at 30 June 2019	RMB253.9 million
Total saleable/leasable GFA completed	19,519 sq.m.
Total saleable/leasable GFA sold	—
Percentage of total saleable/leasable GFA sold	—

Since 1 July 2019, we estimate that we will incur additional development costs of approximately RMB23.9 million for the completion of the project.

Guangzhou

9. JY Donghuzhou Haoyuan (景業東湖洲豪園)

JY Donghuzhou Haoyuan (景業東湖洲豪園) is a residential property project situated at Nansha Free Trade Zone, Guangzhou, Guangdong which is in proximity to Nanheng station of Guangzhou Metro Line No. 4. It occupies a total site area of approximately 59,302 sq.m. and an aggregate GFA of approximately 116,629 sq.m.. It is expected to consist of 10 blocks of residential buildings with 15 to 17 storeys.

The project is developed by Guangzhou Nansha Donghuzhou and 30% of the interest is attributable to our Group. The relevant land transfer contract was entered into by Guangzhou Panyu Qiaozhen Lanshan Printing Factory* (廣州市番禺區橋鎮欖山印刷廠) with the land office of Guangzhou Nansha Economic and Technology Development Zone* (廣州南沙經濟技術開發區) in September 2002 to acquire the plot of land and the total land premium of approximately RMB5.2 million had been paid in full. Subsequently, Guangzhou Panyu Qiaozhen Lanshan Printing Factory transferred the plot of land to Guangzhou Nansha Donghuzhou as part of its capital contribution to Guangzhou Nansha Donghuzhou. Relevant land use rights certificate was obtained in June 2011. We entered into the relevant sales and purchase agreement with two individuals (who were Independent Third Parties) in September 2016 for the acquisition of 30% equity interest in Guangzhou Nansha Donghuzhou and we had paid the consideration of approximately RMB33.4 million in full. In March 2015, Guangzhou Nansha Donghuzhou was issued the notice of ascertainment of idle land which ascertained the land in which JY Donghuzhou Haoyuan were located to be idle land.

In January 2016, Guangzhou Nansha Donghuzhou received a notice in which it was ordered to commence construction within six months from the date of the notice or the land will be resumed. Subsequently, Guangzhou Nansha Donghuzhou applied to defer the construction commencement date as local villagers obstructed the construction work. In July 2016, National Land Resources and Planning Bureau of Nansha, Guangzhou approved the application to postpone construction commencement after the project site is cleared. In June 2017, Guangzhou Nansha Donghuzhou was ordered to pay an idle land fee in the amount of approximately RMB1.0 million, which has been paid in full by Guangzhou Nansha Donghuzhou.

Our Directors considered that such non-compliance would not have a material operational or financial impact on us. As Guangzhou Nansha Donghuzhou is an associated company and the idle land fee has been paid in full, no provision was made in our financial statements for such non-compliance.

The construction of this project commenced in June 2016 and is completed in May 2019. We commenced the pre-sale of this project in April 2018.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	30%
Construction period	
Actual commencement date	June 2016
Actual completion date	May 2019
Development costs incurred as at 30 June 2019	RMB346.5 million
Total saleable/leasable GFA completed	47,549 sq.m.
Total saleable/leasable GFA completed and sold	—
Percentage of saleable/leasable GFA sold	—
Total saleable/leasable GFA to be completed	59,459 sq.m.
Total saleable/leasable GFA pre-sold	2,945 sq.m.
Percentage of total saleable/leasable GFA pre-sold	5.0%

Since 1 July 2019, we estimate that we will incur additional development costs of approximately RMB264.9 million for the completion of the project.

Zhongshan

10. Zhongshan Yueying Xincheng (中山悦盈新城)

Please see paragraphs headed "Commercial properties held for sale" in this section for details of these properties, which were completed commercial properties acquired by us through acquiring Zhongshan Yueheng and held for sale.

Properties Under Development

Qingyuan

JY Grand Garden (景業雍景園) is a residential property project in Qingyuan. The project consists of three phases. Phase I was under development while phases II and III were held for future development as at the Valuation Date. The project is developed by Yingde Shanhuju, of which the Group acquired a majority interest in October 2017. As at the Latest Practicable Date, our Group held 100% interest in Yingde Shanhuju. Phase I and phase II of the project share two plots of land with aggregate site area of approximately 67,812 sq.m, while phase III of the project has a site area of approximately 26,340 sq.m..

The total land premium for the plots of land shared by phase I, phase II and phase III of the project was approximately RMB67.4 million and had been paid in full. The relevant land use rights certificates were obtained in December 2013.

We did not commence the development and construction of our JY Grand Garden Phase I within the prescribed deadline specified in the land grant contract due to (i) issues relating to house demolishment and relocation compensation had not yet been resolved by the relevant government authority; (ii) the neighbouring factory encroached part of the land; and (iii) there were a number of amendments on town planning by the relevant government authority.

In November 2016, (i) we were issued with the notice of ascertainment of idle land* (閒置土地認定書) which ascertained the land in which JY Grand Garden Phase I were located to be idle land; and (ii) we entered into a supplemental agreement to the land grant contract with the relevant government authority which extended the commencement and completion dates of the construction work for our JY Grand Garden Phase I to November 2017 and November 2019. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, (i) we had not been required by the relevant government authority to pay idle land fee; (ii) the relevant land had not been forfeited; and (iii) we had not been penalised for idling the relevant land.

Part of the land parcel on which JY Grand Garden Phase III was situated was originally the living area (生活區) of a factory site. The land was resumed by local government from the then residents and sold to Yingde Shanhuju. According to the relevant land resumption decision of the local government, residents of the resumed area may select to receive either monetary compensation or property of the same size in the resettlement properties to be constructed by Yingde Shanhuju ("**Resettlement Properties**") in exchange for its resumed property. Site area of the Resettlement Properties were approximately 4,077.1 sq.m. and was not included in the site area of JY Grand Garden Phase III. Pursuant to an agreement between our Group and the three minority shareholders of Yingde Shanhuju, who were the original shareholders of Yingde Shanhuju before our Group acquired a majority interest in it ("**Original Shareholders**"), the Original Shareholders shall be responsible for the construction, exchange and sale of the Resettlement Properties in the name of Yingde Shanhuju. The Original Shareholders shall also bear the costs of construction of, retain the rights to deal with, and receive the profit (if any) from the Resettlement Properties. As advised by our PRC Legal Advisers, such agreement between our Group and the Original Shareholders were legal and effective. Accordingly, the Group did not incur any costs and is not expected to have any gain or loss due to the Resettlement Properties.

11. JY Grand Garden Phase I (景業雍景園一期)

JY Grand Garden Phase I (景業雍景園一期) is a residential property project located in Qingyuan, Guangdong. It occupies a total site area of approximately 67,812 sq.m. together with Phase II. Total GFA of this project phase was approximately 261,289 sq.m.. It is expected to consist of 10 blocks of residential buildings with 30 to 33 storeys. There will also be a kindergarten in the project phase.

The construction of this project commenced in July 2018 and is expected to be completed in December 2019. We commenced pre-sale of this project in January 2019.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	July 2018
Estimated completion date	December 2019
Development costs incurred as at 30 June 2019	RMB370.6 million
Total saleable/leasable GFA planned to be completed	253,740 sq.m.
Total saleable/leasable GFA pre-sold	45,069 sq.m.
Percentage of total saleable/leasable GFA pre-sold	17.8%

Since 1 July 2019, we estimate that we will incur additional development costs of approximately RMB627.9 million for the completion of the project.

12. JY Grand Garden Phase II (景業雍景園二期)

JY Grand Garden Phase II (景業雍景園二期) is a residential property project located in Qingyuan, Guangdong. It occupies a total site area of approximately 67,812 sq.m. together with Phase I. The GFA of this project phase is approximately 176,076 sq.m.. It consists of eight blocks of residential buildings with 30 to 33 storeys.

The construction for this project commenced in September 2019 and is estimated to complete in June 2021. We plan to commence pre-sale of this project in May 2020.

Interest attributable to our Group	100%
Construction period:	
Actual commencement date	September 2019
Estimated completion date	June 2021
Development costs incurred as at 30 June 2019	RMB69.3 million
Total saleable/leasable GFA to be completed	176,076 sq.m.
Total saleable/leasable GFA pre-sold	—
Percentage of total saleable/leasable GFA pre-sold	—

Since 1 July 2019, we expect to incur additional development costs of approximately RMB569.4 million for the completion of the project phase.

Tengchong

JY Gaoligong Town (景業高黎貢小鎮)

JY Gaoligong Town (景業高黎貢小鎮) is a property project located in Tengchong, Baoshan, Yunnan. According to the C&W Report, Yunnan is another place favoured by customers from Northern China after Hainan because of the mild climate, good air quality and natural environment. It is planned that the project will consist of three phases. Phase I and Phase II were under development while phases III was held for future development. The project is developed by Tengchong Jingye. We entered into four relevant land grant contracts in January 2018 and had paid the total land premium of approximately RMB91.5 million in full. We obtained the relevant land use rights certificate in May 2018. The project occupies a total site area of approximately 252,047 sq.m..

13. JY Gaoligong Town Phase I (景業高黎貢小鎮一期)

JY Gaoligong Town Phase I (景業高黎貢小鎮一期) is a residential property project located in Tengchong, Yunnan. It has an aggregate GFA of approximately 127,784 sq.m.. It is expected to consist of 285 units of low-rise houses, ten blocks of residential buildings with 11 storeys and seven blocks of residential buildings with seven storeys and two commercial buildings.

The construction of this project commenced in September 2018 and is expected to be completed in December 2019. We commenced pre-sale of this project in November 2018.

Details of this project as at the Valuation Date is as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	September 2018
Estimated completion date	December 2019
Development costs incurred as at 30 June 2019	RMB284.7 million
Total saleable/leasable GFA to be completed	121,805 sq.m.
Total saleable/leasable GFA pre-sold	37,553 sq.m.
Percentage of total saleable/leasable GFA pre-sold	30.8%

Since 1 July 2019, we estimate that we will incur additional development costs of approximately RMB466.7 million for the completion of the project phase.

14. JY Gaoligong Town Phase II (景業高黎貢小鎮二期)

JY Gaoligong Town Phase II (景業高黎貢小鎮二期) is a residential property project located in Tengchong, Yunnan. It occupies a site area of 252,047 sq.m. together with JY Gaoligong Town Phase I and Phase III. It has an aggregate GFA of approximately 113,842 sq.m. and is planned to comprise 203 units of low-rise houses, ten blocks of residential buildings with 16 storeys and two blocks of residential buildings with 11 storeys.

The construction for part of this project commenced in April 2019 and construction is expected to complete in June 2020. We plan to commence pre-sale of this project in December 2019.

Details of this project as at the Valuation Date is as follow:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	April 2019
Estimated completion date	June 2020
Development costs incurred as at 30 June 2019	RMB33.3 million
Total saleable/leasable GFA for which construction has commenced	23,608 sq.m.
Total saleable/leasable GFA pre-sold	—
Percentage of saleable/leasable GFA pre-sold	—
Total GFA for which construction is yet to be commenced	113,842 sq.m.

Since 1 July 2019, we estimate that we will incur additional development costs of approximately RMB660.2 million for the completion of the project phase.

Zhuzhou

JY Mountain Lake Gulf (景業山湖灣)

JY Mountain Lake Gulf (景業山湖灣) is a residential and commercial property project located in Hetang District, Zhuzhou, Hunan. It comprises three plots of land with a total site area of approximately 209,190 sq.m.. We acquired three plots of land through participating in the listing-for-sale organised by the local government authority and have entered into land grant contracts with 株洲國土資源局 (Zhuzhou City Land Resources Bureau) in respect of the three plots of land. The three plots of land had a site area of 101,175.33 sq.m. ("**Land Lot 100**"), 85,260.26 sq.m. ("**Land Lot 111**") and 22,754.3 sq.m. ("**Land Lot 99**"). The consideration of Land Lot 100, Land Lot 111 and Land Lot 99 were RMB594.9 million, RMB447.6 million and RMB136.5 million, respectively. District government of Hengtang District, Zhuzhou City has issued a letter to Natural Resources and Planning Bureau of Zhuzhou in support of the application of Zhuzhou Jingye for delay in payment of the remaining amount of land premium to 28 June 2019. The land premium of Land Lot 99, Land Lot 100 and Land Lot 111 have been paid up in full as at the Latest Practicable Date. We have obtained two land use rights certificates in respect of Land Lot 100. As advised by our PRC Legal Advisers, there is no material legal impediment for us to obtain the land use rights of the remaining two plots of land as long as we pay the land premium together with the relevant taxes in full in accordance with such contracts and government's approval for postponement of grant premium payment date. The project is to be developed by Zhuzhou Jingye, which is wholly-owned by our Group.

15. JY Mountain Lake Gulf Phase I (景業山湖灣一期)

JY Mountain Lake Gulf Phase I (景業山湖灣一期) is a residential property project located in Hetang District, Zhuzhou, Hunan. It occupies a site area of approximately 101,175 sq.m. together with Phase II and has a total GFA of approximately 131,556 sq.m.. The project offers four blocks of residential buildings with 26 storeys, one block of residential building with 31 storeys, three blocks of residential buildings with 32 storeys and certain commercial premises.

The construction of this project commenced in February 2019 and is expected to be completed in July 2020. We commenced the pre-sale of this project in March 2019.

Details of this project as at the Valuation Date are as follows:

Interest attributable to our Group	100%
Construction period	
Actual commencement date	February 2019
Estimated completion date	July 2020
Development costs incurred as at 30 June 2019	RMB425.1 million
Total saleable/leasable GFA to be completed	126,238
Total saleable/leasable GFA pre-sold	14,957
Percentage of total saleable/leasable GFA pre-sold	11.8%

Since 1 July 2019, we estimate that we will incur additional development costs of approximately RMB274.6 million for the completion of the project phase.

Zhaoqing

Zhaoqing International Technology and Innovation Centre (肇慶國際科創中心)

Zhaoqing International Technology and Innovation Centre (肇慶國際科創中心) is a mixed commercial and residential property project located in Zhaoqing, Guangdong. It occupies a total site area of approximately 74,201 sq.m. and a planned aggregate GFA of approximately 228,185 sq.m. It is planned to consist of a technology and innovation centre and accompanying residential properties. The project is planned to be developed by Zhaoqing Jingyue, a company in which we held 90% equity interest through Guangzhou Jingyue as at the Latest Practicable Date. Zhaoqing Jingyue acquired the land through participating in the listing-for-sale activity organised by the local government authority and entering into a land grant contract with National Land Bureau of Zhaoqing City* (肇慶市國土資源局). Payment of the land premium of RMB566.0 million has been made in October 2019 and the two land use right certificates were obtained on 31 October 2019.

We have signed a cooperation agreement with our joint venture partner ("**Joint Venture Partner**") in respect of the project. Material terms of the cooperation agreement are summarised as follows:

Planned project	The international technology and innovation centre is planned to consist of office building, technology and innovation incubator and accelerator, exhibition and exchange centre, training centre, pre-listing tutoring centre, financial platform (funds), business recreation area and innovative talent complex, etc.
Roles and responsibilities of the parties	Guangzhou Yinong and the Joint Venture Partner shall set up a joint venture company that is held as to 10% by Guangzhou Yinong and 90% by the Joint Venture Partner. The joint venture company shall set up a project company to acquire land through listing-for-sale activity and develop the project on such land. After the project company acquired the relevant land for the project, the Joint Venture Partner shall transfer 80% interest in the joint venture company to Guangzhou Yinong. The joint venture company set up according to the cooperation agreement is Guangzhou Jingyue and the project company is Zhaoqing Jingyue. Zhaoqing Jingyue has acquired the project site and 80% interest in Guangzhou Jingyue had been transferred by the Joint Venture Partner to Guangzhou Yinong. Guangzhou Jingyue was owned as to 90% by our Group and 10% by the Joint Venture Partner as at the Latest Practicable Date. The Joint Venture Partner shall transfer the remaining 10% of its equity and interest to Guangzhou Yinong upon (i) the technology and innovation incubator of the project being recognised as a national incubator; and (ii) 2,000 sq.m. of the commercial properties of the international technology and innovation centre being transferred by the project company to the Joint Venture Partner within ten days after 50% of the gross floor area of Zhaoqing International Technology and Innovation Centre (Zone A) becomes saleable to the public.
Payment and expenses	Guangzhou Yinong shall be responsible for the operation expenses of the project company (other than those for the operation of the technology and innovation incubator), the land acquisition costs and land premium.
Termination	The cooperation agreement may be terminated under certain circumstances, including (i) the project company was not granted the relevant land because it is not qualified to participate in the listing-for-sale activity; (ii) the Joint Venture Partner failed to procure that the relevant land be listed-for-sale; and (iii) if there is another bidder in the listing-for-sale activity, the project company may give up bidding and terminate the cooperation agreement.

This project is planned to be divided into Zone A and Zone B and its development is to be conducted in two phases.

16. Zhaoqing International Technology and Innovation Centre (Zone B)

Zhaoqing International Technology and Innovation Centre (Zone B) is to be developed into residential properties, including residential area for future staff of the technology and innovation centre. It occupies a site area of approximately 44,816 sq.m. and has a planned aggregate GFA of approximately 149,632 sq.m..

Construction for this project phase commenced in September 2019 and is estimated to complete in March 2021. We plan to commence pre-sale of this project phase in December 2019.

Interest attributable to our Group	90%
Construction period:	
Actual commencement date	September 2019
Estimated completion date	March 2021
Development costs incurred as at 30 June 2019	RMB247.4 million
Total saleable/leasable GFA to be completed	146,396 sq.m.
Total saleable/leasable GFA pre-sold	—
Percentage of total saleable/leasable GFA pre-sold	—

Since 1 July 2019, we expect to incur additional development costs of approximately RMB802.0 million for the completion of the project phase. For details of Zone A of this project, please see paragraphs headed "Properties held for Future Development — Zhaoqing".

Projects held for future development

Guangzhou

17. JY Grandmark Building (景業名邦大廈)

JY Grandmark Building (景業名邦大廈) is planned to be a commercial property project located in Panyu District, Guangzhou, Guangdong. It occupies a total site area of approximately 8,194 sq.m. and has a planned GFA of approximately 19,610 sq.m..

The project is developed by Guangzhou Guangze. In September 2011, Guangzhou Guangze acquired two factory buildings with an aggregate GFA of approximately 3,321 sq.m. and had paid the aggregate consideration of approximately RMB8.0 million in full. The relevant property ownership certificates were obtained in November 2011. We acquired 90% equity interest in Guangzhou Guangze in March 2016 by capital injection in the amount of RMB9.0 million, which had been paid in full. Subsequently in April 2016, we acquired the remaining 10% equity interest from the then minority shareholders of Guangzhou Guangze at the aggregate consideration of RMB15.0 million. In May 2017, we acquired 2,300 sq.m. of the site area through acquiring the entire equity interest of Guangzhou Panyu Decheng and had paid the consideration of RMB4.95 million in full. The relevant land use rights certificate of the 2,300 sq.m. of land was obtained by Guangzhou Panyu Decheng in November 2000.

We plan to redevelop the entire site under the "redevelopment by land owner mode" of the "Urban Renewal Policy" for commercial purposes as office building. As at the Latest Practicable Date, we had applied for approximately 8,193.6 sq.m. of the project site to be included in the annual redevelopment plan under the "Urban Renewal Policy". For details of procedures to be taken under the "Urban Renewal Policy", please see "Our Property Development Business Process — Land Selection and Acquisition Process — Redevelopment under Urban Renewal Policy". It is estimated that the construction for this project will commence in June 2020 and complete in June 2022. We plan to commence pre-sale of this project in May 2021. As at 30 June 2019, we have incurred development costs of approximately RMB5.6 million and since then, we expect to incur additional development costs of approximately RMB373.8 million for the completion of the project.

18. JY Guangzhou Asian Games City Area Project (景業廣州亞運城板塊項目)

JY Guangzhou Asian Games City Area Project (景業廣州亞運城板塊項目) is planned to be a commercial property project located in Panyu District, Guangzhou, Guangdong. It occupies a total site area of approximately 16,747 sq.m. and a planned aggregate GFA of approximately 31,650 sq.m.. It is planned to be developed into commercial properties.

The project will be developed by Guangzhou Jianghe. We entered into the relevant sales and purchase agreement with two individuals who are independent third parties in April 2016 for the acquisition of Guangzhou Jianghe which is the holding company of the land lot at the consideration of approximately RMB11.8 million. Such consideration has been fully paid up. The relevant land use rights certificate was obtained in July 2001.

The project is planned to be developed under "Urban Renewal Policy". As at the Latest Practicable Date, we had applied for approximately 16,747 sq.m. of the project site to be included in the annual redevelopment plan under such policy. For details of procedures to be taken under the "Urban Renewal Policy", please see "Our Property Development Business Process — Land Selection and Acquisition Process — Redevelopment under Urban Renewal Policy"

It is estimated that the construction for this project will commence in June 2020 and complete in June 2022. We plan to commence pre-sale of this project in March 2021. As at 30 June 2019, we have incurred development costs of approximately RMB9.4 million and since then, we expect to incur additional development costs of approximately RMB523.7 million for the completion of the project.

Lingao

JY Well-being Valley (景業養生谷)

The project is developed by Hainan Xuanyu, a wholly-owned subsidiary of Guangzhou Pusheng which is in turn held as to 80% by to our Group and as to 20% by Guangzhou Tianjian Real Estate Development Co., Ltd.* (廣州天建房地產開發有限公司). Hainan Xuanyu acquired the land in November 2017 through listing-for-sale and had paid the land premium of approximately RMB71.0 million in full. The relevant land use rights certificate was obtained in April 2018. In August 2018, we acquired 80% equity interest of Guangzhou Pusheng by way of injection of capital in the amount of RMB4.0 million into Guangzhou Pusheng.

JY Well-being Valley is planned to be a residential project featuring leisure, vacation and health preservation concepts.

19. JY Well-being Valley Phase I (景業養生谷一期)

JY Well-being Valley Phase I (景業養生谷一期) is a residential property project located in Lingao County, Hainan. It occupies a total site area of approximately 28,779 sq.m. and a planned GFA of approximately 35,296 sq.m.. It is expected to consist of five blocks of residential buildings with six storeys and one block of residential building with four storeys.

Hainan Xuanyu commenced construction work for this project phase prior to the obtaining of the relevant construction work planning permit and construction work commencement permit. Therefore, the construction of this project was suspended as at the Latest Practicable Date. For details, see paragraphs headed "Non-compliance Incidents — 1. Commencement of construction prior to obtaining construction work planning permits or construction work commencement permit" in this section.

The construction is expected to resume in early December 2019 subject to all relevant permits being obtained and complete in June 2020. We plan to commence pre-sale of this project in late December 2019. As at 30 June 2019, we have incurred development cost of approximately RMB78.1 million and since then, we expect that we will incur additional development costs of approximately RMB92.4 million for the completion of the project.

20. JY Well-being Valley Phase II (景業養生谷二期)

JY Well-being Valley Phase II (景業養生谷二期) is a residential property project located in Lingao County, Hainan. It occupies a total site area of approximately 59,717 sq.m. and an aggregate GFA of approximately 101,230 sq.m.. It is expected to comprise 13 blocks of residential buildings with six storeys and two blocks of residential buildings with five storeys.

It is estimated that the construction of this project will commence in December 2019 and is expected to be completed in December 2020. We plan to commence pre-sale of this project in February 2020. As at 30 June 2019, we have incurred development costs of approximately RMB40.9 million and since then, we estimate that we will incur additional development costs of approximately RMB381.7 million for the completion of the project.

21. JY Well-being Valley Phase III (景業養生谷三期)

JY Well-being Valley Phase III (景業養生谷三期) is a residential property project located in Lingao County, Hainan. It occupies a total site area of approximately 51,513 sq.m. and has a planned aggregate GFA of approximately 63,144 sq.m.. It is planned to consist of 12 blocks of residential buildings with six storeys and one block of residential building with five storeys.

It is estimated that the construction for this project will commence in May 2020 and complete in June 2021. We plan to commence pre-sale of this project in October 2020. As at 30 June 2019, we have incurred development costs of approximately RMB28.4 million and since then, we expect to incur additional development costs of approximately RMB274.2 million for the completion of the project.

Qingyuan

22. JY Grand Garden Phase III (景業雍景園三期)

JY Grand Garden Phase III (景業雍景園三期) is planned to be a residential property project located in Qingyuan, Guangdong. It occupies a total site area of approximately 26,340 sq.m. and a planned aggregate GFA of approximately 118,531 sq.m..

The relevant land use rights certificate was issued in December 2013. The site area of the plot of land owned by Yingde Shanhuju and occupied by this project is 26,340 sq.m..

It is estimated that the construction for this project will commence in March 2021 and complete in September 2022. We plan to commence pre-sale of this project in October 2021. As at 30 June 2019, we have incurred development costs of approximately RMB82.4 million and since then, we expect to incur additional development costs of approximately RMB600.0 million for the completion of the project.

23. JY Canglong Bay Project (景業藏龍灣項目)

JY Canglong Bay Project (景業藏龍灣項目) is planned to be a residential property project located in Qingyuan, Guangdong. It occupies a total site area of approximately 75,287 sq.m. and was a planned aggregate GFA of approximately 225,862 sq.m..

The project is developed by Yingde Sangyuan. In November 2017, we acquired 80% equity interest of Yingde Sangyuan by way of injection of capital in the amount of RMB41.6 million into Yingde Sangyuan. Two relevant land grant contracts were entered into in May 2015 and the total land premium of approximately RMB46.6 million had been paid in full. The relevant land use rights certificates were obtained in October 2015.

Yingde Sangyuan did not commence the development and construction of JY Canglong Bay Project within the prescribed deadline specified in the land grant contract. The failure to commence construction within prescribed deadline was due to unresolved issues relating to land resumption and house demolishment and the relevant government authority was unable to deliver the relevant land to us. In June 2017, the local government of Yinghong Town of Yingde issued a certification to the National Land Resources Bureau of Yingde (英德市國土資源局) confirming that they were unable to deliver the relevant land to us because of unresolved issues relating to land acquisition and house demolishment.

In October 2018, the Bureau of Land and Resource of Yingde issued a notice of ascertainment of idle land in respect of the project site. Development of the land cannot be commenced as there are unresolved issues relating to land resumption and house demolishment, which is caused by the government. In March 2019, the Bureau of Land and Resource of Yingde issued a confirmation which stated that, among others, it has decided to extend the prescribed deadline for commencing development to 23 October 2019.

Our Directors confirm that (i) the relevant land parcel has not been delivered to us as at the Latest Practicable Date and therefore we were unable to commence construction within the prescribed deadline; (ii) we are communicating with the local government from time to time and will request for certification that the land has not been delivered to us if and when the Bureau of Land and Resources of Yingde inquired into the status of the land. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, (i) we had not been required by the relevant government authority to pay idle land fee; (ii) the relevant land had not been forfeited; and (iii) we had not been penalised for idling the relevant land.

It is estimated that the construction for this project will commence in December 2019 and complete in November 2021. We plan to commence pre-sale of this project in November 2020. As at 30 June 2019, we have incurred development costs of approximately RMB95.4 million and since then, we expect to incur additional development costs of approximately RMB1,049.8 million for the completion of the project.

24. JY Yonghua Shijia Project (景業雍華世家項目)

JY Yonghua Shijia Project (景業雍華世家項目) is planned to be a residential property project located in Qingyuan, Guangdong. It occupies a total site area of approximately 60,877 sq.m. and has a planned aggregate GFA of approximately 182,630 sq.m..

The project is developed by Yingde Jinkun. We acquired the entire equity interest of Yingde Jinkun, which is the holding company of the land lot, at the consideration of approximately RMB17.6 million in July 2018. The relevant land grant contract was entered into in October 2014 and the total land premium of approximately RMB37.5 million had been paid in full. The relevant land use rights certificate was obtained in January 2015.

Pursuant to a notice on ascertainment on idle land issued by National Land Resources Bureau of Yingde, the plot of land held by Yingde Jinkun was ascertained as idle land, which was due to unresolved dispute in land resumption. On 10 November 2017, Yingde Jinkun entered into a supplemental land grant contract with National Land Resources Bureau of Yingde. Pursuant to the supplemental land grant contract, the prescribed deadline for commencing development of the land was 10 November 2018. In May 2019, the People's Government of Yinghong Town issued a confirmation, which stated that development of the project cannot commence in accordance with the prescribed deadline because there was a grave yet to be relocated and the treatment of a flood drain that located in the project site has not been determined by the relevant government authority ("**Relevant Issues**").

On 10 June 2019, the National Land Resources Bureau of Yingde issued a notice to remind us to commence development of the land on or before 10 November 2019. On 8 November 2019, the People's Government of Yinghong Town issued a confirmation that the Relevant Issues have not been resolved and construction can only commence after all Relevant Issues are resolved. Our Directors confirmed that during the Track Record Period and up to the Latest Practicable Date, (i) we had not been required by the relevant government authority to pay idle land fee; (ii) the relevant land had not been forfeited; and (iii) we had not been penalised for idling the relevant land.

It is estimated that the construction for this project will commence in December 2019 and complete in November 2020 subject to the above issues having been resolved. We plan to commence pre-sale of this project in March 2020. As at 30 June 2019, we have incurred development costs of approximately RMB86.5 million and since then, we expect to incur additional development costs of approximately RMB849.3 million for the completion of the project.

25. JY Qingyuan City Jinxiong Project (景業清遠市金雄項目)

JY Qingyuan City Jinxiong Project (景業清遠市金雄項目) is planned to be a residential property project located in Qingyuan, Guangdong. It occupies a total site area of approximately 160,314 sq.m. and has a planned aggregate GFA of approximately 400,784 sq.m..

The project is developed by Yingde Jinxiong. The relevant land use rights certificates were obtained in January 1996, February 2012 and May 2014. As at the Latest Practicable Date, Yingde Jinxiong was wholly-owned by Yingde Jingye. The consideration paid by Yingde Jingye for the acquisition of the entire equity interest of Yingde Jinxiong was approximately RMB84.3 million.

Pursuant to the land use rights certificates held by Yingde Jinxiong, the total area of the relevant plots of land was 165,495 sq.m.. Within the plots of land, approximately 11,144 sq.m. were occupied by roads of the city ("**Road Occupied Land**") and approximately 5,181 sq.m. overlapped with the site area of an adjacent factory ("**Overlapped Land**"). There were also certain offices and factory buildings on the land held by Yingde Jinxiong ("**Jinxiong Properties**").

As at the Latest Practicable Date, compensation for the Road Occupied Land has not been determined by the National Land Department. As the Road Occupied Land and the Overlapped Land together represented less than 10% of the total site area and that the situation has been taken into account in determining the consideration paid for acquiring Yingde Jinxiong, our Directors are of the view that such Road Occupied Land and Overlapped Land do not have any material adverse impact on our business, results of operations and financial position. Pursuant to an agreement between Yingde Jingye and the former shareholders of Yingde Jinxiong, the former shareholders shall have the right to occupy and lease the Jinxiong Properties at nil costs until 31 July 2019 and shall be responsible for returning the Jinxiong Properties together with the land to our Group by 31 December 2019.

We plan to redevelop the land under "Urban Renewal Policy". As at the Latest Practicable Date, we have obtained approval for redevelopment of approximately 37,898 sq.m. of the project site under "Urban Renewal Policy". As advised by our PRC Legal Advisers, we may develop these 37,898 sq.m. of land according to the approved redevelopment proposal after our redevelopment proposal has been approved and relevant land transfer procedures have been completed. Details of the procedures are set out in "Our Property Development Business Process — Land Selection and Acquisition Process — Redevelopment under Urban Renewal Policy — Qingyuan — JY Qingyuan City Jinxiong Project".

It is estimated that the construction for this project will commence in August 2021 and complete in May 2023. We plan to commence pre-sale of this project in May 2022. As at 30 June 2019, we have incurred development costs of approximately RMB112.6 million and since then, we expect to incur additional development costs of approximately RMB2,028.6 million for the completion of the project.

Tengchong

26. JY Gaoligong Town Phase III (景業高黎貢小鎮三期)

JY Gaoligong Town Phase III (景業高黎貢小鎮三期) is a residential property project located in Tengchong, Yunnan. Together with phase I and phase II, it occupies a site area of 252,047 sq.m.. It has a planned aggregate GFA of approximately 68,893 sq.m.. It is planned to comprise four blocks of residential buildings with 16 storeys and four blocks of residential buildings with 11 storeys.

It is estimated that the construction for this project will commence in January 2020 and complete in January 2021. We plan to commence pre-sale of this project in May 2020. As at 30 June 2019, we have incurred development costs of approximately RMB8.3 million and since then, we expect to incur additional development costs of approximately RMB267.8 million for the completion of the project.

Zhuzhou

27. JY Mountain Lake Gulf Phase II (景業山湖灣二期)

JY Mountain Lake Gulf Phase II (景業山湖灣二期) is a residential property project located in Hetang District, Zhuzhou, Hunan. It occupies a site area of approximately 101,175 sq.m. together with Phase I and has a planned aggregate GFA of approximately 236,787 sq.m.. It is planned to consist of one block of residential building with 26 storeys, one block of residential building with 29 storeys, ten blocks of residential building with 32 storeys and certain commercial premises.

It is estimated that the construction for this project will commence in January 2020 and complete in June 2021. We plan to commence pre-sale of this project in March 2020. As at 30 June 2019, we have incurred development costs of approximately RMB372.1 million and since then, we expect to incur additional development costs of approximately RMB869.8 million for the completion of the project phase.

28. JY Mountain Lake Gulf Phase III (景業山湖灣三期)

JY Mountain Lake Gulf Phase III (景業山湖灣三期) is a residential property project located in Hetang District, Zhuzhou, Hunan. It occupies a site area of approximately 85,260 sq.m. and has a planned aggregate GFA of approximately 213,147 sq.m..

It is estimated that the construction for this project will commence in December 2020 and complete in June 2022. We plan to commence pre-sale of this project in October 2021. As at 30 June 2019, we have incurred development costs of approximately RMB242.5 million and since then, we expect to incur additional development costs of approximately RMB1,299.0 million for the completion of the project phase.

29. JY Mountain Lake Gulf Phase IV (景業山湖灣四期)

JY Mountain Lake Gulf Phase IV (景業山湖灣四期) is a commercial property project located in Hetang District, Zhuzhou, Hunan. It occupies a site area of approximately 22,754 sq.m. and has a planned aggregate GFA of approximately 91,016 sq.m..

It is estimated that the construction for this project will commence in September 2020 and complete in August 2022. We plan to commence pre-sale of this project in April 2021. As at 30 June 2019, we have incurred development costs of approximately RMB142.0 million and since then, we expect to incur additional development costs of approximately RMB477.6 million for the completion of the project phase.

30. Zhaoqing International Technology and Innovation Centre (Zone A)

Zhaoqing International Technology and Innovation Centre (Zone A) is planned to be developed into business and commercial properties comprising technology and innovation centre shop premises and commercial apartments. It occupies a site area of approximately 29,385 sq.m. and has a planned aggregate GFA of approximately 111,662 sq.m.. Pursuant to the co-operation agreement with the Joint Venture Partner, 2,000 sq.m. of the commercial properties in Zone A will be transferred to the Joint Venture Partner.

It is estimated that the construction for this project phase will commence in December 2019 and complete in December 2021. We plan to commence pre-sale of this project phase in August 2020. As at 30 June 2019, we have incurred development costs of approximately RMB146.1 million and since then, we expect to incur additional development costs of approximately RMB780.2 million for the completion of the project phase.

JY Maofengshan Project (景業帽峰山項目)

We acquired 60% interest in the project through acquiring Guangzhou Xinfang. Guangzhou Xinfang is wholly-owned by Guangzhou Chungyu, which is held as to 60% by us and 40% by two shareholders. The two shareholders are passive investors. The project will be developed by Guangzhou Xinfang, and 60% of the interest of this project is attributable to our Group. It is planned to be a commercial project and has a total site area of approximately 170,216 sq.m..

Collectively-owned Land Use Rights

When we acquired 60% equity interest in Guangzhou Xinfang and its wholly-owned subsidiary Guangzhou Haobang in 2017, they had entered into the following agreements with various collective economic organisations:

(1) a collectively-owned land use right transfer agreement (集體用地使用權出讓協議) in respect of 55 mu of land ("**Maofengshan Land A01**"), which forms the site area of our JY Maofengshan Project Phase I; and

(2) 21 land operation right contracting agreements (土地承包合同) for an aggregate of approximately 5,991 mu of collectively-owned land, which include, among others, the 133,000 sq.m. (approximately 200 mu) of land that are used as part of the site area our JY Maofengshan Project.

Among the 133,000 sq.m. (approximately 200 mu) of land, 57,981 sq.m. ("**Maofengshan Land A02**") are the site area of Phase III, 29,618 sq.m. ("**Maofengshan Land A03**") are the site area of Phase II and 45,401 sq.m. ("**Maofengshan Land A04**") are the site area of Phase IV. The approximately 5,791 mu of remaining land are not currently planned for construction purposes ("**Remaining Land**").

The collective economic organisations are contractors of the land while Guangzhou Xinfang is the contractee. Based on our experience, the collective economic organisations have assisted in completing the approval processes of the transfer agreement and contracting agreements.

Principal terms of the agreements of Maofengshan Land A01 and Maofengshan Land A02-A04 are as follow:

	Maofengshan Land A01	**Maofengshan Land A02-A04**
Parties	(1) Joint Economic Organisation of Toubei Village, Taihe Town, Baiyun District, Guangzhou	(1) Collective Economic Organisation No. 6 of Toubei Village, Taihe Town, Baiyun District, Guangzhou
	(2) Guangzhou Xinfang	(2) Guangzhou Xinfang
Land	55 mu of collectively-owned construction land	125 mu of collectively-owned agricultural land and 2,550 mu of collectively-owned forest land (total 2,675 mu of land) among which 133,000 sq.m. (approximately 200 mu) are Maofengshan Land A02-A04, the remaining 2,475 mu of land forms part of the Remaining Land
Term	50 years ending 12 August 2059	50 years ending 31 December 2058
Assets recognised as project under development as at 30 June 2019	RMB241.6 million recognised for Maofengshan Land A01-A04.	

Within the 5,791 mu of Remaining Land contracted under 21 land operation right contracting agreements, 2,475 mu of Remaining Land were contracted by us under the same contracting agreement under which we contracted the Maofengshan Land A02 to A04, while 3,316 mu of Remaining Land were contracted by us under 20 land operation right contracting agreements as discussed above.

As advised by our PRC Legal Advisers,

(i) the maximum term for contracting land operation right of agricultural land is 30 years under the PRC laws and regulations. Accordingly, for the agricultural land comprising part of Maofengshan Land A02-A04, the term of the land operation right contracting agreement exceeding 30 years is invalid;

(ii) the approval process for collectively-owned land use rights transfer agreement comprises seven steps: (1) the collective economic organisation should submit its transaction intention to grant use of collectively owned construction land to the governmental bodies of the relevant town or street; (2) the transaction plan should be preliminarily approved by governmental bodies of the relevant town or street. Upon preliminary approval, such governmental bodies should further submit the transaction plan to governmental bodies of the relevant district for approval; (3) the transaction plan should be approved by at least two-third (2/3) of the members of a meeting of collective economic organisation or a meeting of the village representatives, and the approval should be officially published; (4) the relevant documents should be filed to the governmental body of the relevant town or street; (5) the Asset Management Platform should announce the proposed transaction for bidding; and (6) the grantee of the collectively owned construction land should be determined and the transaction result should be announced; and (7) parties to the transaction should sign the land use rights transfer agreement and file the agreement to governmental bodies of town or street for record (steps (1) to (7) collectively, "**Transfer Agreement Approval Process**");

(iii) after completion of the Transfer Agreement Approval Process, payment of land premium and relevant taxes in accordance with the transfer agreement, and obtaining the relevant land use right certificate, Guangzhou Xinfang enjoys the right of use of the relevant plot of land in accordance with the land use right certificate;

(iv) all land operation right contracting agreements shall be (1) approved by at least two-third (2/3) of the members of a meeting of collective economic organisation or a meeting of the village representatives ("**Villagers Approval**"), and (2) approved by local government or registered on the relevant Asset Management Platform (steps (1) and (2) together, "**Contracting Agreement Approval Process**"). Without completing the above procedures, the land operation right contracting agreements may be terminated;

(v) as advised by our PRC Legal Advisers, there are no specific criteria or requirements imposed by the relevant regulations for our Group to complete the Transfer Agreement Approval Process and Contracting Agreement Approval Process; and

(vi) according to the PRC Village Land Contracting Law* (《中華人民共和國農村土地承包法》), a contractor of land (發包人) may not repossess contracted land during the term of the contracting agreement. Where a contractor repossesses the land against the law, it is civilly liable to, among others, compensate the damage suffered by the contractee (承包人). Where the contracted land is resumed, occupied or repossessed by law, a contractee shall receive reasonable compensation.

Maofengshan Land A01

The land use right transfer agreement in respect of Maofengshan Land A01 had been approved by local village representatives and was registered on the relevant Asset Management Platform as "leased". However Maofengshan Land A01 was not construction land when the land use right transfer agreement was signed (notwithstanding that the agreement purported to transfer 55 mu of construction land to Guangzhou Xinfang). The Transfer Agreement Approval Process was not completed.

As at the Latest Practicable Date, the collective economic organisation has obtained the property ownership certificate* (不動產權證書) and land use right certificate (土地使用證) for Maofengshan Land A01 as construction land with the area of 37,216 sq.m.. As advised by our PRC Legal Advisers, to obtain land use right of Maofengshan Land A01, the Transfer Agreement Approval Process set out above shall be followed. After completion of the said process, payment of land premium and relevant taxes in accordance with the transfer agreement and obtaining the relevant land use right certificate, Guangzhou Xinfang may develop the land as construction land.

Maofengshan Land A02 to A04

The Contracting Agreement Approval Process of the land operation right contracting agreement for the land including of Maofengshan Land A02 to A04 as agricultural land and forest land has been completed. As advised by our PRC Legal Advisers, as the Contracting Agreement Approval Process has been completed, Guangzhou Xinfang has the rights of operation of those parcels of land as agricultural land and forest land.

In December 2017, Guangzhou Xinfang entered into a cooperation agreement ("**Cooperation Agreement**") with the local village committee and the collective economic organisation of Toubei Town, Baiyun District, Guangzhou ("**Toubei Town Organisations**") in respect of the development of its collectively owned land. Pursuant to the Cooperation Agreement, Toubei Town Organisation shall, among others, assist Guangzhou Xinfang to obtain, develop and operate Maofengshan Land A02 to A04, while Guangzhou Xinfang shall, among others, bears costs such as the land resumption cost of RMB38.4 million to resume Maofengshan Land A02 to A04 from Collective Economic Organisation No. 6 of Toubei Village, and after which, Guangzhou Xinfang it no longer required to pay contracting fee under the contracting agreement with Collective Economic Organisation No. 6 of Toubei Village, Taihe Town, Baiyun District, Guangzhou. The term of the Cooperation Agreement is 40 years and it has been approved by the Toubei Village representative meeting. As at 30 June 2019, Guangzhou Xinfang has paid land resumption costs of RMB35.4 million under the Cooperation Agreement which was recognised as part of our project under development as at 30 June 2019.

As at the Latest Practicable Date, the collective economic organisation has obtained (i) construction land planning permit for Maofengshan Land A02 with the area of 57,981 sq.m; (ii) construction land planning permit for Maofengshan Land A03 with the area of 29,618 sq.m.; (iii) project site selection opinion* (建設項目選址意見書) for Maofengshan Land A04 in the area of 45,401 sq.m.. Accordingly, Maofengshan Land A02 and A03 are now construction land. As advised by our PRC Legal Advisers, after Maofengshan Land A04 is converted into construction land and the collective economic organisation obtains the property ownership certificate and land use right certificates for Maofengshan Land A02-A04, the Transfer Agreement Approval Process set out above shall be followed for Guangzhou Xinfang to obtain the relevant land use rights. After completion of the said process, payment of land premium and relevant taxes in accordance with the transfer agreement and obtaining the relevant land use right certificate, Guangzhou Xinfang may develop the land as construction land.

Remaining Land

The approximately 5,791 mu of Remaining Land are not currently planned for development. Once the local government changed the zoning of the Remaining Land to be construction land, we will take steps to apply for the Remaining Land to be converted into construction land. Among the 21 land operation right contracting agreements that cover the 5,791 mu of land:

(i) the Contracting Agreement Approval Process for nine agreements covering approximately 4,601 mu of agricultural land, forest land and mountain land have been completed, and recognised as part of our right-of-use assets of approximately RMB231.3 million and lease liabilities of approximately RMB53.2 million as at 30 June 2019.

The rights-of-use assets of approximately RMB231.3 million is being amortised throughout the remaining legal term of the respective contracting agreements according to the effective interest rate;

(ii) five agreements covering approximately 398 mu of agricultural land have a term exceeding 30 years. Accordingly, as advised by our PRC Legal Advisers, the term exceeding 30 years is invalid; and

(iii) for 12 contracting agreements covering approximately 1,190 mu of agricultural land, forest land, mountain land and bare land, there was no proof that all steps of the Contracting Agreement Approval Process were completed. In particular, (a) for nine agreements covering approximately 1,076 mu of land, there was no proof of Villagers' Approval but such agreements have been approved by town government or registered on the Asset Management Platform; (b) for two agreements covering 28 mu of land, Villagers' Approval was obtained but there was no proof of approval by town government or registration on relevant Asset Management Platform; and (c) for one agreement covering 86 mu of land, there was no proof for Villagers' Approval, approval by town government or registration on relevant Asset Management Platform.

As advised by our PRC Legal Advisers, these 12 land operation rights contracting agreements may be terminated, and in such event, the 1,190 mu of Remaining Land will have to be returned to the relevant collective economic organisation and no further contracting fee is payable by us. Termination of these 12 agreements will not affect the validity of the nine agreements covering 4,601 mu of Remaining Land.

According to the 12 land operation right contracting agreements that may be terminated, the aggregate annual contracting fees paid by our Group for FY2018 was RMB1.2 million and that for 1H2019 was RMB0.9 million. For the 12 contracting agreements that may be terminated, no assets was recognised as at 30 June 2019.

Our Directors confirm that to their best information, knowledge and belief, no objection has been raised by the villagers of local villages on the 12 contracting agreements up to the Latest Practicable Date, and on such basis, our Directors consider that the risk of the contracting agreements being terminated are relatively low. In the event that the contracting agreements for the 1,190 mu of land are terminated, on the basis that the 1,190 mu of land are not currently designated for construction purposes, and the amount of annual contracting fees were immaterial, our Directors consider that there will be no material adverse impact on our business operations, results of operation and financial conditions.

Construction Permits and Subsequent Transfer for Maofengshan Land A01-A04

As advised by our PRC Legal Advisers, the land use rights of Maofengshan Land A01 to A04 were owned by the relevant collective economic organisations until (i) the collectively-owned construction land use rights transfer agreements are signed between Guangzhou Xinfang and the collective economic organisations; (ii) the Transfer Agreement Approval Process for such agreements are completed and (iii) we obtain the land use right certificate. Until then, all relevant proposal, permits and filings (such as construction work planning permit, construction work commencement permit, construction work completion filings) have to be filed under the name of the collective economic organisation that owns the land. After we have obtained the land use rights of Maofengshan Land A01 to A04, we can develop our JY Maofengshan Project. Upon completion of the project, the property developed can be operated not exceeding the remainder of the term of the relevant land use right transfer agreement, subject to applicable laws and regulations of the PRC.

As at the Latest Practicable Date, construction work planning permit in respect of Maofengshan Land A01, and the construction land planning permit for Maofengshan Land A02 and A03 have been obtained by the relevant collective economic organisations. Construction Work Commencement Permit in relation to Maofengshan Land A01 was issued in the names of both Guangzhou Xinfang and the relevant collective economic organisation. The project site selection opinion for Maofengshan Land A04 has also been issued to the relevant collective economic organisation.

According to the C&W Report, it took relevant parties approximately four years to complete a successful case of transfer of land use right of collective-owned land in Baiyun District, Guangzhou in 2016, although the time required for each case depends on the circumstances specific to the relevant parcel of collectively-owned land. Further, the People's Government of Baiyun District of Guangzhou promulgated the Measures on the Management of Collectively-owned Construction Land Use Rights in Baiyun District of Guangzhou (《廣州市白雲區集體建設用地使用權流轉管理辦法(試行)》) on 20 September 2018, which established a series of more specific procedures in transfer of land use rights that are applicable to Maofengshan Land, thereby giving more certainty and clarity in practice. Taking into account the time frame of the successful precedent case, the new laws and regulations applicable to the transfer of Maofengshan Land being promulgated in late 2018, and the general industry experience of the Directors, the Directors are of the view the Transfer Agreement Approval Process of Maofengshan Land A01 to A04 are still being conducted within ordinary time frame required for such land transfer, and the land transfer and project development were not excessively prolonged.

Our Directors considered that there is no practical impediment in completing the Transfer Agreement Approval Process or obtaining the approvals and permits for construction of Maofengshan Land A01 to A04 because:

(1) the original agreement to contract out the right of operation of Maofengshan Land A01 was approved by local village members or representatives as a land use right transfer agreement of construction land, our Directors therefore consider that it is unlikely that local village members or representatives will later disapprove the land use rights transfer agreement after the land is actually converted to construction land;

(2) as advised by our PRC Legal Advisers, as we have signed a land use right transfer agreement for Maofengshan Land A01 and the Cooperation Agreement for Maofengshan Land A02 to A04, in the event that a third party obtains land use right of Maofengshan Land A01 to A04, we may claim for damages from the collective economic organisations or Toubei Town Organisations according to the relevant laws and regulations and the relevant agreements or from the winning bidder of those parcels of land if we signed a compensation agreement with the bidder as discussed in the paragraphs above. The Directors are of the view that the collective economic organisations or Toubei Town Organisations, being the owner of Maofengshan Land A01 to A04 which is a valuable asset, can gain from resuming and developing the land themselves or transferring the land use right of the land to a third party. Further, Guangzhou Xinfang had paid land transfer/resumption fee to the collective economic organisations or Toubei Town Organisations. Thus, the collective economic organisations or Toubei Town Organisations would be financially capable of paying damages to us in the event that a third party obtains the land use right of Maofengshan Land A01 to A04. The Directors consider that in such circumstances, the winning bidder of those parcels of land would also have financial resources to pay damages to us under the compensation agreement we entered into with the bidder because where the collective economic organisations impose a condition for the winning bidder to sign a compensation agreement with us, if the bidder does not possess the financial capability to compensate us in the event it wins the bid, it fails to fulfil the criteria to participate in the bidding of the land on the Asset Management Platform in the first place. Further, pursuant to the terms and conditions of the Deed of Indemnity, our Controlling Shareholders have undertaken to indemnify our Group against any losses which we may suffer in the unlikely event that a third party obtains the land use right of Maofengshan Land A01 to A04, but the collective economic organisations or Toubei Town Organisations, or the winning bidder of those parcels of land are incapable of paying damages to us;

(3) the transaction plan of Maofengshan Land A01 had already been submitted to the governmental body of Baiyun District for approval (step (2) of the Transfer Agreement Approval Process). As advised by our PRC Legal Advisers, once approval has been obtained, and steps (3), (4) and (5) of the Transfer Agreement Approval Process have been completed, our Group will be able to take part in the bidding to obtain Maofengshan Land A01 for development;

(4) the Directors confirm that nothing has come to their attention that cause them to believe that the collective economic organisation will refuse to sign the land use rights transfer agreements with our Group;

(5) our Directors confirm that we have been involved in the process of application for the relevant construction permits, including the construction work planning permit and construction work commencement permit in respect of Maofengshan Land A01 and the construction land planning permit for Maofengshan Land A02 and A03. Construction work commencement permit in relation to Maofengshan Land A01 was issued in the names of both Guangzhou Xinfang and the relevant collective economic organisation; and

(6) on the basis that (i) there are no specific criteria or requirements imposed by the relevant regulations for our Group to complete the Transfer Agreement Approval Process and Contracting Agreement Approval Process; (ii) there are established procedures to complete the aforesaid approval process; (iii) the Group and the Toubei Town Organisation have taken and are taking steps to complete the aforesaid approval process of Maofengshan Land A01; and (iv) there was a precedent successful case in obtaining the land use rights of collectively-owned land in Baiyun District, Guangzhou, our PRC Legal Advisers are of the view that as long as we follow the Transfer Agreement Approval Process and obtain the land use right certificate, there is no legal impediment in obtaining the land use rights of Maofengshan Land A01 to A04.

In the event that there is delay in obtaining all relevant approvals and permits (including, without limitation, completing the Transfer Agreement Approval Process for Maofengshan Land A01 – A04, and obtaining land use right certificates and construction permits) for JY Maofengshan Project, the development, completion and lease of the properties forming the said project will be delayed, but there will also be delay in incurring relevant development costs.

As advised by our PRC Legal Advisers, in the event that during the Transfer Agreement Approval Process:

(a) if (i) the relevant collective economic organisation develop any of Maofengshan Land A01 to A04 by itself in breach of its agreement with Guangzhou Xinfang[(2)]; or (ii) relevant approvals and permits for construction of the JY Maofengshan Project cannot be obtained due to the relevant collective economic organisation, leading to non-performance of the agreement signed by the relevant collective economic organisation with Guangzhou Xinfang, then according to the PRC Contract Law, Guangzhou Xinfang may terminate the relevant agreement, and demand the relevant collective economic organisation to refund land transfer/resumption fee paid and make full compensation for amounts paid by Guangzhou Xinfang for the relevant collective economic organisation in relation to the relevant Maofengshan Land. Guangzhou Xinfang also has the right to demand reasonable compensation from the relevant economic organisation for compensation it paid to local villagers regarding the relevant Maofengshan Land, and for loss it suffered (e.g. capital cost);

(b) if the relevant collective economic organisation[(1)] imposes a condition in the announcement of proposed transaction regarding Maofengshan Land A01, A02, A03 or A04 on the Asset Management Platform (step (5) of the Transfer Agreement Approval Process) for the winning

(1) For Maofengshan Land A01, the relevant collective economic organization is the Joint Economic Organisation of Toubei Village, Taihe Town, Baiyun District, Guangzhou. For Maofengshan Land A02 – A04, the relevant organisation is Toubei Town Organisations.

(2) For Maofengshan Land A01, the relevant agreement is the land use right transfer agreement. For Maofengshan Land A02 – A04, the relevant agreement is the Cooperation Agreement.

bidder to sign an agreement ("**Compensation Agreement**") with Guangzhou Xinfang regarding the compensation to be made to Guangzhou Xinfang for its investment on the parcel of Maofengshan Land that is the subject matter of the proposed Transaction ("**Relevant Maofengshan Land**"), Guangzhou Xinfang can demand the winning bidder for the Relevant Maofengshan Land to compensate it according to the Compensation Agreement;

(c) if the relevant collective economic organisations refuse to include such bidding condition set out in (b) above, Guangzhou Xinfang may raise objection regarding the announcement of proposed transaction being published on the Assets Management Platform on the basis that it has signed the land use right transfer agreement or the Cooperation Agreement regarding the Relevant Maofengshan Land with the relevant collective organisation;

(d) if a third party wins the bid for the Relevant Maofengshan Land notwithstanding the objection set out in (c) above having been made, such that there is no Compensation Agreement, and the agreement that the relevant collective economic organisation signed with Guangzhou Xinfang cannot be performed, then Guangzhou Xinfang may terminate the relevant agreement, and demand compensation from the relevant collective economic organisation as set out in (a) above.

We will take step to procure the collective economic organisation to include the bidding condition set out in paragraph (b) above to better safeguard our investment in Maofengshan Land A01 to A04. Our Directors are of the view that (i) the collective economic organisations are highly unlikely to choose to retain the land use right and develop Maofengshan Land A01 to A04 by themselves as they are not property developers and that we have been cooperating with them in the development of those parcels of land; and (ii) as having Compensation Agreements made between Guangzhou Xinfang and bidders reduce the risk of the collective economic organisation of having to compensate Guangzhou Xinfang in case a third party wins the land bid, the collective economic organisations are likely to be willing to include the condition set out in paragraph (b) above.

In the unlikely event that the relevant approvals and permits for (including, without limitation, completing the Transfer Agreement Approval Process for Maofengshan Land A01 – A04, and obtaining land use right certificates and construction permits) JY Maofengshan Project cannot be obtained, we will explore alternative plans as appropriate, such as entering into profit sharing agreements with the collective economic organisation or Toubei Town Organisations, or selling our interest in Guangzhou Xinfang, to mitigate the adverse impact on our business operations and financial conditions. Despite we had incurred the total development costs of RMB241.6 million for the JY Maofengshan Project as at 30 June 2019, we may also claim for compensation and refund pursuant to the PRC Contract Law as advised by our PRC Legal Advisers and set out in paragraphs (a) to (d) above. Out of the total development costs of approximately RMB241.6 million, approximately RMB153.2 million were (i) consideration of land transfer or land resumption costs to the collective economic or Toubei Town Organisation; and (ii) the actual development costs that our Group had paid on behalf of the collective economic organisation or Toubei Town Organisations, including items such as compensation paid to villagers and various fees and expenses incurred for land use conversion and application for construction related permits, etc.. Assuming that (i) the refund and compensation in the amount of RMB153.2 million, together with relevant estimated capital costs of RMB36.5 million, that we may demand pursuant to the PRC Contract Law are fully recovered; (ii) our Group has not breached the agreement entered into with the collective economic organisations or Toubei Town Organisations; and (iii) there has been no material change in the PRC

Contract Law, our Directors estimate that the risk exposure of Guangzhou Xinfang before considering tax effect would be approximately RMB51.8 million and that after considering tax effect would be approximately RMB38.9 million. Such amount of risk exposure of Guangzhou Xinfang represents 0.5% of our total assets as at 30 June 2019. As Guangzhou Xinfang is owned as to 60% by our Group, the risk exposure attributable to our Company would be approximately RMB23.3 million, representing 3.2% of the equity attributable to owners of the Company as at 30 June 2019.

Our Directors also considered that in the unlikely event that the relevant approvals and permits (including the Transfer Agreement Approval Process) in respect of Maofengshan Land A01-A04 cannot be obtained, there is no material adverse impact on our business, results of operation or financial position due to the following reasons:

(1) the GFA of Maofengshan Land A01 to A04 did not form part of our land bank as at the Valuation Date, and was not significant in comparison to our total land bank of approximately 3.0 million sq.m. attributable to us as at the Valuation Date;

(2) even if there is no feasible alternative plan to mitigate the impact, Guangzhou Xinfang can claim for compensation and refund pursuant to the PRC Contract Law as discussed in the paragraphs above; and

(3) as discussed above, risk exposure (after tax) of Guangzhou Xinfang will represent 0.5% of our total assets as at 30 June 2019, while risk exposure attributable to our Company will represents 3.2% of our equity as at 30 June 2019.

Subject to completion of the Transfer Agreement Approval Process in respect of Maofengshan Land A01-A04, construction of JY Maofengshan Project is planned to be conducted in four phases. It is expected that the additional development costs to be incurred for each phase of this project (except for Phase I) will only be incurred from the respective construction commencement date. Maofengshan Land A01 has already obtained the construction work commencement permit as at the Latest Practicable Date. According to our Group's project planning:

Phase I will be situated on Maofengshan Land A01. It has a site area of 37,216 sq.m. and a planned GFA of 26,957 sq.m.. It is planned to be comprised of 26 blocks of commercial buildings with three storeys. Construction for this project has commenced in July 2019 and is expected to complete in June 2020. As at 30 June 2019, we have incurred development costs of approximately RMB75.2 million and since then, we expect to incur additional development costs of approximately RMB174.3 million for the completion of this project phase when the Transfer Agreement Approval Process is completed. It is currently expected that the process will be completed in December 2019.

Phase II will be situated on Maofengshan Land A03. It has a site area of 29,618 sq.m. and a planned GFA of approximately 17,551 sq.m.. It is estimated that the construction for this project phase will commence in June 2020 and complete in September 2021. As at 30 June 2019, we have incurred development costs of approximately RMB36.0 million and since then, we expect to incur additional development costs of approximately RMB142.3 million for the completion of this project phase.

Phase III will be situated on Maofengshan Land A02. It has a site area of 57,981 sq.m. and a planned GFA of approximately 69,577 sq.m.. It is estimated that the construction for phase III will commence in January 2021 and complete in June 2022. As at 30 June 2019, we have incurred development costs of approximately RMB82.1 million and since then, we expect to incur additional development costs of approximately RMB399.3 million for the completion of this project phase.

Phase IV will be situated on Maofengshan Land A04. It has a site area of 45,401 sq.m.. It is estimated that the construction for Phase IV will commence in September 2021 and complete in December 2022. As at 30 June 2019, we have incurred development costs of approximately RMB48.3 million and since then, we expect to incur additional development costs of approximately RMB191.2 million for the completion of this project phase.

Our Disposed Property Projects

Peng Chau Project in Hong Kong

The project is held by Well Power and is a residential and commercial property project situated at Land Lot No. 678 in Demarcation District at Peng Chau, Hong Kong. It occupies a total site area of 5,200 sq.m.. The residential portion of the property has a total GFA of approximately 3,191.9 sq.m. and the commercial portion of the property has a total GFA of approximately 1,909.4 sq.m.. The property comprises (i) 26 houses including 10 town houses of two storeys; (iii) 16 duplex units with two storeys; (iii) a 2-storey residential block with seven walk up units on each of the ground floor and the first floor; and (iv) a 2-storey commercial block served by a lift. Well Power held the land under a government lease for 50 years from 27 September 2012. We obtained the occupation permit in December 2017.

The Group entered into a sale and purchase agreement on 30 June 2018 (as supplemented by an agreement dated 5 October 2018) to dispose of the Peng Chau project (through disposal of Sure Fine, the holding company of Well Power) in line with the Group's business objective to focus on its businesses in the PRC. Please see "History and Development — Reorganisation — Part 2 of the Reorganisation: Disposals — Disposal of Sure Fine and Well Power" for further details of the disposal. The disposal was legally and properly completed on 18 October 2018. We recorded gains on disposal of subsidiaries of approximately RMB203.0 million for FY2018 due to disposal of Sure Fine.

Zhongxin Zhishicheng Project (中新知識城項目)

Zhongxin Zhishicheng Project was planned to be a residential property project located in Huangpu Guangzhou, Guangdong. We acquired interest in the project in December 2018. It was planned to be developed by Guangzhou Qiri. Immediately before our disposal of interest in the project, (i) Guangzhou Qiri was held as to 90.0% by Guangzhou Wanjing and 10.0% by Zhongxin Guangzhou Zhishicheng Investment and development Company Limited* (中新廣州知識城投資開發有限公司); (ii) Guangzhou Wanjing was in turn held as to 77.8% by Guangzhou Jinghong and 22.2% by Guangzhou Vanke Land Co., Ltd.* (廣州萬科置業有限公司); and (iii) Guangzhou Jinghong was held by Guangzhou Yinong as to 50.1%, Guangzhou Henghui Investment Co., Ltd.* (廣州恒輝投資有限公司) ("**Guangzhou Henghui**") as to 31.9% and Guangzhou Juxi Investment Co., Ltd.* (廣州聚熹投資有限公司) as to 18.0%. Pursuant to the Articles of Association of Guangzhou Wanjing, certain matters, such as operating activities and financial policies, of Guangzhou Wanjing require unanimous approval of its directors and our Group could only appoint three directors of Guangzhou Wanjing (out of a total number of five directors). As such, our

Directors considered that our Group did not exercise control over Guangzhou Wanjing and therefore treated it as a joint venture of our Group in accordance with the relevant requirements under the HKFRS 10 "Consolidated Financial Statements" and HKFRS 11 "Joint Arrangement".

In May 2019, we entered into an agreement to dispose of our interest in the project to Guangzhou Henghui at the consideration of approximately RMB74.9 million through disposal of our equity interest in and shareholder's loan (without recourse) to Guangzhou Jinghong to Guangzhou Henghui. The consideration was determined based on the valuation of Guangzhou Jinghong by an independent valuer. The disposal was completed on 12 June 2019. Gain in the amount RMB59.7 million was recorded by our Group for this disposal. After completion of this disposal, our Group is not liable for any loans, borrowings and liabilities of Guangzhou Jinghong and its subsidiaries (including but not limited to Guangzhou Wanjing). Our Directors confirm that it is not our Group's strategy to invest in and subsequently dispose of property projects in relatively short time frame and we disposed of our interest in the project after consideration of the different views among the shareholders on development schedule and direction for development of the project, as well as the reward and risk of this equity investment. Our Directors confirm that during the approximately six month period which we held interest in the project, no joint venture agreement has been made by us with the business partners.

Commercial properties held for sale

Guangzhou Yinong entered into an agreement on 26 April 2019 with Zhongshan Longrui, Zhongshan Yuelai, Zhongshan Jingyue and Zhongshan Yueheng for Zhongshan Jingyue to acquire the entire equity interest in Zhongshan Yueheng at the consideration of approximately RMB118.5 million, which had been paid in full in September 2019. The consideration was based on the valuation of Zhongshan Yueheng by an independent valuer, namely Guangzhou Hongjian Assets Valuation Office* (廣州宏建資產評估事務所) ("**Guangzhou Hongjian**"), where fair value was used to account for the properties. Guangzhou Hongjian possesses the qualification certificate for assets valuation from the Department of Finance of Guangdong Province. Zhongshan Yueheng is held indirectly by Guangzhou Yinong as to 95% as at the Valuation Date.

The properties held by Zhongshan Yueheng are located in Zhongshan Yueying Xincheng (中山悅盈新城) in Zhongshan, Guangdong. According to the unaudited management accounts of Zhongshan Yueheng, for FY2016, FY2017 and FY2018, the number of leases made by Zhongshan Yueheng as landlord in respect of the commercial premises were 184, 270 and 199, with an aggregate GFA of approximately 23,466 sq.m., 34,003 sq.m. and 25,674 sq.m., respectively; and for FY2016, FY2017 and FY2018, Zhongshan Yueheng had sold and delivered nil, nil and 15 commercial premises with an aggregate GFA of approximately nil, nil and 826 sq.m., respectively. As at the Valuation Date, (i) the aggregate GFA of the unsold commercial properties held by Zhongshan Yueheng was 60,069 sq.m.; and (ii) the aggregate GFA of the sold commercial properties was 617 sq.m., which accounted for 1.0% of the commercial properties held by Zhongshan Yueheng.

Valuation of our commercial properties held for sale are set out as item 20 of "Group I — Completed properties held by the Group for sale in the PRC" in the Valuation Report in Appendix III to this prospectus.

Principal terms of the agreement are set out below:

Vendor	Zhongshan Longrui, which is a wholly-owned subsidiary of Zhongshan Yuelai. Zhongshan Yuelai is owned by Mr. Liu Huaxi, our Vice Chairman, and Mr. Chen Weike (陳偉科) in equal share.
Purchaser	Zhongshan Jingyue, which is a company established for this acquisition and is held by Guangzhou Yinong and Zhongshan Yuelai as to 95% and 5%, respectively. Upon completion of this acquisition, Zhongshan Jingyue will hold the entire equity interest of Zhongshan Yueheng.
Target	Zhongshan Yueheng
Assets to be acquired	the entire equity interest of Zhongshan Yueheng. As at 31 March 2019, Zhongshan Yueheng: (i) owned 395 commercial premises in Zhongshan with an aggregate GFA of 46,564.7 sq.m. ("**Commercial Properties Batch 1**"); (ii) had contracted to acquire 137 commercial premises in Zhongshan with an aggregate GFA of 14,639.1 sq.m., which were pending completion ("**Commercial Properties Batch 2**"); and (iii) had contracted to sell of 35 commercial premises within Commercial Properties Batch 1 with an aggregate GFA of 2,442.4 sq.m. at the consideration of RMB54.9 million, which were pending completion. RMB26.8 million out of the aggregate consideration of these sales was yet to be paid to Zhongshan Yueheng as at 31 March 2019. As at 31 March 2019, Zhongshan Yueheng also owned carpark spaces in Zhongshan with an aggregate GFA of 4,967.6 sq.m.. According to the agreement, the rights and liabilities in relation to these carpark spaces remain with Zhongshan Longrui and shall not be enjoyed or borne by Zhongshan Yueheng. Our PRC Legal advisers are of the view that such agreement is effective and enforceable under applicable PRC laws and regulations.
Consideration	approximately RMB118.5 million payable to Zhongshan Longrui
Basis of consideration	RMB12,500 per sq.m. for Commercial Properties Batch 1 and Commercial Properties Batch 2.

Pre-completion arrangements	Zhongshan Yueheng should dispose of its two subsidiaries before 30 May 2019 because their principal businesses, which are indoor children amusement park and market operation and management, respectively, are different from our Group's businesses and they do not engage in commercial property investment like Zhongshan Yueheng. The two subsidiaries were disposed on 28 April 2019 and 30 April 2019, respectively.
Payment and completion	Within three business days of the agreement, Guangzhou Yinong should provide RMB100.0 million to Zhongshan Jingyue for onward payment to Zhongshan Longrui as pre-payment ("**Pre-payment**"). Within three business days of pre-payment, documents for change of directors, supervisors and senior management of Zhongshan Yueheng shall be delivered to Zhongshan Jingyue. The pre-payment has been settled in full. On or before 30 May 2019, the entire equity interest shall be transferred to Zhongshan Jingyue and filings for transfer of equity interest, change in directors, supervisors and senior management shall be completed. ("**Stage 1 Completion**"). On or before 30 June 2019, Guangzhou Yinong shall provide RMB200.0 million to Zhongshan Jingyue for repayment of loans under which Commercial Properties Batch 2 were used as collateral. ("**Stage 2 Completion**"). On 28 May 2019, the parties entered into a supplemental agreement to postpone Stage 1 Completion to 30 June 2019 and Stage 2 Completion to 30 July 2019. Upon completion of the above steps, Guangzhou Yinong shall pay the remaining amount of the consideration (i.e. RMB18.5 million) to Zhongshan Longrui.

According to the agreement, 188 leases were made by Zhongshan Yueheng as landlord in respect of certain commercial premises with an aggregate GFA of 40,581.0 sq.m. as at 31 March 2019. The lease terms ranged between three months to 15 years. According to the agreement, the monthly rent of the leased shop premises ranged from RMB10 to RMB160 per sq.m.. As at the 31 March 2019, the occupancy rate of the shop premises was approximately 66.3%, calculated as the GFA subject to lease divided by the aggregate GFA of the Commercial Properties Batch 1 and Commercial Properties Batch 2. All the properties held by Zhongshan Yueheng are held-for-sale, and we may dispose the properties together with existing leases.

Excluding the two subsidiaries of Zhongshan Yueheng disposed of in April 2019, according to the unaudited management accounts of Zhongshan Yueheng, Zhongshan Yueheng recorded (i) revenue of RMB5.4 million, RMB15.2 million and RMB20.3 million for FY2016, FY2017 and FY2018, respectively; (ii) gross losses of RMB2.2 million, RMB2.1 million and RMB3.6 million for FY2016, FY2017 and FY2018, respectively; (iii) net losses of RMB15.3 million, RMB28.8 million and RMB36.3 million for FY2016, FY2017 and FY2018, respectively; and (iv) net liabilities of RMB15.1 million, RMB39.0 million and RMB74.9 million as at 31 December 2016, 2017 and 2018, respectively.

The major operation of Zhongshan Yueheng prior to its acquisition by our Group was the lease of self-owned commercial premises. The losses incurred by Zhongshan Yueheng from FY2016 to FY2018 were mainly due to the depreciation of the commercial premises and operation charges, which were charged to the cost of sales in the respective management accounts, exceeding the rental income during the relevant period. After the acquisition, the commercial premises held by Zhongshan Yueheng are treated as "commercial properties held for sale" and are stated at the lower of cost and net realisable value, which is not subject to depreciation. Therefore, notwithstanding its net liabilities position of RMB74.9 million as at 31 December 2018, Zhongshan Yueheng recorded a net assets position of RMB118.5 million as at the acquisition date as disclosed in the Accountant's Report set out in Appendix I to this prospectus. As the market value of our commercial properties stated in the "Property Valuation Report" in Appendix III to this prospectus is higher than the book value of the commercial properties, the Directors believe that our Group will make profit from the sale of such commercial properties in the future, assuming there is no adverse change to the market value of our commercial properties at the time of sale.

As advised by our PRC Legal Advisers, non-registration of lease does not affect the enforceability of the leases and will not affect the legality of our right to collect rent according to the lease agreement. The relevant government authority may request non-registration of lease be rectified and if parties of the leases fail to so rectify, a fine in the amount between RMB1,000 to RMB10,000 per non-registered lease agreement may be imposed. Our Directors confirmed that up to the Latest Practicable Date, we have not been requested by relevant government authorities to rectify any non-registration of lease, and no fine has been imposed due to non-registration of such leases. Our Directors considered that rental income that may be generated from such properties are immaterial to our business operations as a whole, and in the event that we are requested to rectify the non-registration of leases, we will take appropriate steps as requested by relevant government authorities to prevent imposition of material fine.

Revenue Breakdown by Projects

The following table sets forth the revenue generated from our completed projects and their percentage of our total revenue for the periods indicated:

		FY2016		FY2017		FY2018		1H2019	
		RMB million	*%*	*RMB million*	*%*	*RMB million*	*%*	*RMB million*	*%*
1.	JY Lychee Town Phase I (景業荔都第一期)	168.4	27.0	413.6	52.8	90.1	7.2	23.6	3.3
2.	JY Lychee Town Phase II (景業荔都第二期)	—	—	—	—	—	—	364.1	51.1
3.	JY Hot Spring Villas (景業瓏泉灣)	—	—	—	—	—	—	7.6	1.1
4.	JY Clearwater Bay No. 3 Phase I (景業清水灣3號第一期)	143.3	22.9	146.1	18.6	54.3	4.4	—	—
5.	JY Clearwater Bay No. 3 Phase II (景業清水灣3號第二期)	313.0	50.1	223.7	28.6	34.0	2.7	—	—
6.	JY Clearwater Bay No. 3 Phase III (景業清水灣3號第三期)	—	—	—	—	1,067.4	85.7	301.4	42.3
7.	Zhongshan Yueying Xincheng (中山悅盈新城)	—	—	—	—	—	—	7.4	1.0
8.	Others*(Note)*	—	—	—	—	—	—	8.4	1.2
Total		624.7	100.0	783.4	100.0	1,245.8	100.0	712.5	100.0

Note:

Others represented consulting income from property sales of JY Donghuzhou Haoyuan (景業東湖洲豪園), which our Group held 30% as at the Valuation Date.

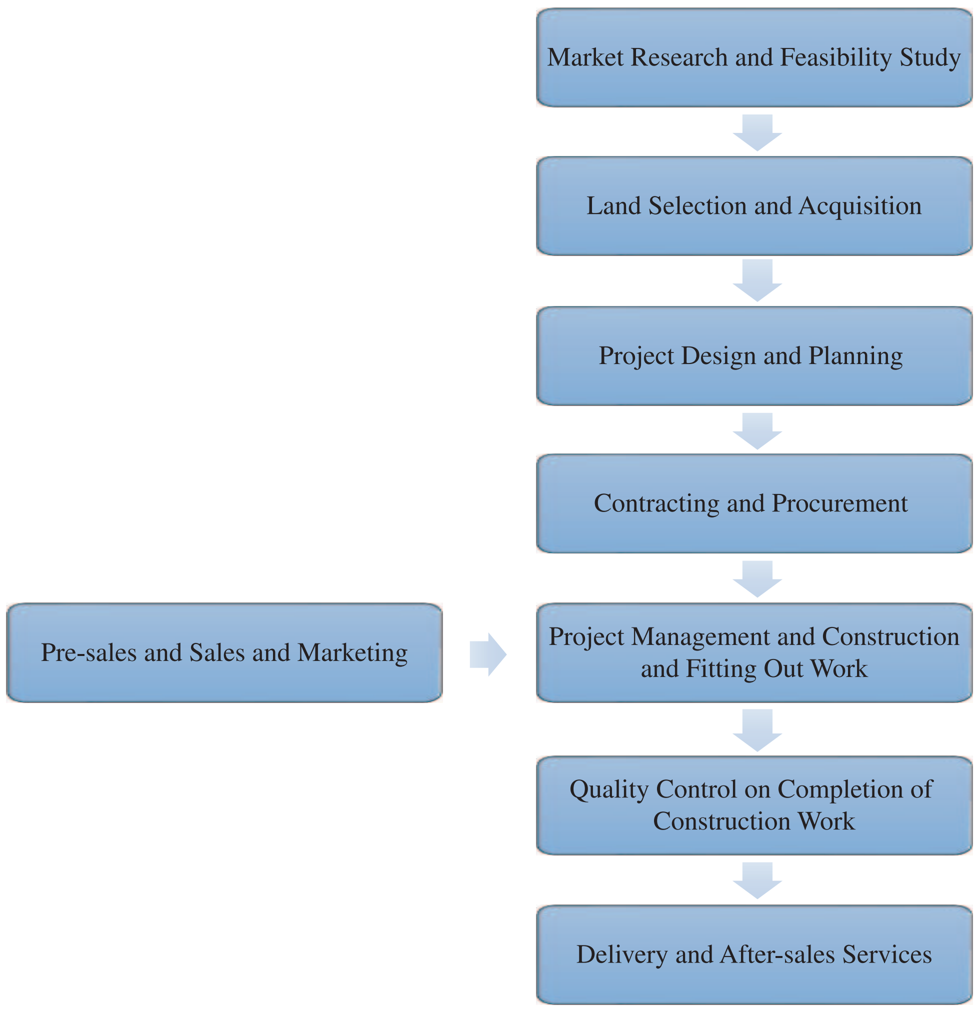
All land parcels used in developing the above projects were acquired through acquisition of equity interest in companies that held the relevant land. Land used in developing JY Lychee Town, JY Hot Spring Villas and Phases I to III of JY Clearwater Bay No. 3 was acquired from relatives of Mr. Michael Chan, one of our Controlling Shareholders, and are deemed connected persons of our Company pursuant to Rule 14A.21 of the Listing Rules. For details, please see “History and Development – Our Major Subsidiaries”. Land used in developing JY Donghuzhou Haoyuan was acquired from Independent Third Parties.

Our Hotels Properties

Other than our property development and sales business, we also engage in hotel operations and commercial properties investment. For further details, see “Business — Our Hotel Operations” and “Business — Our Commercial Properties Investment” in this prospectus.

OUR PROPERTY DEVELOPMENT BUSINESS PROCESS

The following flowchart depicts the business process for our property development business:



We have developed and maintained a systematic approach in the investment, planning, design, and development of our property projects. The following paragraphs show the different stages of our property development process:

Land Selection and Acquisition Process

We undertake a critical land selection process and we typically select sites for the development of our projects in satellite cities close to first-tier-cities as well as second-tier or third-tier cities in China which we believe to have strong prospects for growth. We have adopted an investment and project initiation system which sets out the main selection criteria of our Group in assessing potential land acquisition targets. The selection criteria includes both financial and risk considerations. On the financial aspect, we consider the estimated net profit, payback period, financing and funding of the potential project, etc., and assess whether the potential project can contribute positively to the financial performance of our Group. We also take into account the feasibility of the potential project and its compatibility with our Group's business development strategies, and the conditions to be fulfilled in acquiring the potential land site, and assess the operational, policy, legal and taxation risks involved in acquiring the potential land acquisition target.

Based on the overall business development strategies determined by our senior management, our investment centre and project companies continuously conduct market research on selected cities which we have operations or plan to expand into and collect relevant information such as the availability of suitable land lot and the land acquisition costs, potential customers and their demand, pricing trends and government policies, to identify potential opportunities for our projects. Our investment centre will then coordinate the site selection process with other functional centres and prepare an in-depth feasibility study of the potential site covering areas such as the potential cost and return, investment budget and risk control measures. For instance, our design centre evaluates the potential type and design of property products on the site; our financial centre reviews the budget and arrangement of funding; our sales centre estimates and provides suggestions as to the market and product positioning, selling price and sales period of properties; our costing centre provides cost assessment on projects under development which our Group would like to acquire; and our legal department provides legal opinion on the legal risks involved in pursuing the potential project. Our investment centre submits the feasibility study to our senior management committee which comprises our Directors and vice presidents of the design, financial, costing, construction and sales and marketing centre for final review and approval.

The key factors we consider in site selection include, but are not limited to:

- general economic conditions such as economic growth and vitality of the region, population density, market demand and supply, urbanisation growth rate, disposable income and purchasing power of local residents;

- policies, infrastructure, urban planning and development strategies of central and local governments;

- location of the site, its proximity to the city centre, its available natural resources, transportation network and access to public infrastructure and ancillary facilities;

- growth trend and competitive landscape of the local property market;

- suitability of the site for our product positioning and development prospects; and

- the estimated development costs and investment returns.

We primarily acquired our land reserves through (1) acquiring equity interest in companies that hold land parcels that fit our selection criteria; (2) participating in land tenders, auctions and listings-for-sale activities organised by government authorities; and (3) acquiring old factories for redevelopment under the "Urban Renewal Policy" (城市更新改造政策) during the Track Record Period.

Through acquiring equity interest

Where we identify suitable project sites, we may acquire equity interest in the company holding the land use right certificate or property ownership certificate of the land instead of acquiring the land parcel or the property. We may enter into share transfer agreement or capital injection agreement with the then shareholders of the relevant companies to acquire equity interest. We then pay consideration for the equity interest and arrange for filings to government authorities as appropriate to reflect the change in shareholding.

Tender, auctions and listings-for-sale

Where we participate in land auctions or listings-for-sale activities, upon winning, we sign a letter of transaction confirmation with the relevant government authority, and subsequently enter into a land grant contract in accordance with the time and venue specified in the letter of transaction confirmation. We then pay the land premium according to the terms of the land grant contract and apply for the land use rights certificate.

Redevelopment under Urban Renewal Policy

Land for three of our projects held for future development, namely, JY Grandmark Building, JY Guangzhou Asian Games City Area Project and JY Qingyuan City Jinxiong Project were old factory sites acquired by us and intended for redevelopment under the Urban Renewal Policy. JY Grandmark Building and JY Guangzhou Asian Games City Area Project are located in Guangzhou while JY Qingyuan City Jinxiong Project is located in Qingyuan. Implementation details of Urban Renewal Policy are different for different cities and the process applicable to our project sites are set out below.

Guangzhou — JY Grandmark Building, JY Guangzhou Asian Games City Area Project

Based on the Opinions on Promoting the "Three Old" Renewal and Promoting the Economical and Intensive Use of Land (關於推進「三舊」改造促進節約集約用地的若干意見) promulgated by the People's Government of Guangdong Province on 25 August 2009, the Measures for Urban Renewal of Guangzhou (廣州市城市更新辦法) promulgated by the People's Government of Guangzhou on 4 December 2015, and the Measures of Old Factories Renewal of Guangzhou (廣州市舊廠房更新實施辦法) promulgated by the People's Government of Guangzhou on 29 December 2015, land owner may apply for redevelopment under the Urban Renewal Policy if (i) the land use right was acquired or a building is constructed prior to 30 June 2007, (ii) the relevant land parcel is included in the "Three-old" Land Monitoring Database established by the local government, and (iii) the planned usage of the land under the town planning of the local government is confirmed to be changed from industrial use to non-industrial use. If the above criteria are satisfied, the land owner may apply for the land to be included in the annual redevelopment plan under the Urban Renewal Policy. The land owner shall then submit its redevelopment proposal for approval by relevant government authorities. We had applied for the relevant land of both projects to be included in the annual redevelopment plan under the Urban Renewal Policy as at the Latest Practicable Date.

Upon approval for inclusion of the relevant land of both JY Grandmark Building and JY Guangzhou Asian Games City Area Project in the annual redevelopment plan, (i) where the government approves our redevelopment proposal to redevelop the relevant land by ourselves, we have to go through the procedure of land grant by way of agreement, sign the land grant contract with the government, pay the supplementary land grant premium and change the land owner certificate. The relevant land is not subject to any public auction or listing-for-sale process; or (ii) where the government approves our redevelopment proposal for the relevant land to be resumed by the government, we have to sign the land transfer agreement with the government, transfer the old factories land to it, and cancel the registration of the certificate of the ownership of land. The government may then hold a public auction or listing-for-sale activity to grant the relevant land. We may also participate in the auction or listing-for-sale activity. Nevertheless, regardless of whether we participate in the auction or listing-for-sale activity, or fail to obtain the relevant land in the auction or listing-for-sale activity, the government will still pay compensation to us in accordance with the land transfer agreement entered into with us.

Based on the Measures for Old Factories Renewal of Guangzhou (廣州市舊廠房更新實施辦法), if the land is proposed to be redeveloped for residential use, it must be resumed by the government first, while if the land is proposed to be redeveloped for commercial use, the land may either be resumed by the government or redeveloped by the land owner after obtaining approval from relevant government authorities. We intend to apply for redevelopment of both JY Grandmark Building and JY Guangzhou Asian Games City Area Project by ourselves as land owner and the projects are planned to be developed into commercial properties. However, subject to (i) the compensation the government offers to us; (ii) the expected price of the relevant land in an auction or listing-for-sale activity held by the government; and (iii) outcome of our market research and feasibility study, we may apply for redevelopment of these two projects through resumption of land by the government.

Based on the Notice on Upgrading the "Three Old" Renewal to Promote the Economical and Intensive Use of Land (關於提升「三舊」改造水準促進節約集約用地的通知) promulgated by the People's Government of Guangdong Province on 14 September 2016, the Measures for Old Factories Renewal of Guangzhou (廣州市舊廠房更新實施辦法) promulgated by the People's Government of Guangzhou on 29 December 2015, where the land is approved to be redeveloped by the land owner, the land owner is required to (i) return no less than 15% of site area to the government, and (ii) pay the difference in land premium in respect of the unreturned land, which is calculated as the difference between the land premium of the resumed land as commercial use construction land and the actual land premium paid for resumed land, and adjusted for the unused portion of the term of the land grant. Where the land is resumed by the government, the land owner may receive compensation up to 50% of the land premium of the resumed land as residential use or commercial use construction land, as the case may be. The land owner may also participate in the public auction or listing-for-sale activity of the resumed land.

Qingyuan — JY Qingyuan City Jinxiong Project

Based on the Implementation Opinion on Promoting the Renewal of "Three Old" and Promoting the Economical and Intensive Use of Land (關於清遠市推進「三舊」改造促進節約集約用地實施意見) promulgated by the People's Government of Qingyuan on 25 June 2010, land owner of a plot of land may apply for redevelopment under the Urban Renewal Policy if it is (i) land in cities re-designated from manufacturing industry purpose to tertiary industry purpose (退二進三); (ii) land discontinued to be designated for use as factory sites of manufacturing industries under urban and rural planning; (iii) land used for factories that do not meet the requirements of safe production or environmental protection; or (iv) old town, old village and old factory sites designated for reform under national and provincial policies.

If the above criteria is satisfied, the land owner may apply for the land to be included in the annual redevelopment plan under the Urban Renewal Policy. The land owner shall then submit its redevelopment proposal for approval by relevant government authorities.

Based on the Notice of Upgrading the "Three Old" Renewal to Promote the Economical and Intensive Use of Land (關於提升「三舊」改造水準促進節約集約用地的通知) promulgated by the People's Government of Guangdong Province on 14 September 2016, the Implementation Opinion on Promoting the Renewal of "Three Old" and Promoting the Economical and Intensive Use of Land (關於清遠市推進「三舊」改造促進節約集約用地實施意見) promulgated by the People's Government of Qingyuan on 25 June 2010, for proposed redevelopment of old factory site for commercial, tourism, entertainment and residential purposes, the land owner may apply to redevelop the land by itself. The land owner is required to transfer no less than 15% of the site area to the government and paid supplemental land premium and relevant taxes. We intend to redevelop the land under JY Qingyuan City Jinxiong Project as an integrated residential and commercial project by ourselves. If our redevelopment plan has been approved by the government, we have to go through the procedure of land grant by way of agreement, sign the land grant contract with the government, pay the supplementary land grant premium and change the land owner certificate. The relevant land is not subject to any public auction or listing-for-sale process. Subject to (i) the compensation the government offers to us; (ii) the expected price of the relevant land in an auction or listing-for-sale activity held by the government; and (iii) outcome of our market research and feasibility study, we may also apply for redevelopment of the project through resumption of land by the government, in which we will sign the land transfer agreement with the government and cancel the registration of certificate of the ownership of land. The government should pay compensation to us in accordance with the relevant land transfer agreement and should hold a public auction or listing-for-sale activity to grant the relevant land. We may participate in such auction or listing-for-sale activity. As at the Latest Practicable Date, we have obtained approval for our 37,898.0 sq.m. of the project site to be included in the annual redevelopment plan.

Obtaining development rights of collectively-owned construction land

For our JY Maofengshan Project, we plan to obtain land use rights of collectively-owned construction land for our project development through entering into collectively-owned land use rights transfer agreements with collective economic organisations and completing the relevant approval process. As advised by our PRC Legal Advisers, the approval process for land use rights transfer agreement comprises seven steps: (1) the collective economic organisation should file its intention to grant use of collectively owned construction land and submit the transaction plan to the Asset Management Platform; (2) the transaction plan should be preliminarily approved by governmental bodies of the relevant town or street; (3) the transaction plan should be approved by at least two-third (2/3) of the members of a meeting of collective economic organisation or a meeting of the village representatives and the approval should be officially published; (4) the project should be filed to the governmental body of the relevant town or street; (5) the Asset Management Platform should announce the proposed transaction for bidding; (6) the grantee of the collectively owned construction land should be determined and the transaction result should be announced; and (7) parties to the transaction should sign the land use rights transfer agreement and file the agreement to governmental bodies of town or street for record. For further details of the project, see "Our Property Projects — JY Maofengshan Project (景業帽峰山項目)" in this section. For details of the applicable PRC laws and regulations, see "Regulatory Overview — The Laws and Regulations of the PRC — Regulations on Real Estate Transfer and Sale — Rural Collective Construction Land" section.

Project Design and Planning

Our design centre is responsible for the formulation of master design work plans for our property projects. It participates in site visits to potential project sites with the investment centre for our projects and provides design suggestions in the feasibility study. Based on the market information of our project sites, it devises the design plan confirming the characteristics, positioning, type, appearance and style of our properties and controls the design costs. It also develops new projects based on the market research conducted by sales and marketing centre.

We outsource our project design work to external service providers and engage them for architectural, interior and scenery design. We generally invite quotations from five to seven design firms and select the suitable firm based on their proposed design, pricing, quality and reliability of their proposed services based on their previous design experiences. We work closely with the design firms to review, adjust, approve and optimise their design plans. We also monitor the design firm's progress and quality of work continuously to ensure that they meet our design requirements. Our finalised design plans are submitted by our development department to the relevant government authorities for approval, after which they become the blueprint for the construction of our properties.

Contracting and Procurement

We outsource all of the construction work of our property projects to qualified third-party construction contractors. The construction work include, among other things, foundation laying, main structure construction, water and electricity installation, and fitting out work. We generally select our construction contractors through tender by invitation. Upon receiving the design plans from the design centre, our costs control centre will prepare the lists of required materials of the projects and suggested brands for required material and confirm the construction contractors that will participate in our open tender. We then provide the design plans and the lists prepared by the costs control centre to at least three potential construction contractors and they are required to submit construction proposals with fee quotes to us. In selecting the winning bid, we generally consider the contractors' professional qualifications, technical capabilities, quality of construction work, industry reputation, track record, price quote and proposed construction plan. We prefer to select contractors who had worked with our Group and provided us with satisfactory services in the past to ensure the quality of construction work.

We enter into agreements with our construction contractors on project basis instead of a long-term basis. The major terms of such agreements include the scope of work, timetable for construction, pricing and payment terms, requirements and warranties with respect to quality standards and termination. Under such agreements, our construction contractors are obliged to undertake the entire construction work in compliance with our design specifications, time schedules and the relevant laws and regulations. We generally make payments to our construction contractors either by monthly progress payment based on the actual construction work done per month or in stages upon completion of each construction milestone in accordance with the construction contracts. Upon completion of the project, we generally settle approximately 95% to 97% of the total contract price while holding back the remaining 3% to 5% as retention money for quality warranty purpose pursuant to the construction contracts. The construction contractors are generally required to provide us with a warranty period typically ranging from two to five years, for any losses we may incur caused by their failure to meet contractually specified quality standards. The unused portion of the retention money will be returned to our construction contractors after the warranty period has expired. Our Directors consider that the amount of retention money we withhold under our construction contracts is in line with the industry practice in the PRC and is sufficient to cover the construction warranties we provide to our customers under the sales contracts.

Our construction contractors are generally responsible for procuring building construction materials such as steel and cement for our projects based on our specifications. The costs of the procured construction materials are accounted for under the relevant contracts' fees. Our procurement centre is also responsible for the procurement of certain materials such as roof tiles, floor and wall tiles, light decorations, faucet, sanitary wares and manhole cover. Our raw materials are mainly purchased from suppliers in the PRC. We usually conduct research and identify potential suppliers, and seek tenders or quotations from at least three or more potential suppliers. In selecting our suppliers, we consider their technical qualifications and accreditations, product and service quality, pricing, delivery cycle, track record and years of working relationship with us. We do not maintain any inventory of construction materials that we procure on our own, but we order such materials on an as-needed basis.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we had not experienced any significant difficulties in identifying alternative suppliers for our raw materials, nor any material shortage, disruption or delay in the supply of raw materials which may materially and adversely affect our business operations and financial conditions.

Project Management and Construction and Fitting Out Work

According to the relevant PRC laws and regulations, we are required to obtain the development rights of the relevant land and the necessary permits and certificates before we can commence our construction work on the relevant land, including the land use rights certificate, the construction land planning permit, the construction work planning permit and the construction work commencement permit. As at the Latest Practicable Date, save as disclosed in "Regulatory Compliance — Non-compliance Incidents" below, we had obtained the land use rights certificates and all the necessary certificates and permits as required by the PRC laws and regulations for all our projects that are completed and under development.

Our engineering centre is responsible for managing and monitoring the progress, quality and safety measures of the construction and fitting out work carried out by our contractors and handle major technical problems occurred during the construction. It formulates the management system and standards of construction and fitting out work and the technical requirements that should be fulfilled by our construction contractors. It also carries out inspection on the construction and fitting out work and assist in the inspection for acceptance and the filing for construction completion.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we had not experienced any material disputes with our construction contractors and we were not subject to any material construction delay, penalty, claim or loss resulting from unsatisfactory work performed by our construction contractors.

Civil Defence Areas

According to relevant PRC laws and regulations, new buildings constructed in cities for civil use should contain areas that can be used for civil defence purposes in times of war. We constructed civil defence areas or paid the fees in lieu of construction of civil defence areas for our property projects as required by the applicable PRC laws and regulations. Up to the Valuation Date, we had civil defence areas in (i) six completed project phases, with an aggregate GFA of approximately 26,677 sq.m., (ii) one project under development, with an aggregate GFA of 14,698 sq.m. and (iii) one project phase held for future development, with the GFA of 14,122.0 sq.m.. The construction cost of civil defence areas is included in our inventories and charged to cost of sales upon recognition of revenue. The property management companies are in charge of the maintenance of our civil defence areas of completed projects. The PRC Legal Advisers have confirmed that we have obtained the required permits for construction of such civil air defence areas.

Pre-sales and Sales and Marketing

Pre-sales

We generally commence the pre-sales of our properties prior to completion of construction which is in line with the market practice in the PRC. We launch pre-sale upon the receipt of pre-sale permits in accordance with the PRC laws and regulations. Prior to obtaining the pre-sale permits, we must fulfil, among others, the following conditions: (i) the land premium has been paid in full and we have obtained the land use rights certificate; (ii) we have obtained the construction work planning permit and the construction work commencement permit; (iii) in terms of the properties put into pre-sale, at least 25% of the total amount of the investment fund has been injected into the development and the progress of construction, the expected completion and delivery dates have been ascertained; (iv) the progress of the construction should meet the local government's requirements for pre-sale; and (v) the pre-sale has been registered.

In accordance with the requirements of the applicable PRC laws and regulations, we enter into standard pre-sale contracts prescribed by the relevant local authorities with our customers and apply for registration of such pre-sales with the relevant local authorities within 30 days after execution of the pre-sale contracts.

We have adopted internal control measures to ensure that the proceeds derived from our pre-sales will be used for the construction of the relevant projects in compliance with the relevant PRC laws and regulations. Before applying for the pre-sale permits, we will sign an agreement on the supervision of pre-sale proceeds with a supervising bank and the property management department of the local government, and set up a designated bank account where the pre-sale proceeds are paid into. When we would like to apply the pre-sales proceeds for the development and construction of the relevant projects, we shall make an application to the property management department of the local government together with the relevant information such as proof of the completion of certain part of the project. Upon receipt of the approval from the property management department of the local government, we shall apply to the supervising bank for the release of the pre-sale proceeds.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we did not experience any significant delays in obtaining the pre-sale permits for our properties, and we were in compliance with the relevant laws and regulations governing property pre-sale in the PRC in all material respects.

Sales and Marketing

Our property portfolio mainly locates in Guangdong, Hainan, Yunnan and Hunan provinces and our target customers include purchasers looking for their first home, a home upgrade, second home and purchasers who would like to invest or live in vacation homes. Most of our customers are individuals. Our sales and marketing centre consists of 85 employees as at 30 June 2019 and is responsible for formulating sales and marketing strategies and implementation plans, setting marketing goals and administer the overall sales process and promotional and marketing events. It plays a crucial role in our property development process from market positioning to pre-sales and sales of properties. In the preliminary stage of land acquisition, the sales and marketing centre conducts research on local markets of the potential sites and assists the investment centre in preparing the feasibility study by providing suggestions as to the market and product positioning, selling price and sales period of properties. During pre-sales and sales of our properties, it launches various marketing campaigns to attract our target customers.

Sales and Marketing Channels

Our sales and marketing channels primarily include advertising through billboards, the internet and mobile media. We generally promote our property products through our internal sales and marketing personnel. We hold promotional and sales events such as press conferences at our property development project premises to introduce our property projects to our potential and existing customers, working partners and the media. We set up on-site reception centres to display model units and detailed information of our projects, and invite potential customers to visit exhibit units. And we identify target companies with potential customers and organise promotional activities within the companies, such as holding promotional talks and placing advertising materials in the companies, organising visits to our project sites, and offering corporate discount to their employees.

We also accept referral by existing residents of our developed properties. We organise various activities, such as house-warming banquets for home buyers and resident gatherings in mid-autumn festival, aiming to create a friendly community for our residents. We believe that these activities also serve as showcasing events for our properties as they encourage our residents to bring their friends and family to visit our properties, thereby promoting our sales by referral from existing residents and lowering our marketing expenses.

In addition, we engage external property brokerage firms to assist us in our sales campaigns. We enter into agreements with such firms and the major terms of the agreements include the scope and duration of services, rights and responsibilities of the parties, fees and payment method. Some agreements also specify that if these firms fail to meet the agreed sales target or make any sales within the stipulated period, the agreements will be terminated. We negotiate with external property brokerage firms as to commissions on a case-by-case basis and we typically pay them a fixed percentage of 1.2% to 5% of the sales proceeds as fees. We select our external property brokerage firms by considering factors such as their reputation. One of the external property brokerage firms is a deemed connected person of our Company. Our Directors confirm that we will cease to engage that firm for sales and marketing of our properties upon listing. For FY2016, FY2017, FY2018 and 1H2019, the aggregate costs and expenses incurred by us with respect to our external property brokerage firms amounted to RMB18.9 million, RMB25.7 million, RMB35.9 million and RMB18.3 million, respectively.

Pricing policy

Our sales and marketing centre is responsible for setting the price for our property development projects. In determining the sales price, we generally take into account various factors including but not limited to the location, size, floor, view, facing direction and positioning of properties, their accessibility to public infrastructure and ancillary facilities, target customers, market conditions, prices of comparable properties in the market, government guided-prices, our development costs and investment return considerations.

As part of our marketing strategies, we offer seasonal discounts to our customers during various occasions such as the Chinese New Year, the National Day of the PRC, the Dragon Boat Festival and the Labour Day. We offer corporate discounts to employees of certain corporations in which we have organised promotional activities and group discounts to customers who purchase multiple properties on a one-off basis. We also provide discounts to our own employees who have worked with us for at least one year. Occasionally, discounts are offered to customers who are positively influential to the sales of our properties. We believe that the discounts we offer are in line with the prevailing market practice and are effective in attracting new customers and enhancing our sales.

Payment terms

Our customers may choose to pay the purchase price of our properties by one lump sum payment, by instalments or by mortgage financing. We generally require our customers to pay a deposit of RMB20,000 to RMB50,000 upon signing of the preliminary sale and purchase agreement and such deposit is non-refundable if the customers default on the purchases. Within seven days of payment of the deposit and upon signing of the formal sale and purchase agreement, our customers are required to pay 30% of the total purchase price (including the amount of deposit). Customers choosing to make a lump sum payment are required to pay the remaining amount and fully settle the purchase price within one month after signing of the preliminary sale and purchase agreement. Customers who choose to pay by instalments without utilising a mortgage loan are required to make the remaining payments in accordance with the agreed payment schedule within six months after signing of the preliminary sale and purchase agreement. For customers who purchase properties with mortgage loans, after making payment in accordance with the payment ratio required by the local government or banks, the mortgage banks will settle the mortgage amounts in accordance with the agreed payment schedule within twelve months after signing of the formal sale and purchase agreement.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and when required, provide our customers with guarantees as security for mortgage loans. The terms of such guarantees typically last until the transfer of the property ownership certificate to the purchaser and the certificate is registered in favour of the bank. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding amounts owed by the purchaser to the mortgagee bank under the loan. Upon fulfilment of our obligations under the guarantee, the mortgagee bank will assign its rights under the mortgage to us and we will have full recourse to the property. We do not conduct independent credit checks on our customers but rely on the credit checks conducted by relevant banks.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, our outstanding guarantees over the mortgage loans of our customers amounted to RMB331.4 million, RMB638.3 million, RMB894.1 million and RMB994.5 million, respectively. Our Directors confirm that during the Track Record Period, we had not encountered any material incidents of default by our customers.

Quality control on completion of construction work

As the quality of our properties directly affects the success of our projects and our reputation, we place high emphasis on project supervision to ensure that our property development projects meet our quality standards and comply with the relevant laws and regulations. Our quality control function is conducted by our engineering centre which oversees and manages the quality control of construction work of our projects.

Upon completion of the construction work, our engineering centre will conduct thorough inspections of the properties to ensure that the quality of work in different aspects has attained the standard required by the relevant laws and regulations of the PRC, and assist in the preparation and arrangement for the requisite completion and acceptance inspections by the relevant government authorities.

In addition to the completion stage of construction work, we adopt stringent quality control policies throughout the whole property development process. For instance, we conduct extensive due diligence and implement quality control in the selection of external design firms for our project design, raw materials suppliers and construction contractors for the construction work of our projects. Our engineering centre performs routine inspection on the building construction materials procured by our construction contractors and raw materials provided by our suppliers when the materials enter into our construction sites. We formulate standardised technical and quality control guidelines that set out our requirements as to quality control standards in the construction processes. We also include terms relating to the required standard of quality in the agreements we entered into with our construction contractors.

During the construction process, other than regular inspection on quality conducted by our engineering centre, we engage independent third party construction supervision companies to supervise the overall construction of our property projects, and conduct quality and safety control inspection on the building materials and workmanship on site. We engage construction supervision companies that have appropriate qualifications, such as qualification to supervise building construction, electrical engineering and/or public infrastructure works. We take into account factors such as qualifications, industry experience and scale of operations of the candidates in selecting our construction supervision companies. Pursuant to our agreements with the construction supervision companies, their generally duties include formulation of a construction supervision plan with implementation guidelines and logbooks, allocation of supervision engineer and relevant staff to station at the work site, preparation of monthly supervision report for our management's inspection, testing of construction material and inspection of completed works in key stages of the construction process. We generally pay the construction supervision companies in stages and retain 5% of the contract sum as retention money for warranty.

Our Directors confirm that, to the best of their knowledge, during the Track Record Period and as at the Latest Practicable Date, (i) we had not encountered any material quality problems nor receive any material complaints about the quality of our projects; (ii) there were no non-compliance incidents relating to safety or accidents during the construction of our property projects that resulted in material injuries or fatalities of the construction workers; (iii) there was no material violation of currently applicable PRC labour and safety laws and regulations nor were there any material employee safety issues involving our Group; and (iv) no fines or penalties for non-compliance of PRC labour and safety laws and regulations were imposed on us.

Delivery and After-sales Services

We endeavour to deliver completed properties to our customers in a timely manner in accordance with the terms of the sales contract. To ensure timely delivery of our properties, we closely monitor the progress of construction of our properties. If we fail to deliver the completed properties within the stipulated timeframe due to our default, we may be liable to pay certain percentage of the purchase price as penalty pursuant to the terms of the relevant sales contracts. Prior to the delivery of our properties, we are required to complete the relevant completion filings. After our property projects have passed the requisite completion and acceptance inspections, we will notify our customers before the delivery dates stipulated in the sales contract and arrange for delivery procedures to complete the sales process.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we did not experience any significant delays in the completion of our property development projects or delivery of relevant title documents after sales.

We are committed to customer satisfaction and our sales and marketing centre is responsible for our after-sales customer services. We provide comprehensive after-sales services such as providing property management services, supervising the repair and ongoing maintenance of our properties and handling customers' complaint.

Warranties

We provide our customers with warranties 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). Further, in accordance with published national standards, we provide quality warranties for the ground foundation and main structure of the properties, waterproofing of property and wall surfaces, kitchen and bathroom floors and basement, heater and air conditioning systems, sewage pipes, sanitary wares and fitting out work. As stipulated in our sales contracts, the warranty periods commence on the day of actual delivery of the properties. They vary depending on the covered items and are generally for a period of two months to three years. In particular, the warranty periods for ground foundation and main structure of the properties refer to the relevant reasonable lifespans stated in the design documents. Our construction contractors are responsible for the warranties with regard to the relevant quality standards.

We generally allow for return of our properties where there are material discrepancies in the GFA of our properties delivered as compared to the GFA stipulated in the formal sale and purchase agreement, material changes made by us to the property layout and design of the properties without the authorisation of our customers, and material delays in the delivery of our properties which exceed the dates stipulated in the sales contracts.

Our Directors confirm that during the Track Record Period and as at the Latest Practicable Date, we have not been involved in any material claims or received any material complaints with regard to the quality of our building structures or other fittings which cannot be rectified by our construction contractors in accordance with their warranty provisions of the relevant contracts.

OUR HOTEL OPERATIONS

The following table sets out certain key information with respect to our hotels in operation during the Track Record Period:

Location	Just Stay Hotel (廣州卓思道酒店) No. 190 Guanjing Road, Xingnan Avenue, Nancun town, Panyu District, Guangzhou, China	Just Stay Resort (從化卓思道溫泉度假酒店) No. 288 Yuquan Avenue, Liangkou town, Conghua District, Guangzhou, China
Commencement time	May 2016	July 2017
Approximate total site area *(sq.m.)*	2,022	125,546
Approximate GFA *(sq.m.)*	10,432	21,844
Number of rooms available (as at 30 June 2019)	100	179
Number of food and beverage facility	1	1
Number of banquet hall	1	1
Total number of conference room(s)	1	2
Occupancy rate for 1H2019 (%)	65.7	50.4
Average daily rate for 1H2019 *(RMB)*	425.3	950.4
RevPAR for 1H2019 *(RMB)*	279.3	479.2
Revenue for 1H2019 *(RMB million)*	10.6	26.0

For FY2016, FY2017, FY2018 and 1H2019, our revenue from our hotel operations amounted to approximately RMB13.6 million, RMB46.1 million, RMB66.6 million and RMB36.6 million, respectively, representing approximately 2.1%, 5.5%, 5.0% and 4.8%, respectively of our total revenue.

Just Stay Hotel (廣州卓思道酒店)

Hotel rooms

Just Stay Hotel is a five-storey hotel with a total of 129 rooms offering six room types to cater to a wide variety of guests with different budgets, including standard rooms, deluxe rooms and suites, and executive suites, which are all furnished and equipped with amenities. The size of the guest room ranges from 25 sq.m. to 110 sq.m. Since March 2017, 29 rooms have been leased to a postpartum care centre which is one of our tenants of our commercial properties located next to Just Stay Hotel for a period of three years. Therefore, as at 30 June 2019, the total number of rooms available for the hotel was 100.

The following table sets out certain information in relation to the hotel rooms of Just Stay Hotel as at 30 June 2019:

Types of hotel room	**Size (square metres)**	**Number of rooms**
Executive suite (行政套房)	100-110	3
Deluxe suite (豪華套房)	72-75	7
Deluxe twin room (豪華雙人房)	40-64	54
Deluxe single room (豪華單人房)	40-52	19
Standard twin room (標準雙人房)	25-50	13
Standard single room (標準單人房)	26.3-47	4
Total		100

Meeting and recreational facilities

Just Stay Hotel is well equipped with one banquet hall of 550 sq.m. and one conference room of 79 sq.m., both of which are equipped with audio visual equipment.

Occupancy rate and other operating data

The table below sets out the occupancy rate and other operating data relating to Just Stay Hotel during the Track Record Period:

	FY2016	**FY2017**	**FY2018**	**1H2019**
Total available room nights	30,558	36,733	35,692	17,545
Occupancy rate *(%)*	76.2	75.1	74.8	65.7
Average daily rate *(RMB)*	390.7	402.3	404.8	425.3
RevPAR *(RMB)*	297.8	302.2	302.6	279.3

Note:

As Just Stay Hotel only commenced its business in May 2016, the figures for 2016 only cover the period from May 2016 to December 2016 but not the full year.

The table below shows the revenue (room and non-room) for Just Stay Hotel during the Track Record Period:

	FY2016 *(RMB million)*	**FY2017** *(RMB million)*	**FY2018** *(RMB million)*	**1H2019** *(RMB million)*
Room revenue	9.1	11.0	10.6	4.9
Non-room revenue (restaurant and banquet)	4.5	7.8	9.9	5.7
Total	13.6	18.8	20.5	10.6

Restaurant and catering operations

We own and operate all our restaurant and food and beverage outlet in Just Stay Hotel during the Track Record Period, save for a coffee shop in our hotel lobby which was operated by our tenant, an Independent Third Party. For details of that lease, please see "Our Commercial Properties Investment — Occupancy rate and other operating data". Other than that coffee shop, the hotel has a Chinese restaurant on the first floor, with a total area of approximately 260 sq.m.. During 1H2019, the restaurant and catering facilities recorded 33,866 visits, with average spending of RMB156.3.

For FY2016, FY2017, FY2018 and 1H2019, our revenue generated from our restaurants and food and beverages in Just Stay Hotel amounted to approximately RMB4.5 million, RMB7.4 million, RMB9.0 million and RMB5.1 million respectively, representing approximately 33.2%, 16.2%, 13.6% and 13.9% respectively of our total revenue in our hotel operations.

Hotel management arrangements during transition period of acquisition

Guangzhou Shunbang entered into a preliminary sale and purchase agreement with the vendor ("**Vendor**") to acquire the hotel building comprising the Just Stay Hotel on 29 April 2016. Prior to the acquisition, the hotel was operated by its former operator ("**Former Operator**"). Both the Vendor and the Former Operator were subsidiaries of a deemed connected persons of our Company.

On 30 April 2016, Guangzhou Shunbang, the Former Operator and Guangzhou Just Stay entered into a hotel operation agreement and pursuant to which, (i) the hotel should be operated under the name of the Former Operator during the transition period from 1 May 2016 to 31 December 2016 ("**Transition Period**"), (ii) the hotel should be managed by Guangzhou Just Stay and the revenue generated from operation of the hotel should belong to Guangzhou Just Stay; (iii) the Former Operator should provide coordination, guidance and assistance to Guangzhou Just Stay in respect of the management of the hotel and receive 1% of the monthly revenue of the hotel as service fee ("**Service Fee**"). The Former Operator may withheld its Service Fee and taxes from the revenue it received from operating the hotel and return the remaining amount to Guangzhou Just Stay; and (iv) after the Transition Period, the hotel should be operated independently by Guangzhou Just Stay. Service fee withheld by the Former Operator pursuant to the agreement during the Transition Period was RMB146,263.8.

Just Stay Resort (從化卓思道溫泉度假酒店)

Hotel rooms

Just Stay Resort consists of three floors and a basement, and has a total of 179 rooms offering seven room types to cater to a wide variety of guests with different budgets, including superior rooms, deluxe rooms, hot spring rooms, family suites and low-rise houses, which are all furnished and equipped with amenities. The size of the guest rooms ranges from 28 square metres to 170 square metres.

The following table sets out certain information in relation to the hotel rooms of Just Stay Resort as at 30 June 2019:

Types of hotel room	**Size (square metres)**	**Number of rooms**
Heyuan Xiangquan (合院享泉)	170	8
Heyuan Mingquan (合院鳴泉)	140	8
Heyuan Shanquan (合院山泉)	104	23
Family suite (親子套房)	60	4
Private hot spring room (私密溫泉房)	54	22
Deluxe room (豪華房)	54	100
Superior room (高級房)	28-40	14
Total		179

Hot spring facilities

Just Stay Resort offers five types of hot spring and 32 hot spring pools. Other than hotel occupants, our hot spring facilities are also open to customers who purchase entry ticket of our hot spring. Hot spring pools are cleaned and water temperature is tested every day. Hot spring water is also disinfected daily.

Meeting and recreational facilities

Just Stay Resort is well equipped with one banquet hall of 351 sq.m. and two conference rooms of 126 sq.m. each. The banquet hall and both the conference rooms are equipped with audio visual equipment.

Occupancy rate and other operating data

The table below sets out the Occupancy rate and other operating data relating to Just Stay Resort during the Track Record Period:

	FY2017(Note)	**FY2018**	**1H2019**
Total available room nights	29,805	60,133	31,093
Occupancy rate *(%)*	79.6	56.3	50.4
Average daily rate *(RMB)*	623.1	797.3	950.4
RevPAR *(RMB)*	495.9	448.6	479.2

Note:

As Just Stay Resort only commenced its business in July 2017, the figures for 2017 only cover the period from July 2017 to December 2017 but not the full year.

The table below shows the revenue (room and non-room) for Just Stay Resort during the Track Record Period:

	FY2017(Note) *(RMB million)*	**FY2018** *(RMB million)*	**1H2019** *(RMB million)*
Room revenue	14.5	26.8	14.7
Non-room revenue			
• restaurant and banquet	7.2	10.7	5.4
• other revenue	5.6	8.6	5.9
Total	27.3	46.1	26.0

Note:

As Just Stay Resort only commenced its business in July 2017, the figures for 2017 only cover the period form July 2017 to December 2017 but not the full year.

Restaurants and catering operations

We own and operate a restaurant in Just Stay Resort during the Track Record Period and up to the Latest Practicable Date. The restaurant is on the first and second floors with three VIP rooms. During 1H2019, the restaurant and catering facilities recorded 55,337 visits, with average spending of RMB97.5.

For FY2017, FY2018 and 1H2019, our revenue generated from our restaurants and food and beverages in Just Stay Resort amounted to approximately RMB7.2 million, RMB10.7 million and RMB5.4 million, respectively, representing approximately 15.6%, 16.1% and 14.8%, respectively, of our total revenue in our hotel operations.

Pricing

The room rates we charge for our two hotels vary according to different factors, including but not limited to, the type of customers, whether there is public or long holiday, seasonal factors, and whether there are events held near the hotel. Meanwhile, food and beverage prices in our hotels are set based on various factors, including the costs of food ingredients, packaging, transportation and insurance fees.

Customers

Our customers for our hotel operations can be categorised into corporate customers and individual guests. Corporate customers include those customers who hold conference in our hotels and their employees and guests will stay in our hotels during the conference, travel agencies and room reservation centres.

Sales and marketing

For our hotel and restaurant operations, our sales and marketing activities are mainly conducted by our hotel sales and marketing department which is responsible for formulating and implementing sales plan and organising promotional events for our Group's hotels. Our Group's hotel sales and marketing department consisted of 12 employees as at 30 June 2019.

We mainly promote our hotels through travel agencies, hotel booking websites, our hotel website and mobile media. We enter into contracts with travel agencies for promotion of our hotel, the major terms of which generally contain the pricing of hotel rooms, meeting and recreational facilities and food and beverage facilities, the available services provided by the hotels, policies and reservation procedures for customers, and payment terms and method. We also enter into contracts with operators of hotel booking websites for the provision of technical services including online hotel room reservation services. The major terms of such contracts generally include the pricing of hotel rooms and arrangement in change in pricing, the arrangement, verification and guarantee of room reservation, payment terms and promotion and marketing.

Further, we offer our hotel rooms, meeting and recreational facilities, hot spring facilities and food and beverage facilities at more favourable prices to corporate customers, travel agencies and operators of hotel reservation websites, government authorities, customers for our properties and our employees to attract new customers. We also provide packages for food and beverage facilities or dining and hot spring facilities from time to time to publicise our hotels. To enhance our customers' loyalty, we have operated a customer membership programme under which we offer various discounts and benefits to hotel customers participating in our programme. Our Directors believe that such marketing campaign helps to raise our profile and enhance the possibility of recommendations by the existing members, thereby expanding our customer base.

We value comments from our hotel customers as they can serve as an indicator for our Group to formulate strategies and enhance our quality of services. We will follow up with our hotel customers to resolve any complaints. For our hotel operations, our Directors confirmed that there was no material customers' complaint which substantiated into claims or litigation against our Group during the Track Record Period and up to the Latest Practicable Date.

For each of FY2016, FY2017, FY2018 and 1H2019, the total amount of expenses attributable to marketing activities (excluding staff costs) of our hotel operations accounted for approximately 0.0%, 0.4%, 0.4% and 0.7% of our Group's total operating costs respectively.

Procurement and suppliers

The major suppliers of the hotel operations of our Group comprise suppliers for our food and beverage facilities, daily utilities, laundry services and hot spring water. We generally enter into one-year contracts with suppliers for our food and beverage facilities, daily utilities and laundry services to secure purchase with favourable terms in terms of costs and payment terms, the major terms of which usually include the contract duration, pricing and payment terms, and the rights and obligations of the parties. We generally place orders for food ingredients on a daily basis to ensure freshness. We also enter into a contract with our hot spring water provider for the provision of hot spring water to Just Stay Resort. The major terms of such contract include the method and quantity of water supply, the time of completion of construction of water pipes and commencement of water supply, and the rights and obligations of the parties. We are required to pay by way of bank transfer or cheque. During the Track Record Period and up to the Latest Practicable Date, we did not experience any material disruption in our hotel operations due to shortages, disruption or delay of our supplies and we had not experienced any significant difficulties in identifying alternative suppliers for our hotel operations.

To ensure the quality of our suppliers, we conduct background assessment on potential suppliers and select suppliers which are up to standard and have the necessary licence. We examine the materials supplied to us and also carry out evaluation and assessment of our existing suppliers from time to time.

Quality control

We are committed to providing a pleasant and comfortable stay for our hotel guests. We have detailed internal rules and standards on various aspects of our hotel operations including operation and hygiene for our restaurants, hotel rooms and hot spring facilities, and we provide training and supervise our personnel to ensure quality services are offered to our customers. For our food and beverages, we adopt various measures to ensure food safety, for example, we store food in different containers to prevent any food contamination or spoilage. When we receive food and beverages from our suppliers, we will check the production and expiry dates of the goods, and maintain a list of food and beverage stocks for each restaurant to facilitate inventory control. We perform stock counts and sample checks on our inventory records from time to time. We have a food and safety supervisor who conducts regular inspections on food quality for both of our hotels. Each of our hotels has their own quality control teams comprise of eight staff which are responsible for overseeing the overall quality of our services and conducting quality assessments regularly. Our food safety officer has to attend food safety management training and obtain relevant qualification from Guangdong Food and Drug Supervision and Management Bureau. The officer is responsible for setting up a food safety monitoring system and monitor food safety in our food and beverage operations.

PROPERTY MANAGEMENT

We provide property management services to purchasers of the residential properties we developed, including JY Lychee Town, JY Hot Spring Villas and JY Clearwater Bay No. 3. Such services mainly include security, cleaning, gardening, car parking management, repairs and maintenance services.

Our property management centre is responsible for developing the system, standards and work plans for property management of our properties, formulating the relevant service agreements and management fees, implementing the work plans such as theme-based community cultural events, providing training to our employees carrying out management services and supervising the quality of services provided, and collecting and analysing customer data through customer satisfaction surveys in order to improve service quality. Our property management operations in JY Clearwater Bay No. 3 are tailored to fit the needs of our buyers, who mainly purchased the properties as their vacation homes. We have established the "Celebrity Club (名仕會)" which provides butler and concierge services such as room cleaning, transportation and golf courses reservation and sight-seeing tour booking to satisfy the various needs of our customers during their stay in their vacation homes, while we have property care-taking services while they are away.

During the Track Record Period, we had entered into a property management services subcontracting agreement with a connected person, Agile Property Management Services Co., Ltd. (Conghua Branch) (雅居樂物業管理服務有限公司從化分公司) ("**Agile Property Management Services**"), in which Agile Property Management Services subcontracted to us the provision of certain part of property management services to our properties at JY Lychee Town Phase I. The services mainly include security, cleaning, gardening, and repairs and maintenance services. The reason for the arrangement is that we did not possess the requisite qualification for the provision of property management services directly to our properties at the time right after JY Lychee Town Phase I had been developed. Agile Property Management Services therefore subcontracted the provision of certain property management services of JY Lychee Town Phase I to us. As the relevant qualification requirement had been abolished by the PRC government in March 2018, we have terminated this subcontracting agreement with Agile Property Management Services and we have provided property management services to our properties at JY Lychee Town Phase I directly since September 2018.

For FY2016, FY2017, FY2018 and 1H2019, revenue generated from our property management services amounted to approximately RMB0.3 million, RMB3.1 million, RMB6.5 million and RMB5.6 million respectively, representing approximately 0.1%, 0.4%, 0.5% and 0.7% of our total revenue in the respective periods.

OUR COMMERCIAL PROPERTIES INVESTMENT

Our commercial properties held for investment

Other than holding properties for development and sales, we also own commercial properties for leasing or sales purposes. As at 30 June 2019, the self-owned commercial properties made available for lease include (i) portions of Just Stay Hotel held for investment which comprise three premises; and (ii) seven commercial premises situated at the neighbourhood of Just Stay Hotel at Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District, Guangzhou, China. Valuation of our commercial properties held for investment are set as item 8 of "Group II — Completed properties held by the Group for investment in the PRC" in the Valuation Report in Appendix III to this prospectus.

We also sub-leased part of the commercial property we rented for use as headquarters to others. The three premises within the property we rented as our headquarters that were made available for sub-lease as at 30 June 2019 have an aggregate leased GFA of approximately 2,183 sq.m..

We derive rental income by leasing out these commercial properties and we commenced our property leasing business in January 2015. For FY2016, FY2017, FY2018 and 1H2019, revenue generated from lease and sub-lease of commercial properties amounted to approximately RMB2.1 million, RMB5.6 million, RMB10.0 million and RMB7.7 million respectively, representing 0.3%, 0.7%, 0.8% and 1.0% of our total revenue in the respective periods.

Occupancy rate and other operating data

The following table sets forth the occupancy rate and other key information with respect to our commercial properties for lease/sub-lease as at 31 December 2018 and 30 June 2019:

	Just Stay Hotel held for investment	Other retail spaces held for investment	Portion of headquarters for sub-lease
Number of premises and total leasable approximate GFA *(sq.m.)*	three premises with a total GFA for lease of approximately 2,606.2 sq.m.[1]	seven premises with a total GFA for lease of approximately 5,279.8 sq.m.	three premises with a total leasable GFA of approximately 2,183 sq.m.
Range of lease/sub-lease term *(years)*	three to eight	two to eight	two to ten
Average occupancy rate for FY2018 *(%)*	98.9	88.3	98.0
Total costs incurred as at 31 December 2018 *(RMB million)*[2]	24.3	56.8	0.9
Average occupancy rate for 1H2019 *(%)*	99.3	88.3	100.0
Total costs incurred as at 30 June 2019 *(RMB million)*[2]	24.3	56.8	1.0
Reference to Valuation Report *(Property No.)*	10	8	N/A[3]

Notes:

1. In August 2018, we started to designate part of the lobby area (approximately 250.3 sq.m.) on the first floor of Just Stay Hotel for lease. We have entered into a tenancy agreement with an independent third party to lease 222.3 sq.m. of the lobby area of Just Stay Hotel to it for operating a coffee shop. The total GFA of the area made available for lease in Just Stay Hotel during FY2016 and up to 31 July 2018 was therefore 2,355.9 sq.m., and increased to approximately 2,606.2 sq.m. from August 2018.

2. Total costs incurred include the construction costs, land costs, financing costs, accumulated rental costs and relevant taxes.

3. The three premises were not owned by our Group and were only sub-leased by us to others.

Selection of Tenants

In selecting our tenants, we consider a number of factors including the nature of business engaged by them, their brand name and reputation, their proposed use of our properties, their financial viability and their compatibility with our development plan. We target to have a diversity of tenants offering different products and services which satisfy the needs of the surrounding communities as well as providing convenience and attraction to our hotel customers. Our tenants include restaurant, supermarket, bank, boutique, fitness centre, beauty parlour, postpartum care centre and infant education centre.

Lease Arrangements

We enter into fixed term lease agreements with our tenants and the terms of leases range from two to ten years. The principal terms of our lease agreement typically include the term, rent, security deposit, the rights and obligations of both parties, payment terms and the termination and renewal arrangement. The rents under the lease arrangements are fixed rent (except one tenant whose rent is a fixed percentage of its profit), such rents determined based on the prevailing market rates. Our tenants are generally required to pay a security deposit of at least two months' rentals within seven days upon the execution of the lease agreements. We are required to refund the security deposit to our tenants on the dates of expiry or termination of the leases if they fulfil their obligations under the leases. Our tenants are generally required to provide us with not less than three months' written notice for any sublet or assignment of the leased properties.

We are entitled to terminate the lease agreements if our tenants alter the construction structure of the leased properties, out tenants' use of the leased properties lead to our loss or our tenants default in rental payments for six months or more. Meanwhile, our tenants can terminate the leases in advance by giving us three months' written notice. If our tenants would like to renew the leases upon their expiry, they are required to negotiate with us 60 days prior to the expiry of the leases and we generally provide them with the priority to lease the properties based on the same terms that we offer to the market. Our Directors confirm that, to the best of their knowledge, during the Track Record Period and up to the Latest Practicable Date, we did not experience any material disputes or litigations with our tenants, and we did not expect any significant difficulties in renewing leases with our existing tenants or entering into new leases with suitable tenants. We were also not aware of any circumstances which caused default in rental payments or early termination of lease agreements by our tenants which would lead to material adverse impact on our business operations and financial conditions.

Property Management

During the Track Record Period, we did not provide property management services to our tenants.

OUR CUSTOMERS

Our customers mainly include individual purchasers of our residential properties, hotel guests and tenants of our commercial properties. For each of FY2016, FY2017, FY2018 and 1H2019, revenue from our five largest customers accounted for less than 30% of our total revenue, being approximately 5.6%, 6.7%, 3.6% and 9.7% of our Group's total revenue respectively, and revenue from our largest customer accounted for 1.3%, 2.9%, 0.8% and 4.4% of our Group's total revenue respectively. During the Track Record Period, all of our five largest customers are Independent Third Parties. None of our Directors, their close associates, or any Shareholder who, to the best of the knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date, had any interest in any of our five largest customers during the Track Record Period.

OUR SUPPLIERS

Our major suppliers consist of construction contractors and construction material suppliers. For each of FY2016, FY2017, FY2018 and 1H2019, purchases from our five largest suppliers accounted for approximately 29.4%, 53.2%, 42.1% and 39.1% of our Group's total purchases respectively, and our purchases from our largest supplier accounted for 9.1%, 23.2%, 19.2% and 11.2% of our Group's total purchases respectively.

The following tables set out a summary of our five largest suppliers and our business relationship with them during the Track Record Period:

FY2016

Supplier[1]	**Principal business**	**Types of materials/ services supplied**	**Year of business relationship as at the Latest Practicable Date** *(years)*	**Credit terms/ payment method**	**Our purchases from the suppliers in the year** *(RMB million unless otherwise specified)*	*(% of our purchases)*
Supplier A	A PRC company providing fitting out work	Fitting out work	Four	25 days after monthly statement; 6 months after final statement/ Telegraphic transfer	40.5	9.1
Supplier B	A PRC company providing fitting out work	Fitting out work	Four	25 days after monthly statement; 6 months after final statement/ Telegraphic transfer	27.6	6.2
Supplier C	A PRC company providing main structure construction and water and electricity installation	Main structure construction and water and electricity installation	Three	25 days after monthly statement; 6 months after final statement/ Telegraphic transfer	24.4	5.5
Supplier D	A PRC company providing main structure construction and water and electricity installation	Main structure construction and water and electricity installation	Five	25 days after monthly statement; 6 months after final statement/ Telegraphic transfer	20.1	4.5
Supplier E	A PRC company providing main structure construction and water and electricity installation	Main structure construction and water and electricity installation	Four	25 days after monthly statement; 6 months after final statement/ Telegraphic transfer	18.2	4.1

FY2017

Supplier[1]	**Principal business**	**Types of materials/services supplied**	**Year of business relationship as at the Latest Practicable Date** *(years)*	**Credit terms/payment method**	**Our purchases from the suppliers in the year** *(RMB million unless otherwise specified)*	*(% of our purchases)*
Supplier D	See above	See above	See above	See above	143.3	23.2
Supplier C	See above	See above	See above	See above	111.4	18.0
Supplier E	See above	See above	See above	See above	33.6	5.4
Supplier A	See above	See above	See above	See above	25.0	4.1
Supplier F[2]	A PRC company providing fitting out work	Fitting out work	Three	25 days after monthly statement; 6 months after final statement/Telegraphic transfer	15.5	2.5

FY2018

Supplier[1]	**Principal business**	**Types of materials/services supplied**	**Year of business relationship as at the Latest Practicable Date** *(years)*	**Credit terms/payment method**	**Our purchases from the suppliers in the year** *(RMB million)*	*(% of our purchases)*
Supplier D	See above	See above	See above	See above	160.4	19.2
Supplier C	See above	See above	See above	See above	72.2	8.6
Supplier A	See above	See above	See above	See above	60.9	7.2
Supplier G	A PRC company providing main structure construction and water and electricity installation	Main structure construction and water and electricity installation	One	25 days after monthly statement; 6 months after final statement/Telegraphic transfer	35.3	4.2
Supplier H	A PRC company providing fitting out work	Fitting out work	Three	25 days after monthly statement; 6 months after final statement/Telegraphic transfer	24.1	2.9

Supplier(1)	Principal business	Types of materials/services supplied	1H2019 Year of business relationship as at the Latest Practicable Date *(years)*	Credit terms/payment method	Our purchases from the suppliers in the period *(RMB million)*	*(% of our purchases)*
Supplier C	See above	See above	See above	See above	69.5	11.2
Supplier D	See above	See above	See above	See above	61.6	9.9
Supplier G	See above	See above	See above	See above	52.9	8.5
Supplier I	A PRC company providing main structure construction and water and electricity installation	Main structure construction and water and electricity installation	Less than one	25 or 55 days after monthly statement; 6 months after final statement/Telegraphic transfer	36.1	5.8
Supplier J	A PRC company providing pile foundation, foundation support and road and drainage works	Pile foundation, foundation support and road works	One	25 or 55 days after monthly statement; 6 months after final statement/Telegraphic transfer	23.2	3.7

Notes:

(1) During the Track Record Period, a supplier provided main contractor services to Well Power ("**HK Supplier**"). Well Power was disposed of on 18 October 2018 pursuant to a share transfer agreement dated 30 June 2018 and a supplemental agreement dated 5 October 2018. For further details, see "History and Development — Reorganisation — Part 2 of the Reorganisation: Disposals — Disposal of Sure Fine and Well Power" in this prospectus. The business between the HK Supplier and our Group comprised entirely of its supply to Well Power. The HK Supplier was the third largest supplier of our Group for FY2017, and the largest supplier of our Group for FY2016. Our purchases from the HK Supplier for FY2016 and FY2017 were RMB54.6 million and RMB72.3 million, respectively, which represented 12.3% and 11.7% of our purchases for the corresponding year. To provide a more relevant analysis of the major suppliers for our business in the PRC, that supplier is excluded from the top five suppliers table set out above.

(2) Supplier F is a group company of a deemed connected person of our Company. Our Directors confirm that we will cease to engage Supplier F for fitting out works upon Listing.

During the Track Record Period, save for Supplier F, all others of our five largest suppliers and the HK Supplier are Independent Third Parties. None of our Directors, their close associates, or any Shareholder who, to the best of the knowledge of our Directors, owns more than 5% of the issued share capital of our Company as at the Latest Practicable Date, had any interest in any of our five largest suppliers and the HK Supplier during the Track Record Period.

During the Track Record Period, certain of our properties were sold to individual customers who, to the best knowledge, information and belief of our Directors, were related parties of our top five suppliers, namely, Supplier A, Supplier B, Supplier D and Supplier J. Revenue from sales to such customers for FY2016, FY2017, FY2018 and 1H2019 were RMB13.4 million, RMB1.2 million and RMB1.1 million, respectively, which represented 2.1%, 0.1%, and 0.1%, of our total revenue for the corresponding period. Our Directors confirmed that those sales were made to related parties of the relevant top five suppliers as they expressed interest in the relevant property.

ENVIRONMENTAL MATTERS

We are subject to a number of environmental protection laws and regulations, including those relating to noise pollution and environmental impact assessment. Pursuant to the applicable PRC laws and regulations, each of our property development projects is required to undergo an environmental impact assessment before the commencement of construction. Depending on the impact of the project on the environment, we must submit the relevant environmental impact study report, environmental impact analysis table or environmental impact registration form, to the authorised environmental protection authorities for their evaluation and approval. The approval from the relevant government authorities will specify the standards applicable to the implementation of the construction project 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 project. Upon the completion of each project, the relevant inspection authorities will inspect the project site to ensure that all applicable environmental standards and regulations have been complied with before the property can be delivered to the purchaser.

We adopt environmental policies and measures to ensure our compliance with the applicable environmental laws and regulations. For example, to minimise the negative impacts on the environment and natural resources caused by our construction process such as the emission of construction dust, noise, waste water and solid waste, other than implementing the standards and measures prescribed by the relevant environmental protection authorities, we adopt measures like procuring and using local and environmentally friendly building materials, prohibiting the burning of waste at construction sites, and limiting the operation of large scale machinery to day time and small scale machinery to indoors. To conserve energy consumption, in the design of our properties, we introduce systems to create indoor environment with good lighting and ventilation and apply water conservation technology and home automation system. We also encourage the use of a green office and promote environmental protection to our employees. For instance, to reduce the use of paper, we enhance our information technology system and maintain internal review and approval process through electronic communication channels, and encourage our employees to use both sides of paper for printing. We put up promotional posters to convey to them the message of environmental protection and encourage them to go outdoors by public transport or on foot. We also plan to participate in environmentally friendly activities such as "Earth Hour" organised by the World Wide Fund for Nature, tree planting and red packets recycle activities.

For FY2016, FY2017, FY2018 and 1H2019, we incurred environmental compliance costs of approximately RMB3.0 million, RMB1.1 million, RMB4.0 million and RMB1.2 million, respectively. We expect the annual costs of compliance going forward to be substantially similar, assuming that there will not be any material changes in the environmental protection rules and regulations.

Our Directors confirmed that none of our properties had received any material fines or penalties associated with the breach of any environmental laws or regulations during the Track Record Period and as at the Latest Practicable Date.

OCCUPATIONAL HEALTH AND WORK SAFETY

We are subject to various PRC laws and regulations with respect to safety and work-related incidents. We have established a set of guidelines on issues relating to occupational health and safety and have developed a comprehensive management system to implement our policies and procedures in this respect. In addition, we provide training to our employees on topics relating to occupational health and safety to enhance their awareness and knowledge. Under applicable PRC laws and regulations, our construction contractors are responsible for the safety of the construction sites and are required to maintain accident insurance for their workers. We generally require our construction contractors to purchase accident insurance in accordance with the applicable laws and regulations and adopt effective occupational safety control measures.

We are committed to providing our employees with a safe and hygienic working environment. To ensure construction quality and safety, we have established a set of standards and specifications which we require our employees and workers employed by our construction contractors to follow and conduct regular inspections in this respect. We also closely monitor the construction process to ensure that it is in compliance with the relevant laws and regulations.

During the Track Record Period and as at the Latest Practicable Date, we did not encounter any incidents which resulted in material injuries or fatalities of our employees and construction workers or had a material adverse impact on our business operations; and no material fines or penalties with respect to non-compliance of the relevant PRC labour, health and safety laws and regulations had been imposed on us.

PROPERTIES FOR OUR OWN USE

Owned Properties

As at the Latest Practicable Date, we have the following self-owned properties for our own use.

No.	Use	Property location	Approximate GFA (sq.m.)
1.	Just Stay Hotel	190 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu, Guangzhou	10,181.7 *(Note)*
2.	Just Stay Resort	288 Yuquan Avenue, Conghua, Guangzhou	21,844.2
3.	Staff accommodation	Villa no. 26, Guangzhou Yajule Huayuan, 398 Xingnan Avenue, Nancun Town, Guangzhou	444.5

Note: The total GFA of this property is approximately 10,432.0 sq.m., part of the hotel lobby area of approximately 250.3 sq.m. has been made available for lease. For details see "Our Commercial Properties Investment".

Leased Properties

In the PRC

As at the Latest Practicable Date, we leased 21 properties in Guangzhou, Yingde, Tengchong, Hainan, Zhuzhou and Zhaoqing with a total GFA of approximately 11,260.98 sq.m. mainly for headquarters, office, warehouse, staff canteen and staff dormitory uses.

Our headquarters

The leased property comprising our headquarters and certain sub-leased properties has an aggregate GFA of 5,208.6 sq.m.. Pursuant to the terms of lease agreement and its first supplemental agreement, the lease term for our headquarters was from 30 September 2016 to 31 October 2019. The lease has been registered and the property ownership certificate has been provided by the Landlord. On 20 May 2019, we renewed the lease by entering into the second supplemental agreement with the landlord to renew the lease from 1 November 2019 to 31 October 2026. Pursuant to the renewed lease, the aggregate rent payable by us under the renewed lease for the entire lease term is approximately RMB8.5 million plus relevant taxes. Part of this leased property was sub-leased to Independent Third Parties. For details, please see "Our Commercial Properties Investment" section above.

Our headquarters is leased from Guangzhou Panyu Agile Realty Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司), a deemed connected person of our Company upon Listing. Please see "Connected Transactions" section for further details.

Other leased properties in the PRC

Lease term of four of our leased properties in the PRC will expire by 2019 and all of such leased properties are used for staff dormitory. We expect to renew all of such leased properties upon their expiry. We will discuss with the relevant landlords for renewal of lease or rent other properties for replacement as and when appropriate depends on our business needs.

As at the Latest Practicable Date, (i) the lease agreements of nine leased properties were not registered and the relevant landlord did not provide us the property ownership certificate of the relevant leased property; (ii) the lease agreement of six leased properties were registered but the landlord did not provide us the property ownership certificate of the relevant leased property; and (iii) the lease agreement of one leased property was not registered but the landlord provided us the property ownership certificate of the relevant leased property. As advised by our PRC Legal Advisers, if the landlord does not own the relevant property, he has no right to lease the relevant property. In the event that there is any dispute raised by a third party, our right to rent the leased properties may be affected. The relevant lessee may claim damages from the landlord according to the lease agreements. As advised by our PRC Legal Advisers, non-registration of lease does not affect the enforceability of the leases and will not affect the legality of our right to use or collect rent according to the lease agreement. The relevant government authority may request non-registration of lease be rectified and if parties of the lease fail to so rectify, a fine in the amount between RMB1,000 to RMB10,000 per non-registered lease agreement may be imposed. Our Directors confirmed that up to the Latest Practicable Date, we have not been requested by relevant government authorities to rectify any non-registration of lease, and no fine has been imposed due to non-registration of lease.

Our Directors confirm that (i) none of the above leased properties are material for our business operations as they are only used as offices and staff dormitories; and (ii) in the event that the leases cannot be renewed, or that we cannot use the leased properties due to lack of property ownership certificate or non-registration of lease, other properties can be rented as substitute without material difficulty. Our Directors are therefore of the view that there will not be material adverse impact on our business operations and financial conditions in the event that leases cannot be renewed, or that we cannot use the leased properties due to lack of property ownership certificate or non-registration of lease.

In Hong Kong

Apart from the above leased properties in the PRC, we also leased an office premises at Suites 3008-10 (30th Floor), Tower One of Times Square from an Independent Third Party for use as our office in Hong Kong as at the Latest Practicable Date. The lease has a term from 3 June 2017 to 2 June 2020.

Other than landlord of our headquarters, landlords of our leased properties in the PRC and Hong Kong are all Independent Third Parties.

OUR EMPLOYEES

As at 30 June 2019, we had 857 employees. Set out below is breakdown of our workforce by function:

Function	**The PRC**	**Hong Kong**	**Total**
Management	21	4	25
Investment	6	0	6
Project design	14	0	14
Costing	18	0	18
Procurement	7	0	7
Engineering	59	0	59
Sales and marketing	85	0	85
Operations	3	0	3
Accounting and finance	31	3	34
Human resources and administration	48	4	52
Corporate communications	2	0	2
Development	16	0	16
Legal	2	0	2
Internal audit	3	0	3
Property management	211	0	211
Hotel operations	320	0	320
Total	**846**	**11**	**857**

We mainly recruit our employees through online recruitment platform and by referral. Our management participates in the performance evaluation of our employees and conduct salary reviews. We maintain good working relationships with staff and provide them with proper training, and competitive compensation and incentives. Through expansion of business, we provide promotion prospects and career development opportunities for our employees. During the Track Record Period and up to the Latest Practicable Date, we did not experience significant turnover of staff or disruption to our business operations due to labour disputes.

Management of our Group

Our Group has clear organisational structure and a dedicated reporting line to facilitate effective management and efficient decision-making process of our Directors and senior management. For details of the principal responsibilities and reporting line of each of the Directors and senior management, please refer to their respective profiles in the section headed “Directors and Senior Management” in this prospectus.

To maintain continuous communication and supervision of our Group, we also convene monthly and quarterly meetings where each of our executive Directors and senior management report the operation and financial conditions of the centres, departments and Subsidiaries he or she is responsible for. In the year end meetings in February, we also decide the budgets, forecasts and business plan for the next financial year.

INTELLECTUAL PROPERTY RIGHTS

Details of our intellectual property rights are set out in the paragraph headed “2. Intellectual Property Rights” in Appendix V to this prospectus. During the Track Record Period and up to the Latest Practicable Date, we are not aware of any claims in relation to infringement of intellectual property rights by any third party, and we were not aware of any threatened material proceedings or claims relating to intellectual property rights against us. Our Directors are also not aware of any material infringement of our intellectual property rights during the Track Record Period and up to the Latest Practicable Date. We believe we have taken reasonable measures to prevent infringement of our intellectual property rights.

INSURANCE

As at the Latest Practicable Date, we have maintained insurance coverage in relation to our business that is adequate and customary for our industry and in compliance with laws and regulations applicable to us. We are obliged to provide social insurance for our PRC employees as required by the relevant PRC laws and regulations. We have also taken out insurances for our employees in Hong Kong as required by the relevant Hong Kong laws.

Insurance we maintained include property all risks insurance, public liability insurance for our hotels, and car insurance for our vehicles. We are not aware of any material claim on any insurance policies maintained by us during the Track Record Period up to the Latest Practicable Date.

COMPETITION

We mainly focus on the real estate market in Guangdong, Hainan, Yunnan and Hunan during the Track Record Period. Over the years, we have accumulated in-depth local knowledge, made good connections and earned our reputation in the market. These have become our competitive advantage over our peers in the market.

Revenue recorded during the Track Record Period were mainly from sale of properties in Conghua of Guangzhou and Lingshui of Hainan. In 2018, the top five developers accounted for 74.2% of the sales amount in Conghua market while the top seven developers in Nansha accounted for 81% of the sales amount among the market. We ranked third in Conghua in terms of sales amount in 2018. The property markets of Conghua and Nansha have provided an environment for local developers to dominate the market and to develop more affordable housing than in Guangzhou due to a lower land cost. For Hainan market, as Sanya evolved into a property hotspot and a destination for tourist over the years, well-respected national developers gradually established their presence in the Sanya region while local players continued to thrive under the strong growth momentum of the market. The top ten developers in Sanya accounted for only 16.1% of the market share in terms of the sales amount in 2017. Sanya has provided an environment to enable local developers to develop and compete with the national newcomers while the market is fragmented, with no developer dominating the market. The total residential sale amount of Lingshui in 2017 is about RMB42.9 billion, which is about 44.8% of the market size of Sanya. Our sales amount in Lingshui was RMB1.45 billion in 2017, representing a market share of 3.4%. Like Sanya, the market in Lingshui is fragmented, with no single developer dominating the market. Local developers, being native to the market, have obtained a relatively high market share with their widely known brand names.

Please see "Industry Overview" for further details of the industry and geographical market in which we operate.

AWARDS AND RECOGNITIONS

Name of award	Year	Issuer of the award
年度最具影響力售樓部空間作品 (Annual Most Influential Sales Centre Space*) (for JY Gaoligong Town)	2019	China Design Brand Conference 2018-2019, by China Design Brand Recommendation Organising Committee and China Building Decoration Association
2019年度最值得期待樓盤 (The Most Anticipated Property Project for 2019*) (for JY Mountain Lake Gulf)	2019	湖南省房地產業協會 • 湖南樂居 (Hunan Province Real Estate Industry Association — Hunan Leju*)
廣東省綠色住區 (Green Residential Area in Guangdong Province*) (for JY Lychee Town)	2019	廣東省房地產行業協會 (Guangdong Province Real Estate Industry Association*)
工匠精神地產品牌獎 (Spirit of Craftsmanship Real Property Brand Award*)	2018	華夏時報 (China Times*)
典藏品質大宅獎 (Collectible Classic Residence*) (for JY Gaoligong Town)	2018	華夏時報 (China Times*)
資產收藏價值大宅 (Collectible Value Residence*) (for JY Hot Spring Villas)	2018	華夏時報 (China Times*)
粵港澳大灣區資產型物業 (Asset type Property for Guangdong-Hong Kong-Macao Greater Bay Area*) (for JY Hot Spring Villas)	2018	廣州市房地產行業協會 (Guangzhou Real Estate Trade Association*) and 房引擎 (fangyinqing.com*)
羊盟好項目 ("Yang Meng" Quality Project*) (for JY Gaoligong Town)	2018	羊城設計聯盟，廣州市空間設計協會 (Yangcheng Design Alliance, Guangzhou City Space Design Association*)
Major Excellent Client	2018	Industrial and Commercial Bank of China and China Construction Bank
最喜愛溫泉度假地 (Favourite Hot Spring Resort*) (for Just Stay Resort)	2018	"The Vote of the Favourite Destinations and Brands of Cantonese 2018" organised by Southern Metropolis Daily (南方都市報)
Winner for "Space" category (for Just Stay Resort)	2018	K-Design Award
最受關注度酒店品牌空間 (Most Attention Received for Hotel Brand Space*) (for Just Stay Resort)	2017	China Design Brand Convention 2017, by China Design Brand Recommendation Organising Committee and China Architectural Decoration Association
Excellent Client	2017	Agricultural Bank of China, Guangdong Province
Most Influential Enterprise of the Year	2017	fzg360.com, a property website in the PRC
Up and coming Enterprise	2017	Anjuke, a property website in the PRC
Annual Innovative Sales and Marketing Property Project	2016	Property Development Industry Association of Guangzhou
Property brand with the most cultural influence	2016	羊城晚報 (Yangcheng Evening News*)

REGULATORY COMPLIANCE

Certificates, licences, permits and registration

As at the Latest Practicable Date, we have obtained and maintained the following certificates, licences, permits and approvals that are specific and material to our business operations:

Subsidiary	Qualification/Licence	Status
Guangzhou Yinong	Qualification Certificate for Real Property Development Enterprise Class Three (房地產開發企業資質證書三級)	In effect, expiring on 13 August 2024
Yingde Shanhuju	Qualification Certificate for Real Property Development Enterprise Class Four (房地產開發企業資質證書四級)	In effect, expiring on 2 April 2020
Hainan Jingye	Qualification Certificate for Real Property Development Enterprise Class Three (房地產開發企業資質證書二級)	In effect, expiring on 4 December 2021
Tengchong Jingye	Qualification Certificate for Real Property Development Enterprise Class Four (房地產開發企業資質證書四級)	In effect, expiring on 26 July 2022
Zhuzhou Jingye	Interim Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	In effect, expiring on 6 January 2020
Hainan Xuanyu	Interim Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	Expired*(Note)*
Yingde Jinkun	Interim Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	In effect, expiring on 13 May 2020
Yingde Sangyuan	Interim Qualification Certificate for Real Property Development Enterprise (房地產開發企業暫定資質證書)	In effect, expiring on 26 June 2020
Guangzhou Chuangyi	Qualification Certificate for Construction Enterprise — Class 2 for construction and fitting out works contracting (建築業企業資質證書 — 建築裝修裝飾工程專業承包二級)	In effect, expiring on 15 February 2024
Guangzhou Hongchuang	Qualification Certificate for Construction Enterprise (建築業企業資質證書) • Class 2 for construction and fitting out works contracting (建築裝修裝飾工程專業承包二級) • Class 3 for steel structure works contracting (鋼結構工程專業承包三級) • Class 3 for construction works contracting (建築工程施工總承包三級) • Class 3 for foundation works contracting (地基基礎工程專業承包三級)	In effect, expiring on 25 April 2024
	Safety Production Licence (安全生產許可證)	In effect, expiring on 14 June 2022
	Urban Sewage Discharged into Drainage Network Licence (城鎮污水排入排水管網許可證)	In effect, expiring on 30 June 2020

Subsidiary	Qualification/Licence	Status
Guangzhou Just Stay	Special Trade Licence (特種行業許可證)	In effect, no expiry date
	Public Hygiene Licence (衛生許可證)	In effect, expiring on 13 March 2020
	Food Operation Licence (食品經營許可證)	In effect, expiring on 29 May 2021
	Pre-operation Fire Services Compliance Certificate for Public Places (公眾聚集場所投入使用、營業前消防安全檢查合格證)	Issued on 30 August 2016
	Dangerous Sports Operation Permit (高危險性體育項目經營許可證)	In effect, expiring on 28 November 2023
Guangzhou Just Stay (Conghua Branch)	Special Trade Licence (特種行業許可證)	In effect, no expiry date
	Tobacco Retail Sales Licence (煙草專賣零售許可證)	In effect, expiring on 28 December 2020
	Food Operation Licence (Staff canteen) (食品經營許可證) (職工食堂)	In effect, expiring on 5 March 2022
	Food Operation Licence (Medium-sized restaurant) (食品經營許可證) (中型餐廳)	In effect, expiring on 5 June 2022
	Pre-operation Fire Services Compliance Certificate for Public Places (公眾聚集場所投入使用、營業前消防安全檢查合格證)	Issued on 21 April 2017
	Public Hygiene Licence (衛生許可證)	In effect, expiring on 20 May 2022
	Urban Sewage Discharged into Drainage Network Licence (城鎮污水排入排水管網許可證)	In effect, expiring on 25 October 2023

Note: As at the Latest Practicable Date, we are in the process of renewing this licence. As advised by our PRC Legal Advisers, on the basis that Hainan Hengyu has provided all materials required for renewing the licence to relevant government authority and there was no non-compliance in the process of renewal of such licence, our PRC Legal Advisers are of the view that there is no legal impediment in renewing the licence. Our Directors confirm that there is no material practical impediment in renewing the licence.

Our Directors confirm that as at the Latest Practicable Date, to the best of their knowledge and belief, we had obtained all necessary approvals, permits, licences and certificates that are material to our business operations and have not been subject to non-renewal or conditional renewal of material licences and permits from the relevant government authorities.

Non-compliance Incidents

During the Track Record Period, our Group or our associated company failed to comply with certain PRC laws and regulations, a summary of which is set out below:

No.	Non-compliance incident	Reasons of non-compliance and responsible persons involved	Legal consequences, potential maximum penalties, potential impact on our operations and financial conditions	Rectification actions taken, current status and internal control measures taken
1.	**Commencement of construction prior to obtaining construction work planning permits or construction work commencement permit**			
	During the Track Record Period, certain of our project companies or associated company commenced construction work for four of our project phases prior to obtaining the relevant construction work planning permit/construction work commencement permit. The relevant project phases were Phases III and VI of JY Clearwater Bay No. 3, JY Donghuzhou Haoyuan and JY Well-being Valley Phase I.	Our Directors confirm that such non-compliances occurred mainly because: (i) the relevant construction contractor commenced the construction work without our approval in order to expedite the construction process; (ii) there was miscommunication between our project manager and the relevant government authorities; and (iii) we failed to provide adequate training to our employees at the project company level to execute our internal control policies to supervise the construction process.	The aggregate administrative penalty for the three incidents related to our project companies amounted to approximately RMB2.1 million and that for the incident related to our associated company was approximately RMB0.2 million which have been fully settled as at the Latest Practicable Date. We have subsequently obtained the relevant construction work planning permit or other relevant approval document for two of the projects. The remaining project, namely, JY Well-being Valley had not been granted the relevant approval as at the Latest Practicable Date. Our Directors confirmed that all construction works have been suspended and will not be resumed unless and until necessary approvals are obtained. On 17 May 2019, our PRC Legal Advisers conducted an interview with each of the Natural Resources and Planning Bureau of Lingao County* (臨高縣自然資源和規劃局) and Housing, Urban and Rural Development of Lingao County* (臨高縣住房和城鄉建設局), during which the bureaus confirmed that (1) subject to full settlement of administrative penalty already imposed, the non-compliance in respect of JY Well-being Valley has been settled and no further penalty will be imposed; (2) such non-compliance will not adversely impact the Group's obtaining of various construction permits subsequently or the Group's development of the land, and (3) such non-compliance will not lead to forfeiture of land. As advised by our PRC Legal Advisers, based on the interviews and their understanding of relevant laws and regulations, the non-compliance in respect of JY Well-being Valley has been settled and will not affect the Group's obtaining of relevant permits and development of the project. Our Directors considered that such non-compliance would not have a material operational or financial impact on us. As the penalty is fully settled, no provision was made in our financial statements for such non-compliance.	We settled the penalty in full for all three projects and received the relevant construction work planning permit or other relevant approval document for three of the projects. We suspended all construction works for the remaining JY Well-being project. We have adopted internal control measures to ensure ongoing compliance with the applicable PRC laws and regulations relation to the obtaining of the requisite permits. We have established, and will continue to improve, our standardised property development procedures, which have been embedded with multiple check points that govern each major step of our property development activities, such as obtaining each of land use right certificates, construction land planning permits, construction work planning permits, construction work commencement permits, pre-sales permits and completion certificates, to ensure that our subsidiaries obtain all necessary permits, licenses and regulatory approvals. Our operations centre will set out an operation plan for each project phase which states the stages of construction work, the estimated time frame for obtaining each of the necessary permits for construction work and the estimated time for the completion of the construction work provided that all the permits have been obtained. The centre will continue to monitor the adherence and execution of the operation plan to ensure that construction work is only commenced after all the necessary permits have been obtained, and that there should be supporting documents to prove that a stage of the construction work has been completed before proceeding to the next stage.

No.	Non-compliance incident	Reasons of non-compliance and responsible persons involved	Legal consequences, potential maximum penalties, potential impact on our operations and financial conditions	Rectification actions taken, current status and internal control measures taken
				We have also designated a person in each project company responsible for obtaining these permits, licences and approvals necessary for our property development. Our project companies are required to file the permits, licences and approvals obtained with the operations centre. To ensure our policy execution, we use development check points plan as an important metric in the performance review of our employees. Our operations centre and if applicable, our legal department at the headquarters also conduct periodic or ad hoc inspections on all of our construction sites, evaluate issues detected and implement appropriate measures for rectification.
2.	**Failure to make adequate social security insurance contributions**			
	During the Track Record Period, we failed to make full contributions to social security insurance scheme based on the actual salaries of our employees.	Our Directors confirmed that the non-compliance was due to (i) the inadvertent oversight and insufficient knowledge of the relevant PRC laws and regulations of our relevant staff; and (ii) the inconsistent implementation or interpretation of the relevant PRC laws and regulations by local authorities.	As advised by our PRC Legal Advisors, if an employer fails to pay its social security insurance contributions in accordance with the relevant laws of the PRC, it may be ordered by the regulator to pay the overdue amount within a prescribed time limit and an overdue fine equivalent to 0.05% of the overdue amount per day may be imposed. If the employer still fails to pay within the prescribed time limit, the regulator may impose a fine of one to three times of the overdue amount. As at 30 June 2019, we estimated that the total outstanding amount of social security insurance contributions that might be required by the relevant governmental authorities to repay was approximately RMB14.2 million. For our subsidiaries that have actual businesses activities except Zhongshan Jingya and Zhongshan Yueheng, we have obtained letters of confirmation from the relevant governmental authorities, confirming that we had not been penalised for violating the laws and regulations in the PRC in relation to social insurance contribution during this period. Our Directors confirm that we have not received any order from competent authorities requesting any of our group companies (including Zhongshan Jingya and Zhongshan Yueheng) to settle any overdue social security insurance contributions or overdue fine in respect thereof. As advised by our PRC Legal Advisors, the relevant governmental authorities are competent authorities to make the aforesaid confirmations. Based on the facts that (i) we have received letters of confirmation from competent authorities; (ii) as at the Latest Practicable Date, we had not received any order from the competent authorities requesting us to settle any overdue social security insurance contributions; and (iii) rectification measures have been taken by our Group, our Directors are of the view that such historical incidents do not and will not have any material operational or financial impact on us.	We have already recorded accrued payable in the total amount of RMB14.2 million for the unpaid amount of social security insurance contributions. We believe such accrued payable is sufficient to cover our liabilities in respect of the unpaid social security insurance contributions. In addition, pursuant to the terms and conditions of the Deed of Indemnity, our Controlling Shareholders have undertaken to indemnify us against, among others, any losses and penalties which we may suffer as a result of this non-compliance incident, except that specific accrued payables has been made in the audited consolidated accounts of our Group for the Track Record Period. We have adopted and will adopt internal control measures to ensure ongoing compliance with the applicable PRC laws and regulations in relation to labour laws. We have published a notice regarding the requirements of social security insurance scheme made by the PRC government to make sure our internal policy satisfies the requirements of the relevant PRC laws and regulations. We have also issued guidelines in relation to social security insurance scheme to our project companies and require all our human resources staff to receive relevant training. We will designate the responsible persons of the human resources and administrative centre and departments of our Group to review and assess whether the payment of social security insurance contributions complies with the requirements of our internal policy and the relevant PRC laws and regulations when approving the salaries of our employees. Further, we plan to establish an audit supervision centre which will be responsible for, among others, conducting regular inspection on the payment scope and base of the social security insurance scheme of our Group. We organise training on the relevant social security insurance policies and regulations for our human resources staff. The first training was held on 31 May 2019.

Our Directors also confirmed that to the best of their knowledge and belief, save as disclosed above, we are not aware of any material or systemic non-compliance with any applicable laws and regulations during the Track Record Period and up to the Latest Practicable Date.

INTERNAL CONTROL AND RISK MANAGEMENT

Our Directors are responsible for the formulation of and overseeing the implementation of the internal control measures and the effectiveness of risk management system, which is designed to provide reasonable assurance regarding the achievement of objectives relating to operations, reporting and compliance.

Corporate Governance

In accordance with the applicable laws and regulations, we have established procedures for developing and maintaining internal control systems covering areas such as corporate governance, operations management, compliance matters, financial reporting, as appropriate for our needs. We believe that our internal control systems and current procedures are sufficient in terms of comprehensiveness, practicability and effectiveness. In particular, we have adopted the following internal control measures to enhance our corporate governance:

(1) our Board includes three independent non-executive Directors to ensure transparency in management and fairness in business decisions and operations. The independent non-executive Directors contribute to the enhancement of corporate value by providing advice and oversight based on their extensive administrative experience and specialised knowledge;

(2) our Directors deliberate risk management related policies and procedures, review the effectiveness and adequacy of risk management activities annually;

(3) we have strengthened our internal audit system to ensure the appropriate functioning of the risk management and operation oversight systems. We have established the audit committee which comprises three independent non-executive Directors to review and monitor the effectiveness of our financial controls, internal control and risk management systems;

(4) our Directors have attended a training session on 28 May 2019 conducted by our Hong Kong Legal Advisers on, among other things, the obligation, on-going corporate governance requirements and the duties of directors of a company listed on the Stock Exchange; and

(5) we have appointed Advent Corporate Finance Limited as our compliance adviser to advise us on compliance matters in relation to the Listing Rules.

Risk Management

Our Directors are responsible for overall risk management and control of our Group's business and review the effectiveness of our risk management system from time to time to ensure that it properly addresses and is adequate to monitor and control, to the extent feasible, various risks faced by our Group following our business growth and expansion. We have in place the following risk management system to manage our operational risks:

- Our Board is in charge of the overall risk control of our Group. Any significant business decision involving material risks are reviewed, analysed and approved at the Board level to ensure a thorough examination of the associated risks at our highest corporate governance body. Our city and site selection decisions are made by senior management committee. We conduct feasibility studies taking into account market structure, costing, availability of financial resources before making any bid for land.

- Our vice president, Ms. Tan Yuxing oversees our operations in Yunnan province, our executive Director, Mr. Xue Shuangyou oversees our operations in Guangdong and Hunan provinces and our vice president, Mr. Lan Chiyuan overseas our operations in Hainan province. They are in charge of supervising and monitoring the overall business operations of the respective region approval of material business decisions of our project companies.

- We have different functional centres responsible for each key fields of our operations including investment, project design, costing, procurement, engineering, operations, sales and marketing, accounting and finance, property management, hotel operations, corporate communications. We have established procedures and policies setting out clear reporting lines and responsibilities with a view to facilitating efficient communications among our Board, our senior management and different functional centres.

- We have developed a standardised property development process that governs each step of our property development activities. When we initiate a project, we set out a clear time line from project design to property delivery, allocate control points along critical stages of each project, and monitor and supervise our contractors and suppliers to ensure that the time line is met as much as possible. We also conduct careful costing and budgeting to estimate profitability of each project before making any land bidding and monitor our cost structure and financing activities closely as we implement the project development plan.

- Our audit committee is responsible for, among others, maintaining a satisfactory control environment and an effective system of internal control (including any arrangements for internal audit) and to review our Group's financial information, by monitoring the integrity of our Group's financial statements and annual report and accounts, half-year report and to review significant financial reporting judgements contained in them.

- We have in place control measures to monitor risks at operational level. For example, we minimise counterparty risks by conducting due diligence procedures on our construction contractors before their appointment. We impose strict contractual requirements and manage and supervise the construction works with regular quality control measures overseen by us.

- We have adopted various internal policies and procedures for our individual employees in respect of different aspects of our business process based on our operational needs. We also provide both in-house and external training to our employees in order to enhance their industry knowledge to manage our operational risks.

LEGAL PROCEEDINGS

We have been involved in administrative and legal proceedings in the ordinary course of business during the Track Record Period, including administrative sanctions set out in "Non-compliance Incidents" above, personal injury claim from employee and dispute arising from our guarantee of mortgage granted to our customer by mortgage bank. During the Track Record Period, we have not been involved in any legal or other disputes with contractors, purchasers or other persons that were material to our business, results of operations and financial conditions. Our Directors confirm that, save as disclosed, during the Track Record Period and up to the Latest Practicable Date, we have not been involved in any actual or threatened arbitration, litigation or administrative proceedings which had or could be expected to have a material adverse impact on our reputation, business, results of operations and financial condition.

OUR CONTROLLING SHAREHOLDERS

Immediately following the completion of the Global Offering and the Capitalisation Issue (assuming that the Over-allotment Option is not exercised but without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme), Chan S. M. Michael Family Trust through its wholly-owned company, Sze Ming, held 75.0% of the enlarged issued share capital of our Company. Pursuant to the trust deed establishing Chan S. M. Michael Family Trust, Mr. Michael Chan is the settlor, protector and a discretionary beneficiary of Chan S. M. Michael Family Trust. The trustee is IQ EQ (BVI) Limited which is a professional corporate trustee licensed by the British Virgin Islands Financial Services Commission. The discretionary beneficiaries include Mr. Michael Chan, his parents, his siblings and his descendants. The descendants of Mr. Michael Chan refer to Mr. Michael Chan's children and other descendants beyond Mr. Michael Chan's immediate children, such as grandchildren and great-grandchildren (and which includes legitimate, illegitimate, legitimated and adopted children). According to the trust deed, subject to the power of the protector to appoint additional protector(s), if there is no person at any time serving as the protector, the trustee shall appoint a protector. Mr. Michael Chan confirmed that (i) there were eight discretionary beneficiaries, and (ii) he as the protector has not appointed any additional protector(s) as at the Latest Practicable Date. Accordingly, we consider Sze Ming and Mr. Michael Chan as our Controlling Shareholders for the purpose of the Listing Rules.

INDEPENDENCE FROM CONTROLLING SHAREHOLDERS

Sze Ming is an investing holding company. Mr. Michael Chan indirectly owns, controls and invests in a number of companies providing education service in China and operating a construction project in Hong Kong. They do not compete, or are not likely to compete, either directly or indirectly, with our business. Our Directors consider that our Group is capable of carrying on its business independently from our Controlling Shareholders (including any close associates thereof) after the Listing for the following reasons:

No Competition and Clear Delineation of Business

Our Directors, including our independent non-executive Directors, are of the view that to the best of their knowledge and belief after making reasonable enquiries, save as disclosed in the section headed "Directors and Senior Management — Disclosure under Rule 8.10(2) of the Listing Rules" in this prospectus, none of our Controlling Shareholders, our Directors or their respective close associates have interests in businesses which compete, or are likely to compete, either directly or indirectly, with our business under Rule 8.10 of the Listing Rules.

In addition, our Controlling Shareholders have given a non-competition undertaking in favour of our Group. For details, please refer to the paragraph headed "Non-competition Undertakings" in this section below.

Management Independence

Our Board comprises six executive Directors and three independent non-executive Directors. Our senior management team consists of four members. Our Directors consider that our Board and our senior management team are able to function independently from our Controlling Shareholders and their respective close associates after the Listing because:

(a) each Director is aware of his/her fiduciary duties as a Director which require, amongst others, that he/she acts for the benefit and in the best interests of our Company and does not allow any conflict between his/her duties as a Director and his/her personal interest;

(b) in the event that any Director or any of his/her close associates has a material interest in any transaction or arrangement or there is an actual or potential conflict of interest arising out of any transaction or arrangement to be entered into between our Group and any of our Directors or their respective close associates, Director(s) shall fully disclose such matters to the Board and abstain from voting at the relevant meeting of the Board in respect of such transactions and shall not be counted in the quorum. Our Group has also adopted certain corporate governance measures for situations involving conflict of interests. For details, please refer to the paragraph headed "Corporate Governance Measures" in this section below;

(c) with three independent non-executive Directors out of a total of nine Directors in our Board, there will be independent voice within our Board to counter-balance any situation involving a conflict of interests and to protect the interests of our independent Shareholders;

(d) connected transactions between our Group and companies controlled by our Controlling Shareholders are subject to the rules and regulations under the Listing Rules including the rules relating to annual reporting, review, announcement, circular and independent shareholders' approval (where applicable);

(e) our Group has an independent senior management team to carry out day-to-day operation and execute the business decisions of our Group, which is independent of our Controlling Shareholders. They have substantial experience in the industry we engaged in and have served our Group for a period of time during which they have demonstrated their capability of discharging their duties independently from our Controlling Shareholders. Our Directors do not foresee any issue or obstacles which may affect management independence. Our Directors are satisfied that the senior management team will be able to perform their roles in our Company independently; and

(f) our Board's main functions include the approval of our Group's overall business plans and strategies, monitoring the implementation of such business plans, strategies and policies, and the management of our Company. Our Board acts collectively by majority decisions in accordance with the Articles and the applicable laws, and no single Director is supposed to have any decision-making power unless otherwise authorised by our Board.

Operational Independence

Each of our property projects is held and operated by a project company within our Group. We have adopted a two-tier management system which consists of (i) the Board, senior management and various functional centres of our Group who are responsible for overall strategic planning and management of our Group; and (ii) our project companies which are in charge of the daily operations of their respective property projects. We have established various centres and departments for different functions to supervise and coordinate different aspects of our operations. We have also established a set of internal control mechanisms to facilitate the operations of our business.

We have sufficient capital, employees and properties and facility materials necessary to our business operations to operate our business independently. We have our own operational and administrative resources and we do not share such resources with our Controlling Shareholders or other companies controlled by our Controlling Shareholders.

Save for the continuing connected transaction as disclosed in the section headed "Connected Transaction" in this prospectus, we have not entered into other continuing connected transaction with our Controlling Shareholders or their respective close associates.

Financial Independence

All loans, advances and balances due from our Controlling Shareholders and their respective close associates and all loans, advances and balances due to our Controlling Shareholders will be fully settled upon the Listing. All share pledges and guarantees provided by our Controlling Shareholders and their respective close associates on our Group's borrowing will also be fully released upon Listing. Accordingly, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates. In addition, we have our own internal control systems, accounting and finance centre, independent treasury function for cash receipts and payment and independent access to third-party financing.

NON-COMPETITION UNDERTAKINGS

Each of our Controlling Shareholders (collectively be referred to as the "**Covenantors**") has entered into the Deed of Non-competition (being a material contract referred to in "Appendix V — Statutory and General Information" in this prospectus) pursuant to which each of the Covenantors has given an irrevocable non-competition undertaking in favour of our Company namely, each of the Covenantors has, among other matters, irrevocably undertaken and covenanted with our Company that at any time during the Relevant Period (as defined below), each of the Covenantors shall directly or indirectly, and shall procure that their close associates and entities or companies controlled by them or its close associates (other than our Group) shall:

(a) not be engaged, interested or otherwise involved, directly or indirectly, in any business in any form or manner which is, directly or indirectly, in competition with the business that our Group carries out that includes property development and sales, hotel operations, property management and commercial properties investment business in the PRC (including but not limited to Guangdong, Hainan, Yunnan and Hunan provinces) and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group as a whole from time to time (excluding, for the avoidance of doubt, sales and purchases of properties by the Covenantor for personal residential and/or investment purpose(s) from time to time) (the "**Restricted Activity(ies)**");

(b) not directly or indirectly solicit, interfere with or endeavour to entice away from our Group any person, firm, company or organisation who to his/its knowledge is from time to time or has, at any time within the immediate past two years before the date of this prospectus, been a customer, supplier, distributor, director, consultant or employee of our Group;

(c) not at any time employ any person who has been a director, manager, employee of or consultant to our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to any business of our Group; and

(d) not directly or indirectly solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to any Restricted Activity, or cease to deal with our Group or reduce the amount of business which the person would normally do with our Group.

Notwithstanding the undertakings under (a) to (d) above, nothing shall restrict any of the Covenantors from acquiring or holding interests in equity securities issued by any company engaged in any Restricted Activity provided that each of them (individually or together) will not directly or indirectly own more than 5% of the total issued share capital of such company or control the exercise of more than 5% of the voting rights thereof or control the composition of the board of directors of such company and that the business and assets of the aforesaid company relating thereto account for less than 5% of the relevant company's consolidated turnover and consolidated assets, respectively, as shown in that company's latest audited consolidated accounts.

For the above purpose, the "Relevant Period" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

(i) the date on which the Covenantors and his/its close associates (individually or taken as a whole) cease to own 30% or more of the then issued share capital of our Company directly or indirectly or cease to be the controlling shareholders of our Company for the purpose of the Listing Rules and do not have power to control our Board; and

(ii) the date on which the Shares cease to be listed on the Stock Exchange.

CORPORATE GOVERNANCE MEASURES

Each of our Controlling Shareholders has confirmed that he/it fully comprehends his/its obligations to act in the best interests of our Company and our Shareholders as a whole.

To strengthen its corporate governance practice and to safeguard the interests of our Shareholders, our Company will implement the following measures:

(a) our Directors will comply with our Articles of Association, which requires the interested Director not to 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 respective associates is materially interested unless otherwise permitted by the Articles;

(b) we are committed that our Board should include a balanced composition of executive Directors and independent non-executive Directors. We have appointed independent non-executive Directors and we believe our independent non-executive Directors possess sufficient experience and they are free of any business or other relationship which could interfere in any material manner with the exercise of their independent judgement and will be able to provide an impartial, external opinion to protect the interests of our public Shareholders. Details of our independent non-executive Directors are set out in the section headed "Directors and Senior Management — Board of Directors — Independent non-executive Directors" in this prospectus;

(c) our independent non-executive Directors will review, on an annual basis, the compliance with the undertaking given by our Controlling Shareholders under the non-competition undertakings;

(d) our Controlling Shareholders undertake to provide all information requested by our Company which is necessary for the annual review by our independent non-executive Directors and the enforcement of the non-competition undertakings under the Structured Contracts;

(e) our Company will disclose decisions on matters reviewed by our independent non-executive Directors relating to compliance and enforcement of the non-competition undertakings of our Controlling Shareholders under the non-competition undertakings under the Structured Contracts in the annual reports of our Company; and

(f) our Controlling Shareholders will make an annual declaration on compliance with their undertakings under the non-competition undertakings under the Structured Contracts in the annual report of our Company.

OVERVIEW

Pursuant to Chapter 14A of the Listing Rules, our Directors, substantial shareholders and chief executive officer or those of our subsidiaries, any of their associates and any person who was our Director or a director of our subsidiaries, any of their associates within 12 months preceding the Listing Date will become a connected person of our Company upon the Listing. Upon the Listing, our transaction with such connected persons will constitute connected transaction under Chapter 14A of the Listing Rules.

Our Directors confirm that the transaction entered into between our Group and its connected persons in the ordinary and normal course of our business which will continue after Listing will constitute continuing connected transaction for us under Chapter 14A of the Listing Rules.

Connected Person

Guangzhou Panyu Agile Realty Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) ("**Panyu Agile**") is principally engaged in property development in Panyu District, Guangzhou in the PRC. Panyu Agile is wholly owned by Agile Group Holdings Limited (雅居樂集團控股有限公司), a company incorporated in the Cayman Islands with limited liability whose shares are listed on the Stock Exchange with stock code 3383 ("**Agile Holdings**"). Agile Holdings is indirectly owned as to approximately 62.63% by Full Choice Investments Limited ("**Full Choice**"), a company incorporated in Hong Kong with limited liability. Full Choice is the trustee of a family trust, the beneficiaries of which are Mr. Chan Cheuk Yin, who is the father of Mr. Michael Chan, and Mr. Chen Zhou Lin, Ms. Luk Sin Fong, Fion, Mr. Chan Cheuk Hung, Mr. Chan Cheuk Hei and Mr. Chan Cheuk Nam, who are the uncles and aunt of Mr. Michael Chan (the "**Chen's Family Trust**"). The board of directors of Full Choice comprises two of the beneficiaries of the Chen's Family Trust.

In light of the association of the board of directors of Full Choice, Full Choice, Agile Holdings and Panyu Agile with Mr. Michael Chan, Panyu Agile shall be a deemed connected person of our Company upon Listing.

Connected and Continuing Connected Transaction

Nature of transaction

A tenancy agreement dated 27 September 2016, a supplemental tenancy agreement dated 10 October 2018 and a second supplemental tenancy agreement dated 20 May 2019 were entered into between Guangzhou Shunbang, our wholly-owned subsidiary, and Panyu Agile, under which Panyu Agile agreed to lease to Guangzhou Shunbang the commercial property (except generator room and warehouse on the second floor, warehouse on the first floor, document room and warehouse on the floor basement one) located at "JY Grandmark Building, 198 Guanjing Road, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC" with a gross floor area of approximately 5208.6 sq.m., for a term from 1 November 2016 to 31 October 2026 for commercial office and shop use (the "**Tenancy Agreements**").

Pursuant to the Tenancy Agreements, Guangzhou Shunbang shall pay Panyu Agile (i) the annual rent (the "**Rental Payment**") as set out in the table below, and (ii) the property management fees, government taxes, other charges (such as utilities) (the "**Service Payment**"):

Period	**Annual Rental Payment (inclusive of value-added tax)**
1 November 2016 to 30 October 2017	No more than RMB1 million
1 November 2017 to 30 October 2018	No more than RMB1 million
1 November 2018 to 30 October 2019	No more than RMB1 million
1 November 2019 to 30 October 2020	RMB1,050,000
1 November 2020 to 30 October 2021	RMB1,102,500
1 November 2021 to 30 October 2022	RMB1,157,625
1 November 2022 to 30 October 2023	RMB1,215,506.25
1 November 2023 to 30 October 2024	RMB1,276,281.56
1 November 2024 to 30 October 2025	RMB1,340,095.64
1 November 2025 to 30 October 2026	RMB1,407,100.42

The Rental Payment was determined after arm's length negotiations between Panyu Agile and Guangzhou Shunbang, after taking into consideration the market rental of comparable properties in a similar location prevailing at the commencement of the Tenancy Agreements. The Service Payment was determined based on the expenses actually incurred by Guangzhou Shunbang.

Accounting implication to the Tenancy Agreements

In accordance with the HKFRSs applicable to our Group, the payments by our Group contemplated under the Tenancy Agreements comprise different components and hence different accounting treatments will be applied. The Rental Payment to be made by our Group under the Tenancy Agreements is capital in nature and will be recognised, among others, as assets of our Group at the commencement date of the Tenancy Agreements. The Service Payment to be made by our Group under the Tenancy Agreements is an expense in nature and will be recognised, among others, as expenses of our Group over the lease term of the Tenancy Agreements.

The HKFRSs applicable to our Group include HKFRS 16 "Leases" which came into effect on 1 January 2019 and early adopted by the Group throughout the Track Record Period. Under HKFRS 16, our Group as the lessee shall recognise a lease as a right-of-use asset and a lease liability. The right-of-use asset represents its right to use the underlying leased asset over the lease term and the lease liability represents its obligation to make lease payments (i.e. the Rental Payment). The asset and the liability arising from the lease are initially measured on present value basis and calculated by discounting the non-cancellable lease payments under the Tenancy Agreements, using the incremental borrowing rate as the discount rate. Under HKFRS 16, the Group shall recognise (i) depreciation charge over the life of the right-of-use asset, and (ii) interest expense is calculated based on lease liability balance using the effective interest rate method.

Historical transaction value

The following table sets out the historical transaction value of the Tenancy Agreements during the Track Record Period:

	1 November 2016 (Commencement date of the Tenancy Agreements) to 31 December 2016	1 January 2017 to 31 December 2017	1 January 2018 to 31 December 2018	1 January 2019 to 30 June 2019
Aggregate Rental Payment	RMB167,000	RMB1 million	RMB1 million	RMB0.5 million
Aggregate Service Payment	RMB0	RMB205,279	RMB291,639	RMB100,432

For the purpose of the Listing Rules and after taking into account effects of the new HKFRS 16 as mentioned above, the Service Payment under the Tenancy Agreements shall not be recognised as a right-of-use asset and shall remain to be categorised as continuing connected transaction.

Listing Rules implications

In respect of the entering into the Tenancy Agreements which comprised of the Rental Payment thereof, it constitutes connected transaction for the Company given that each of the applicable percentage ratios in respect of the Rental Payment as the right-of-use assets under HKFRS 16, on an aggregated basis, is less than 5%. Pursuant to Rule 14A.76(2)(a) of the Listing Rules, the transaction under the Tenancy Agreements is a *de minimis* transaction and is exempted from circular (including independent financial advice) and independent Shareholders' approval requirements under the Listing Rules.

In respect of the entering into the Tenancy Agreements which comprised of the Service Payment, it constitutes continuing connected transaction for the Company given that each of the applicable percentage ratios on an annual basis is less than 0.1%. Pursuant to Rule 14A.76(1)(a) of the Listing Rules, the transaction is a *de minimis* transaction and is fully exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements under the Listing Rules.

Confirmation from property valuer

Cushman & Wakefield, the independent property valuer to our Company, has reviewed the Tenancy Agreements and is of the opinion that the Rental Payment represents the market rental of comparable properties in a similar location prevailing at the commencement of the Tenancy Agreements and the Tenancy Agreements are fair, reasonable and on normal commercial terms.

Directors' Confirmation

Our Directors, after reviewing the Tenancy Agreements and having considered the opinions from the independent property valuer, confirm that terms under the Tenancy Agreements are fair and reasonable and in the interests of our Company and Shareholders as a whole, and the Tenancy Agreements have been entered into in the ordinary and usual course of business of our Group, on arm's length basis by reference to prevailing market rates and upon normal commercial terms.

Compliance with the Listing Rules

If the material terms of the Tenancy Agreements are altered to the extent that it is no longer an exempt continuing connected transaction or if we enter into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration paid or payable by us exceed the limits for exempt continuing connected transactions referred to in the Listing Rules, we will comply with the relevant requirements of the Listing Rules.

Related Party Transactions

Save for the connected and continuing connected transaction disclosed above, we had also entered into certain related party transactions during the Track Record Period, details of which are set forth in the Accountant's Report in Appendix I to this prospectus.

BOARD OF DIRECTORS

Our Board consists of nine Directors, including six executive Directors and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business.

The table below sets forth information regarding our Board of Directors.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Principal responsibility	Relationship among Directors and senior management
Mr. CHAN Sze Ming Michael (陳思銘)	30	Executive Director and chairman	13 December 2013	2 November 2018	Formulating development strategies of our Group, establishing overall business, operation and management directions and project investment strategies, managing design centre, finance centre and audit and supervision centre of our Group	Nil
Mr. LIU Huaxi (劉華錫)	44	Executive Director and vice chairman	6 May 2019	24 May 2019	Managing investment centre, marketing centre, contract finance department of our Group, and our Subsidiaries in Hong Kong	Nil
Ms. ZHENG Catherine Wei Hong (alias 鄭紅)	52	Executive Director and president	21 March 2014	2 November 2018	Managing human resources and admiration centre, procurement centre of our Group, and our Subsidiaries operating property management and hotel operations business	Nil
Mr. WU Xinping (吳新平)	54	Executive Director and vice president	3 March 2017	2 November 2018	Managing engineering centre of our Group, our Subsidiaries in Qingyuan, Guangzhou Hongchuang and Guangzhou Chuangyi	Nil
Mr. XUE Shuangyou (薛雙有)	56	Executive Director and vice president	23 October 2017	2 November 2018	Managing our Subsidiaries in Guangzhou and Zhuzhou, and associated companies	Nil
Ms. WEI Miaochang (韋妙嫦)	50	Executive Director and general manager of finance centre	9 July 2014	24 May 2019	Overseeing financial management of our Group, including profit forecast and analysis and taxation management	Nil
Mr. MA Ching Nam (馬清楠)	67	Independent non-executive Director	13 November 2019	13 November 2019	Providing independent judgment on the Group's strategies, performance, resources and standard of conduct	Nil
Mr. LEONG Chong (梁翔)	54	Independent non-executive Director	13 November 2019	13 November 2019	Providing independent judgment on the Group's strategies, performance, resources and standard of conduct	Nil
Mr. WU William Wai Leung (胡偉亮)	53	Independent non-executive Director	13 November 2019	13 November 2019	Providing independent judgment on the Group's strategies, performance, resources and standard of conduct	Nil

Executive Directors

Mr. CHAN Sze Ming Michael (陳思銘), aged 30, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director and chairman of our Company on 13 November 2019. Mr. Michael Chan founded our Group in December 2013. He is primarily responsible for formulating development strategies of our Group, establishing overall business, operation and management directions and project investment strategies, managing design centre, finance centre and audit and supervision centre of our Group. He reports to the Board as a whole, and chairs the monthly and quarterly meetings with other executive Directors and senior management of our Group. He is also a director of a number of our Subsidiaries.

Since the establishment, Mr. Michael Chan, as supported by a dedicated management team, has been participating in the overall operation and management of our Group, including (i) making investment decisions and formulating operation strategies, (ii) overseeing the daily operations of various departments in our Group, (iii) researching on the property market, real estate industry and global economy, (iv) supervising design and product development, (v) overseeing the financial management and works that involve budget planning and financing negotiating, (vi) inspecting the quality control work of the construction sites, and (vii) monitoring the overall marketing strategies and promotion of our brand. As our business continues to expand, our Group constantly recruits professional and dedicated management with substantial experience in the real estate development industry in the PRC, such as Mr. Liu Huaxi, Mr. Wu Xinping and Mr. Xue Shuangyou. By leveraging Mr. Michael Chan's overseas academic background and the knowledge and experience of our Directors and senior management, Mr. Michael Chan also formulates the development strategies and directions of our Group.

Mr. Michael Chan obtained a Bachelor of Commerce (major in Finance) in July 2011 from Griffith University in Australia. After graduation, he founded our Group in 2013, and has since then obtained over five years of experience in the real estate development industry.

Mr. Michael Chan was awarded "Real Estate Innovator in 2018" (「2018年度地產創新人物」) by China Times (《華夏時報》), and "New China's Real Estate Leader of the Year" (「中國房地產年度新領軍人物」) by China International Real Estate & Architectural Technology Fair (CIHAF) (中國國際房地產與建築科技展覽會) in 2019.

Mr. LIU Huaxi (劉華錫), aged 44, was appointed as a Director on 24 May 2019 was redesignated as an executive Director and vice chairman of our Company on 13 November 2019. Mr. Liu joined our Group in May 2019. He is primarily responsible for managing investment centre, marketing centre, contract finance department of our Group, and our Subsidiaries in Hong Kong. He reports to the Board as a whole, and attends the monthly and quarterly meetings with other executive Directors and senior management of our Group. He is also a legal representative of Zhongshan Yueheng. He is a member of our remuneration committee and nomination committee. He holds 50% interest in Zhongshan Yuelai which in turn owns 5% interest in Zhongshan Jingyue, our Subsidiary. Please refer to the section headed "History and Development — Our Major Subsidiaries — Zhongshan Yueheng" in this prospectus for the details about Zhongshan Yuelai and the acquisition of Zhongshan Yueheng.

Before joining our Group, Mr. Liu has worked in Agile Group Holdings Limited (雅居樂集團控股有限公司) since 1995. He was responsible for project operation and development, hotel business, property management, administration and human resources management, capital market operation and management of Agile Foundation. He left as the vice president of Agile Group Holdings Limited (雅居樂集團控股有限公司), and chairman of Agile Foundation* (廣東省雅居樂公益基金會) in 2014. From August 2014 to April 2019, he has worked in Zhongshan Yuelai as the vice chairman and executive president. He was responsible for the overall management of the company. C&L International Holdings Pty Ltd, a company where Mr. Liu held 30% shareholding, completed the real estate project of Royal Como — 663-667 Chapel Street, South Yarra, Melbourne in Australia in 2018. He has over 24 years of experience in real estate development industry and senior management.

Mr. Liu graduated from Hohai University (河海大學) in the PRC in July 1995 majoring in Industrial Enterprise Management. He was named "Person of the Year" (年度影響力風雲人物) for 2015-2016 Zhongshan Zhuhai Jiangmen Real Estate Overall Rating* (中珠江樓市總評榜) by Sohu and www.focus.cn in 2016.

Mr. Liu was an executive director, manager and legal representative of Zhongshan Jihong Electrical Appliances Switch Co., Ltd.* (中山市技宏電器開關有限公司) which was established in the PRC and the person in charge of Zhongshan Sanjiao Town Jihong Electrical Appliances Switch Sales Department* (中山市三角鎮技宏電器開關經銷部) which was a private business in the PRC, and they were deregistered in 2015 and 2009, respectively. Mr. Liu confirmed that the company and the business were solvent at the time of deregistration.

Ms. ZHENG Catherine Wei Hong (alias 鄭紅) (previously known as Zheng Weihong, 鄭衛紅), aged 52, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of our Company on 13 November 2019. Ms. Catherine Zheng joined our Group in March 2014, and is now the president of our Group. She is primarily responsible for managing human resources and admiration centre, procurement centre of our Group, and our Subsidiaries operating property management and hotel operations business. She reports to the Board as a whole, and attends the monthly and quarterly meetings with other executive Directors and senior management of our Group. She is also a director or legal representative of a number of our Subsidiaries.

Before joining our Group, Ms. Catherine Zheng has worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the assistant to president from 2001 to 2010, and in Guangzhou Panyu Agile Real Estate Development Co., Ltd.* (廣州番禺雅居樂房地產開發有限公司) as the general manager from 2010 to 2014. She was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, managing the real estate projects, supervising on accomplishment of the operation targets and plans of the company and participating in marketing activities. Ms. Catherine has over 17 years of experience in the real estate development industry and senior management.

Ms. Catherine Zheng obtained a Master of Business Administration with Distinction in May 2001 from The University of Western Sydney in Australia. Ms. Catherine Zheng was awarded "Outstanding Female Entrepreneur of Guangdong Province" (廣東省優秀女企業家) by Guangdong Female Entrepreneur Association* (廣東省女企業家協會) in May 2013 and she became the vice president of the Council Committee of Guangzhou Female Entrepreneur Association* (廣州市女企業家協會) since January 2012. She has been the vice president of the 6th Council Committee of Guangzhou Panyu Nancun General Chamber* (廣州市番禺區南村總商會) since June 2016.

Mr. WU Xinping (吳新平), aged 54, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of our Company on 13 November 2019. Mr. Wu joined our Group in March 2017, and is now the vice president of our Group. He is primarily responsible for managing engineering centre of our Group, our Subsidiaries in Qingyuan, Guangzhou Hongchuang and Guangzhou Chuangyi. He reports to the Board as a whole, and attends the monthly and quarterly meetings with other executive Directors and senior management of our Group. He is also a director or legal representative of a number of our Subsidiaries.

Before joining our Group, Mr. Wu has worked in Agile Property Land Co., Ltd.* (雅居樂地產置業有限公司) as the general manager of the Engineering Centre from 1999 to 2017. He was responsible for formulating medium-term to long-term development plan and regular operation plans based on the overall development plan of the company, supervising the real estate projects, and controlling the costs of the company. Mr. Wu has over 19 years of experience in the real estate development industry and senior management.

Mr. Wu graduated from Yangzhou University (揚州大學) in the PRC in October 1998 majoring in Economics Management. He received his licence as a senior engineer from the Human Resources Bureau of Nantong City* (南通市人事局) in the PRC in July 2003. He was also a member of the Chartered Institute of Building in March 2011.

Mr. XUE Shuangyou (薛雙有), aged 56, was appointed as a Director on 2 November 2018 and was redesignated as an executive Director of our Company on 13 November 2019. Mr. Xue joined our Group in October 2017, and is now the vice president of our Group. He is primarily responsible for managing our Subsidiaries in Guangzhou and Zhuzhou, and associated companies. He reports to the Board as a whole, and attends the monthly and quarterly meetings with other executive Directors and senior management of our Group. He is also a director or legal representative of a number of our Subsidiaries.

Before joining our Group, Mr. Xue has worked in Agile Group Holdings Limited (雅居樂集團控股有限公司) as the regional president from 1999 to 2017. He was responsible for formulating medium-term to long-term development plans and regular operation plans based on the overall development plan of the company, supervising the real estate projects, and controlling the costs of the company. Mr. Xue has over 20 years of experience in the real estate development industry and senior management.

Mr. Xue obtained a bachelor's degree in Construction Engineering (major in Construction Structure Engineering) in July 1984 from Inner Mongolia Engineering College* (內蒙古工學院) (currently known as Inner Mongolia University of Technology (內蒙古工業大學)) in the PRC. He received his licence as a senior engineer from the Ministry of Machine-Building Industry of the People's Republic of China* (中華人民共和國機械工業部) in September 1996.

Ms. WEI Miaochang (韋妙嫦), aged 50, was appointed as a Director on 24 May 2019 and was redesignated as an executive Director of our Company on 13 November 2019. Ms. Wei joined our Group in July 2014, and is now the general manager of finance centre of our Group. She is primarily responsible for overseeing financial management of our Group, including profit forecast and analysis and taxation management. She reports to the Board as a whole, and attends the monthly and quarterly meetings with other executive Directors and senior management of our Group.

Before joining our Group, Ms. Wei has worked in certain group companies of Agile Group Holdings Limited as (i) the finance manager from 1998 to 2006 where she was responsible for the financial management work, and (ii) the manager of audit and supervision centre from 2006 to 2014 where she was responsible for the audit supervision work of the group. Ms. Wei has over 20 years of experience in financial management, audit and senior management.

Ms. Wei graduated from University of Electronic Science and Technology of China in the PRC, majoring in Financial Management learning online in June 2013. She received the certificate of accounting (intermediate) in the PRC issued by the Ministry of Human Resources and Social Security and Ministry of Finance of the People's Republic of China in December 2008. She was further designated as certified internal auditor by The Institute of Internal Auditors in November 2012.

Ms. Wei was an executive director and legal representative of Shanghai Mingri Doors & Windows Manufacturing Co., Ltd.* (上海明日門窗製造有限公司) which was established in the PRC with its business licence revoked in 2003. Ms. Wei confirmed that the company was solvent at the time of the revocation of its business licence.

Independent non-executive Directors

Mr. MA Ching Nam, CStJ, J.P. (馬清楠), aged 67, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Ma is the chairman of our nomination committee, and member of our audit committee and remuneration committee.

Mr. Ma obtained a degree of Bachelor of Science in Economics with honours from The University of Hull in July 1977. He was admitted as a solicitor in England and Wales, Hong Kong, Victoria (Australia) and Singapore in 1981, 1982, 1985 and 1990, respectively. He is also a Notary Public, China Appointed Attesting Officer and Civil Celebrant of Marriages. Mr. Ma has been practising law for more than 35 years. He is currently a partner of Hastings & Co, Solicitors & Notaries.

Mr. Ma currently serves as director of Tai Sang Bank Limited, Heptacontinental group of companies, Ma Kam Ming Company Limited, Ma's Enterprises Company Limited and Ma Kam Ming Charitable Foundation. He is also the independent non-executive director of Union Medical Healthcare Limited (2138.HK) and Time Watch Investments Limited (2033.HK).

Mr. Ma was the president of the Hong Kong Society of Notaries from 2007 to 2013. He was also a director of Po Leung Kuk from 2009 to 2014, the vice chairman from 2014 to 2019, and became the chairman in 2019. He was appointed a member of Political and Consultative Conference in Hunan Province, the People's Republic of China from 2008 to 2017 and a visiting professor of the China Agricultural University since 1999, respectively.

Mr. Ma was a director of Citistates Secretarial Company Limited and COS Secretarial Services Company Limited, which were incorporated in Hong Kong and were dissolved by being struck off from the register of companies pursuant to Section 291 of the former Companies Ordinance in 2002 and 2001, respectively. Mr. Ma was also a director of Grand Force Establishments Limited and Holdingain Developments Limited, which were incorporated in Hong Kong and were dissolved by deregistration voluntarily pursuant to section 291AA of the former Companies Ordinance in 2001 and 2004, respectively. Mr. Ma confirmed that these companies were solvent at the time of dissolution or deregistration.

Mr. LEONG Chong (梁翔), aged 54, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Leong is the chairman of our remuneration committee, and member of our audit committee and nomination committee.

Before joining our Group, Mr. Leong worked as (i) construction analyst of the research department in Carr Indosuez Asia Group from 1994 to 1995, (ii) research analyst in ING Baring Securities (Hong Kong) Limited from 1995 to 1997, (iii) analyst and vice president in the equity research division of Morgan Stanley Dean Witter Asia Limited from 1997 to 2000, (iv) director in equity research department of Credit Suisse First Boston (Hong Kong) Limited from 2000 to 2001. Then, he joined Morgan Stanley Dean Witter Asia Limited (摩根士丹利添惠亞洲有限公司) and worked in the Morgan Stanley group of companies from 2002 to 2015. Prior to his departure, he was working in the capacity of a managing director in the investment banking division in Hong Kong. Since 2015 until 2019, he was the deputy general manager of S.F. Holding Co., Ltd.. From 2004 to 2015, he worked in the real estate investment banking division in the Morgan Stanley group of companies and became the head of the real estate investment banking division in the Asia-Pacific region in 2007. He had experience in equity/debt financing and mergers and acquisitions, in particular in the real estate industry in China. He also led the Morgan Stanley IPO team as sponsor in the listing of a number of PRC property developers in Hong Kong, such as KWG Group Holdings Limited (1813.HK), Central China Real Estate Limited (832.HK) and Yuzhou Properties Company Limited (1628.HK). Mr. Leong has over 26 years of experience in securities and investment industry and senior management.

Mr. Leong obtained the degree of Bachelor of Arts with a major in Computer Science in December 1990 by University of California, Berkeley.

Mr. Leong was a director of Gateway Capital Group Limited which was incorporated in Hong Kong and was dissolved by being struck off from the register of companies pursuant to Section 291 of the Companies Ordinance in 2002. Mr. Leong confirmed that the company was solvent at the time of dissolution.

Mr. WU William Wai Leung (胡偉亮), aged 53, was appointed as an independent non-executive Director on 13 November 2019. He is responsible for providing independent judgment on the Group's strategies, performance, resources and standard of conduct. Mr. Wu is the chairman of our audit committee, member of our remuneration committee and nomination committee.

Before joining our Group, Mr. Wu worked as (i) analyst and then associate in the corporate finance department of Marleau, Lemire Securities Inc., Canada from 1993 to 1995, (ii) business analyst of Salomon Brothers Hong Kong Limited from 1995 to 1996, (iii) assistant manager in the corporate finance division of Schroders Asia Limited from 1996 to 1998, (iv) manager and then senior manager from 1998 to 1999 in the equity capital markets department of BNP Equities Hong Kong Limited, (v) director of e2-Capital Limited and E2-Capital (HK) Limited from 1999 to 2001, and then head of equity capital markets and joint head of corporate finance of SBI E2-Capital Limited (joint venture between Softbank Investment and E2-Capital Group) from 2001 to 2002, (vi) employee of Sunwah Kingsway Capital Holdings Limited (188.HK) (previously known as SW Kingsway Capital Holdings Limited) from 2002 to 2011, with the titles of executive director and chief executive officer from 2006 to 2010 and strategy consultant from 2010 to 2011, (vii) chief executive officer of RHB Hong Kong Limited from 2011 to 2017 and (viii) executive director and chief executive officer of Power Financial Group Limited (397.HK) from 2017 to 2019. Since January 2019 until now, Mr. Wu is the managing director of investment banking at Glory Sun Securities Limited (previously known as China Goldjoy Securities Limited) (an indirect subsidiary of China Goldjoy Group Limited (1282.HK)). He also became a responsible officer for asset management (type 9) in April 2019 and a responsible officer for advising on corporate finance (type 6) in May 2019. Currently, he is also an independent non-executive director of Asia Allied Infrastructure Holdings Limited (711.HK) since 2015, the director of Hong Kong – ASEAN Economic Cooperation Foundation Limited and Monte Jade Science and Technology Association of Hong Kong Limited. Mr. Wu has over 26 years of experience in financial industry and senior management.

Mr. Wu graduated from Simon Fraser University, Vancouver, BC, Canada with a degree of Bachelor in Business Administration in October 1990, and a degree of Master in Business Administration in June 1993. He became the chartered financial analyst designated by The Institute of Chartered Financial Analysts in September 1996.

Mr. Wu is also a member of Guangxi Zhuang Autonomous Region Committee of the Chinese People's Political Consultative Conference, life chairman of HK Guangxi Chamber of Commerce Limited, vice chairman of Federation of Hong Kong Guangxi Community Organizations and Honorary Chairman of Islands Community Foundation Association.

Mr. Wu was a director of Graceful Joy Limited and Zj Kingsway Finance Holdings Company Limited, which were incorporated in Hong Kong and were dissolved by deregistration voluntarily pursuant to section 291AA of the former Companies Ordinance in 2008 and 2011, respectively. Mr. Wu confirmed that these companies were solvent at the time of deregistration.

Save as Mr. Michael Chan's interests in the Shares which are disclosed in the section headed "Statutory and General Information" in Appendix V to this prospectus and above, each of our Directors has no interests in the Shares within the meaning of Part XV of the SFO. Save as disclosed above in the biography of each of our Directors, each of our Directors (i) did not hold other positions in our Company or other members of our Group; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company; and (iii) has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus, and has not been involved in any of the events described under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules that requires disclosure in this prospectus. Save as disclosed above, there are no other matters concerning each of our Directors which need to be brought to the attention of our Shareholders and the Stock Exchange and there are no other matters in connection with each of our Directors' appointment which require disclosure pursuant to Rule 13.51(2) of the Listing Rules.

Each of our Directors has confirmed that, save as disclosed in this prospectus in particular the section headed "Relationship with Controlling Shareholders" and paragraph headed "Disclosure under Rule 8.10(2) of the Listing Rules" in this section, he/she does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us which is discloseable under Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

The table below sets forth information regarding our senior management.

Name	Age	Position	Date of joining our Group	Date of appointment to the current position	Principal responsibility	Relationship among Directors and senior management
Ms. TAN Yuxing (譚玉杏)	45	Vice president	16 April 2014	26 September 2017	Managing cost centre, operation centre of our Group, and our Subsidiaries in Yunnan	Nil
Mr. LAN Chiyuan (藍熾源)	41	Vice president	26 May 2014	1 January 2019	Managing design centre of our Group and our Subsidiaries in Hainan	Nil
Mr. LIU Huaqiang (劉華強)	40	Financial controller	23 April 2018	23 April 2018	Responsible for financial management, financing and investor relations of our Group	Nil
Ms. WAI Ching Sum (衛靜心)	52	Deputy general manager and company secretary	15 August 2017	15 August 2017	Responsible for corporate governance and corporate affairs of our Group	Nil

Ms. TAN Yuxing (譚玉杏), aged 45, is the vice president of our Group. She joined our Group in April 2014. She is primarily responsible for managing cost centre, operation centre of our Group, and our Subsidiaries in Yunnan. She reports to the Board, and attends the monthly and quarterly meetings with the executive Directors and other senior management of our Group.

Before joining our Group, Ms. Tan worked in Agile Group Holdings Limited as (i) the secretary to the head of real estate management centre from 2000 to 2004, (ii) the supervisor of the Panyu project contract cost department where she was responsible for monitoring the project costs and budgets from 2004 to 2006, and (iii) the secretary and assistant to the vice chairman from 2006 to 2014 where she assisted the vice chairman in managing the projects in the PRC. She has over 19 years of experience in management of real estate projects and senior management.

Ms. Tan graduated from Zhongyang Guangbo Dianshi University* (中央廣播電視大學) (currently known as The Open University of China) in the PRC in January 2008 majoring in Law. She further received the certificate of assistant engineer in the PRC issued by Human Resources and Social Security Department of Guangdong Province in the PRC in December 2010.

Mr. LAN Chiyuan (藍熾源), aged 41, is the vice president of our Group. He joined our Group in May 2014. He is primarily responsible for managing design centre of our Group and our Subsidiaries in Hainan. He reports to the Board, and attends the monthly and quarterly meetings with the executive Directors and other senior management of our Group.

Before joining our Group, Mr. Lan first worked as the chief designer in Foshan Jianyi Jianzhu Design Institute Co., Ltd.* (佛山市建藝建築設計院有限公司) from 2001 to 2007. He then worked as the assistant to general manager and head of Foshan branch of Guangdong Yuejian Design & Research Institute Co., Ltd.* (廣東粵建設計研究院有限公司佛山分公司) from 2007 to 2010. He then worked as manager in the design department of Agile Group Holdings Limited (3383.HK) from 2010 to 2014. He was responsible for the technical guidance design management work and daily management of the department.

Mr. Lan graduated from Guangzhou University in July 2001 majoring in Building Construction. He further received the certificate of architectural design engineer (intermediate) in the PRC issued by the Ministry of Human Resources of Meizhou City of the PRC in February 2009.

Mr. LIU Huaqiang (劉華強), aged 40, is the financial controller of our Group. He joined our Group in April 2018. He is primarily responsible for financial management, financing and investor relations of our Group. He reports to Mr. Liu Huaxi, and attends the monthly and quarterly meetings with the executive Directors and other senior management of our Group.

Before joining our Group, Mr. Liu worked in PricewaterhouseCoopers Zhong Tian CPAs Co., Ltd. Guangzhou Branch for nine years. He left the firm as senior manager in the audit department in 2011. From 2011 to 2014, he was the general manger of the financial planning management department of Sino-Singapore Tianjin Eco-City Investment and Development Co., Ltd.* (中新天津生態城投資開發有限公司), the master developer of the Tianjin Eco-City, the PRC. He was responsible for financial management and analytical work. He then worked as the assistant to general manager and the financial controller in Huafa Industrial (HK) Limited, a company engaging in real estate development, leasing and investment from 2014 to 2018. Mr. Liu has over 16 years of experience in finance and senior management.

Mr. Liu obtained a Bachelor of Management in Accounting (minor in Computer Science and Application) in Sun Yat-Sen University in June 2002, a Master of Business Administration in November 2016 from The University of Hong Kong. He was a certified public accountant by The Guangdong Institute of Certified Public Accountants in September 2006.

Ms. WAI Ching Sum (衛靜心), aged 52, is the deputy general manager and company secretary of our Group. She joined our Group in August 2017. Ms. Wai is primarily responsible for corporate governance and corporate affairs of our Group. She reports to Mr. Liu Huaxi, and attends the monthly and quarterly meetings with the executive Directors and other senior management of our Group.

Before joining our Group, Ms. Wai worked in various group companies of UDL Management Limited from 1996 to 1999. She left the group as the company secretary. She then worked as the company secretary of (i) COSCO International Holdings Limited (currently known as COSCO SHIPPING International (Hong Kong) Co., Ltd.) (517.HK) from 1999 to 2005 and (ii) Agile Property Holdings Limited (currently known as Agile Group Holdings Limited) (3383.HK) from 2005 to 2014. Ms. Wai was an executive director and the financial director of Sumpo Food Holdings Limited (currently known as Leyou Technologies Holdings Limited) (1089.HK) from 2014 to 2015. From 2015 to 2017, she was the company secretary of Pacific Century Group Holdings (HK) Limited, an investment management company. Ms. Wai has over 23 years of experience in senior management and provision of company secretarial services to private and listed companies.

Ms. Wai obtained a Master of Science in Financial Economics, through long distance learning, in December 1997 from University of London, the United Kingdom, and a Master of Laws in Chinese Comparative Law in November 2002 from the City University of Hong Kong. She was admitted as a fellow member of The Hong Kong Institute of Company Secretaries and The Institute of Chartered Secretaries and Administrators in June 2002.

Saved as disclosed above in the biography of each of our senior management, each of our senior management has not held any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Ms. WAI Ching Sum (衛靜心), aged 52, was appointed as our company secretary on 2 November 2018. She is responsible for corporate governance and corporate affairs of our Group. Please refer to the paragraph headed "Senior Management" in this section for details of her qualifications and experience.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

We have adopted the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") and have complied with the applicable Listing Rules.

BOARD COMMITTEES

Audit Committee

We established an audit committee pursuant to a resolution of our Directors passed on 13 November 2019 with written terms of reference in compliance with Rule 3.21 of the Listing Rules. The written terms of reference of our audit committee was adopted in compliance with paragraphs C.3.3 and C.3.7 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the audit committee are, amongst others, to make recommendations to our Board on the appointment, reappointment and removal of external auditor, review the financial information, oversee our financial reporting process, internal control and risk management systems and audit process, and perform other duties and responsibilities as assigned by our Board.

At present, our audit committee comprises three independent non-executive Directors, namely, Mr. Ma Ching Nam, Mr. Leong Chong and Mr. Wu William Wai Leung. Mr. Wu William Wai Leung is the chairman of our audit committee.

Remuneration Committee

We established a remuneration committee pursuant to a resolution of our Directors passed on 13 November 2019 with written terms of reference in compliance with Rule 3.25 of the Listing Rules. The written terms of reference of our remuneration committee was adopted in compliance with paragraph B.1.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules. The primary duties of the remuneration committee are mainly to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review remuneration proposals of the management with reference to our Board's corporate goals and objectives; and ensure none of our Directors or any of their associates determine their own remuneration.

At present, our remuneration committee comprises Mr. Liu Huaxi and three independent non-executive Directors, namely, Mr. Ma Ching Nam, Mr. Leong Chong and Mr. Wu William Wai Leung. Mr. Leong Chong is the chairman of our remuneration committee.

Nomination Committee

We established a nomination committee pursuant to a resolution of our Directors passed on 13 November 2019. The written terms of reference in compliance with A.5.2 of the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules have been adopted. The primary functions of the nomination committee are mainly to review the structure, size and composition of our Board, and select or make recommendations on the selection of individuals nominated for directorships.

At present, our nomination committee comprises Mr. Liu Huaxi and three independent non-executive Directors, namely, Mr. Ma Ching Nam, Mr. Leong Chong and Mr. Wu William Wai Leung. Mr. Ma Ching Nam is the chairman of our nomination committee.

BOARD DIVERSITY POLICY

Our Company adopted a board diversity policy which sets out the objective and approach on diversity of the Board on 13 November 2019. Our Company recognises the importance of having a diverse Board in enhancing the Board effectiveness and corporate governance, and considers that Board diversity, including gender diversity, is a vital asset to the business. A diverse Board will include and make good use of differences in the skills, industry knowledge and professional experience, cultural and education background and other qualities of directors of the Company and does not discriminate on the ground of race, age, gender or religious belief. These differences will be taken into account in determining the optimum composition of the Board and when possible should be balanced appropriately. Board appointments will be based on merit and candidates will be considered against objective criteria, having due regard for the benefits of diversity on the Board.

EMPLOYEES

Please refer to the section headed "Business — Our Employees" in this prospectus for further information in relation to our employees and their benefits.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to the performance of us. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and the performance of our Group.

DIRECTORS' REMUNERATION DURING THE TRACK RECORD PERIOD

For the years ended 31 December 2016, 2017 and 2018, and the six months ended 30 June 2019, the aggregate remuneration paid and benefits in kind granted to our Directors by us and our Subsidiaries were approximately RMB3.1 million, RMB6.0 million, RMB13.4 million and RMB7.4 million, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors in respect of the years ended 31 December 2016, 2017 and 2018, and the six months ended 30 June 2019.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors for the year ending 31 December 2019 will be approximately RMB31.7 million.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to the Accountant's Report set out in Appendix I to this prospectus.

MANAGEMENT PRESENCE

We have applied for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules in relation to the requirement of management presence in Hong Kong. For details of the waiver, please see section headed "Waiver from Strict Compliance with the Listing Rules — Management presence in Hong Kong" in this prospectus.

COMPLIANCE ADVISER

We have appointed Advent Corporate Finance Limited as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes any inquiry of us regarding unusual movements in the price or trading volume of the Shares under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

DISCLOSURE UNDER RULE 8.10(2) OF THE LISTING RULES

Mr. Xue Shuangyou is a supervisor at Tianjin Jinnan New City Real Estate Development Co., Ltd.* (天津津南新城房地產開發有限公司), a limited liability company established in the PRC which is engaged in the business of property development (the "**Tianjin Business**") which may potentially compete with our business for the purpose of Rule 8.10(2) of the Listing Rules.

Mr. Liu Huaxi is currently interested in the entities which operate property development and property management in Zhongshan, the PRC (the "**Zhongshan Business**").

Set out below are the interests of Mr. Liu Huaxi in the Zhongshan Business (save for the intermediary holding companies) which may potentially compete with our businesses for the purpose of Rule 8.10(2) of the Listing Rules as of the Latest Practicable Date:

Company name	Business nature	Interest
Zhongshan Yuelai Real Estate Investment Group Co., Ltd.* (中山市悅來房地產投資集團有限公司)	Investment holding	Direct shareholder holding 50% interest
Zhongshan Yuechuang Real Estate Investment Co., Ltd.* (中山市悅創房地產投資有限公司)	Property development	Indirect shareholder holding 50% interest
Zhongshan Yingfuda Real Estate Development Co., Ltd.* (中山市盈富達房地產開發有限公司)	Property development	Indirect shareholder holding 50%
Zhongshan Yueying Property Management Co., Ltd.* (中山市悅盈物業管理有限公司)	Property management	Indirect shareholder holding 50% interest

Our Company, the Tianjin Business and Zhongshan Business have their own respective boards of directors that function independently of each other. Though Mr. Liu Huaxi ultimately owns 50% interest in the Zhongshan Business, he has resigned from directorship in companies of the Zhongshan Business since his appointment as a Director of our Company. The Group, Tianjin Business and Zhongshan Business are able to function independently of each other. For details of the measures of our Group in relation to management independence and operational independence, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus.

In addition, our Company has adopted or will adopt the following corporate governance measures to manage the potential conflict of interests arising from Mr. Xue Shuangyou's interests in the Tianjin Business and Mr. Liu Huaxi's interests in the Zhongshan Business, and to protect the interests of our Company:

(i) Mr. Xue Shuangyou and Mr. Liu Huaxi have attended training sessions to reinforce the awareness of their fiduciary duties as a Director which require them to, among other things, act for the benefit and in the best interests of our Company when a potential conflict of interests arises;

(ii) our Board will operate in accordance with the Memorandum of Association and the Articles, which require Mr. Xue Shuangyou and Mr. Liu Huaxi to abstain from voting on (nor be counted in the quorum in relation to) any resolution of the Board in respect of any contract, transaction or arrangement in which they or any of their close associates is materially interested unless otherwise permitted by the Articles;

(iii) Mr. Xue Shuangyou and Mr. Liu Huaxi will inform the Board of any of their competing businesses in a timely manner, this includes when the Tianjin Business or Zhongshan Business decides to engage in business which would compete with that of our Group;

(iv) our independent non-executive Directors will review the competing interests held by Mr. Xue Shuangyou and Mr. Liu Huaxi on an annual basis and they will provide all the information necessary in this connection; and

(v) the decisions on matters reviewed by our independent non-executive Directors will be disclosed in our annual reports.

Save as disclosed in this section of the prospectus, none of our Directors has interest in any business which competes or is likely to compete (either directly or indirectly) with our business and which is required to be disclosed under Rule 8.10(2).

After the Listing, our Company is required under Rule 8.10(2)(b) and (c) of the Listing Rules to (i) prominently disclose details as required under Rule 8.10(2)(a) of the Listing Rules of any such interests (including any interests acquired after the Listing) in our Company's annual reports; and (ii) prominently disclose in our Company's annual reports any change in details previously so disclosed in our Company's annual reports or this prospectus. In addition, our Directors are subject to fiduciary duties to our Company that require them to avoid actual and potential conflict of interests and duties. Our Directors are also aware of their duty as directors not to profit themselves to the detriment of our Company.

So far as our Directors are aware, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised but without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme) and the Capitalisation Issue, the following persons will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested, in 10% or more of the nominal value of any class of shares carrying rights to vote in all circumstances at general meetings of any other member of our Group:

		Shares held immediately prior to the completion of the Global Offering and the Capitalisation Issue		Shares held immediately following the completion of the Global Offering and the Capitalisation Issue	
Name	**Capacity/Nature of interest**	**Number of Shares[1]**	**Shareholding percentage (%)**	**Number of Shares[1]**	**Shareholding percentage (%)**
Mr. Michael Chan	Founder of a discretionary trust[2]	4	100.0%	1,200,000,000	75.0%
IQ EQ (BVI) Limited	Trustee of a discretionary trust[2]	4	100.0%	1,200,000,000	75.0%
Sze Ming	Beneficial owner[2]	4	100.0%	1,200,000,000	75.0%
Ms. Shum Wing Yin	Interest of spouse[3]	4	100.0%	1,200,000,000	75.0%

Notes:

(1) All interests stated are long positions.

(2) These Shares are held by Sze Ming. The entire issued capital of Sze Ming is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. Michael Chan as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including Mr. Michael Chan, his parents, his siblings and his descendants. Mr. Michael Chan is taken to be interested in these Shares held by Sze Ming pursuant to the SFO.

(3) Ms. Shum Wing Yin is the spouse of Mr. Michael Chan, and is deemed to be interested in the Shares which are interested by Mr. Michael Chan under the SFO.

Save as disclosed in the prospectus, our Directors are not aware of any other person who will, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised but without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme) and the Capitalisation Issue, have an interest or short position in any Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested, in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

CORNERSTONE INVESTMENTS

As part of the International Placing, the Company, the Sole Sponsor and certain Joint Bookrunner have entered into cornerstone investment agreements (the "**Cornerstone Investment Agreements**", each a "**Cornerstone Investment Agreement**") with Plus Incentive Investment Limited 加利投資有限公司 ("**Plus Incentive**") and Centralcon Enterprises Company Limited ("**Centralcon**"), respectively (Plus Incentive and Centralcon, collectively referred to as the "**Cornerstone Investors**"). Pursuant to the Cornerstone Investment Agreements, (i) each of the Cornerstone Investors has agreed to subscribe at the Offer Price for such number of Offer Shares (rounded down to the nearest whole board lot of 1,000 Shares) that may be purchased with HK$200.0 million ("**Cornerstone Investment**"); and (ii) will not be able to defer settlement in payment and there will not be delayed delivery of Offer Shares subscribed by the Cornerstone Investor under the Cornerstone Investment.

The Cornerstone Investors will acquire the Offer Shares pursuant to, and as part of, the International Placing. The Offer Shares to be subscribed for by the Cornerstone Investors will rank *pari passu* in all respects with the other fully paid Offer Shares in issue and will be counted towards the public float of our Company. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering (other than pursuant to the respective Cornerstone Investment Agreement). Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any board representation in our Company, nor will any of the Cornerstone Investors become a substantial Shareholder.

The Offer Shares to be subscribed for by the Cornerstone Investors may be affected by any reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer described in the section headed "Structure of the Global Offering — The Hong Kong Public Offer — Reallocation" in this prospectus. Details of the actual number of Offer Shares to be allocated to the Cornerstone Investors will be disclosed in the allotment results announcement to be issued by our Company on Wednesday, 4 December 2019.

Our Directors believe that introducing the Cornerstone Investors to the Global Offering can secure the subscription of a certain amount of Offer Shares, thus reducing the risk of unsuccessful issuance under volatile market conditions. The Cornerstone Investors are well-known enterprises in their respective fields, and the Directors believe that their commitment under the Cornerstone Investment may incentivise potential investors to invest in the Company. Our Directors also believe that introducing the Cornerstone Investors from the upstream and peers of the industry in which the Company operates can foster the Company's business relationship and promote cooperation opportunities with such investors, which is beneficial to the business development of our Company.

OUR CORNERSTONE INVESTORS

Plus Incentive

Plus Incentive Investment Limited (加利投資有限公司) is a wholly-owned subsidiary of TCL Industries Holdings Co., Ltd.* (TCL實業控股股份有限公司) ("**TCL Holdings**"). TCL Holdings, a company established in the PRC, was established through spinoff from TCL Corporation (SZ.000100) via a major asset restructuring. TCL Holdings is dedicated to becoming a globally leading intelligent technology corporation, specialising in providing comprehensive solutions in smart devices such as TVs, home appliances, smartphones and others, as well as other value-added supporting services, among others, e-commerce, distribution, and call centers. Plus Incentive was introduced to our Group by the Underwriters. Investment in our Group is funded by its internal resources.

Centralcon

Centralcon is private company, and its ultimate beneficial owner is Mr. Wong Kwong Miu ("**Mr. Wong**"). Mr. Wong is the largest shareholder of Shenzhen Centralcon Investment Holdings Company Limited* (深圳市中洲投資控股股份有限公司) ("**Centralcon Investment**"), a company listed on Shenzhen Stock Exchange (stock code SHE: 000042). Mr. Wong is also the chairman of Centralcon Group, which principally engages in real estate development, urban renewal, industrial park construction and business incubation, infrastructure investment, financial services and equity investment. The company has businesses in 15 cities across China, and its developed area has exceeded 18 million sq.m.. Mr. Wong and our Chairman came to know each other through social events in the PRC property development industry. Investment in our Group is funded by Mr. Wong's personal resources.

Information of the Cornerstone Investors set forth below were provided by the Cornerstone Investors in connection with the Cornerstone Investments. Plus Incentive and Centralcon confirmed that no approval is required from the shareholders of TCL Holdings and Centralcon Investment, respectively, or the stock exchanges on which TCL Holdings or Centralcon is listed in, for them to invest in our Company. To the best knowledge of our Company, each of the Cornerstone Investors is independent of our Company, our connected persons and their respective associates, and not an existing shareholder or close associates of our Company. To the best knowledge of our Company and as confirmed by each of the Cornerstone Investors in their respective Cornerstone Investment Agreement, (i) the Cornerstone Investment was not financed, directly or indirectly, by our Company, our Directors, chief executive of our Company, our Controlling Shareholders, substantial Shareholders or existing Shareholders or any of our subsidiaries or their respective close associates; (ii) such Cornerstone Investor was not accustomed to take any instructions from our Company, our Directors, chief executive of our Company, our Controlling Shareholders, or any of our subsidiaries or their respective close associates; and (iii) there was no side agreement or arrangement made between our Group and such Cornerstone Investor.

DETAILS OF THE CORNERSTONE INVESTMENT

The table below sets forth details of the Cornerstone Investments:

Based on Offer Price of HK$3.63 (being the high-end of the Offer Price range)

Cornerstone Investor	Amount of Investment	Number of Offer Shares to be subscribed for	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate% of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate% of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is exercised in full
	HK$ million					
Plus Incentive	200.0	54,546,000	13.64%	11.86%	3.41%	3.29%
Centralcon	200.0	54,546,000	13.64%	11.86%	3.41%	3.29%
Total	400.0	109,092,000	27.27%	23.72%	6.82%	6.57%

Based on Offer Price of HK$3.27 (being the mid-point of the Offer Price range)

Cornerstone Investor	Amount of Investment	Number of Offer Shares to be subscribed for	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate% of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate% of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is exercised in full
	HK$ million					
Plus Incentive	200.0	60,551,000	15.14%	13.16%	3.78%	3.65%
Centralcon	200.0	60,551,000	15.14%	13.16%	3.78%	3.65%
Total	400.0	121,102,000	30.28%	26.33%	7.57%	7.30%

Based on Offer Price of HK$2.91 (being the low-end of the Offer Price range)

Cornerstone Investor	Amount of Investment	Number of Offer Shares to be subscribed for[(2)]	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is not exercised	Approximate% of total number of Offer Shares: Assuming the Over-allotment Option is exercised in full	Approximate% of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is not exercised	Approximate% of total Shares in issue immediately following the completion of the Global Offering: Assuming the Over-allotment Option is exercised in full
	HK$ million					
Plus Incentive	200.0	68,042,000	17.01%	14.79%	4.25%	4.10%
Centralcon	200.0	68,042,000	17.01%	14.79%	4.25%	4.10%
Total	400.0	136,084,000	34.02%	29.58%	8.51%	8.20%

Based on Offer Price of HK$2.62 (being 10% below the low-end of the Offer Price range after making a Downward Offer Price Adjustment)

Cornerstone Investor	Amount of Investment	Number of Offer Shares to be subscribed for[(2)]	Approximate% of total number of Offer Shares		Approximate% of total Shares in issue immediately following the completion of the Global Offering	
			Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full	Assuming the Over-allotment Option is not exercised	Assuming the Over-allotment Option is exercised in full
	HK$ million					
Plus Incentive	200.0	75,574,000	18.89%	16.43%	4.72%	4.55%
Centralcon	200.0	75,574,000	18.89%	16.43%	4.72%	4.55%
Total	400.0	151,148,000	37.79%	32.86%	9.45%	9.11%

CONDITIONS PRECEDENT

The subscription obligation of the respective Cornerstone Investor is subject to, among other things, the following conditions precedent:

(1) the International Underwriting Agreement and the Hong Kong Underwriting Agreement having been entered into, having become effective and unconditional by no later than the respective time and date specified therein, or such later time and date as may be agreed between the Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), and not having been terminated, in accordance with their respective original terms (or as subsequently waived, to the extent it may be waived, by the relevant parties thereto);

(2) the Offer Price having been agreed between the Sole Global Coordinator (for itself and on behalf of the International Underwriters under the International Placing) and the Company in connection with the International Placing;

(3) the representations, warranties, acknowledgments and undertakings provided by the relevant Cornerstone Investors and the Company in the respective Cornerstone Investment Agreement are true and accurate in all material respects and not misleading and there having been no material breach of the respective Cornerstone Investment Agreement on the part of the relevant Cornerstone Investor and the Company;

(4) the Listing Committee of the Stock Exchange having granted or agreed to grant the approval for the listing of, and permission to deal in, the Shares on the Stock Exchange and such approval or permission not having been revoked; and

(5) no Laws having been enacted or promulgated by any public, regulatory, taxing, administrative or governmental, agency or authority, any self-regulatory organisation or any securities exchange authority, other authority and any court at the national, provincial, municipal or local level of the jurisdictions in which our Company and our subsidiaries are incorporated or the Shares are to be listed or the businesses of the Company and its subsidiaries are carried out or the assets of the Company and its subsidiaries are held, which prohibits the consummation of the closing of the respective Cornerstone Investment Agreement and there having been no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of the closing of the respective Cornerstone Investment Agreement.

If any of the conditions contained in the above paragraphs (1) to (5) has not been fulfilled or waived by the Company and the Sole Global Coordinators (except that the condition in paragraph (4) above cannot be waived) on or before 31 December 2019 (or such other date as may be agreed among parties to the relevant Cornerstone Investment Agreement), the obligation of the relevant Cornerstone Investor to purchase, and our Company's and the Sole Global Coordinator's obligations to issue, place, allocate and deliver (as the case may be) the Shares to the relevant Cornerstone Investor shall cease and any amount paid by the relevant Cornerstone Investor under the relevant Cornerstone Investment Agreement will be repaid to the relevant Cornerstone Investor without interest, and the relevant Cornerstone Investment Agreement shall terminate.

RESTRICTIONS ON THE CORNERSTONE INVESTORS

Pursuant to the Cornerstone Investment Agreements, the Cornerstone Investors have covenanted and undertaken to the Company, the Sole Global Coordinator and certain Joint Bookrunners that unless it has obtained the prior written consent of the Company, the Sole Global Coordinator and certain Joint Bookrunners, it will not, and will procure its subsidiary that holds the Shares subscribed under the relevant Cornerstone Investment Agreement (the "**Relevant Shares**") not to, dispose of any direct or indirect interest of the Relevant Shares during the six months following the Listing Date.

Each Cornerstone Investor may transfer the Relevant Shares in certain limited circumstances as set out in the relevant Cornerstone Investment Agreement, such as a transfer to a wholly-owned subsidiary of such Cornerstone Investor, provided that, prior to such transfer, such wholly-owned subsidiary undertakes to be bound by such Cornerstone Investor's obligations under the relevant cornerstone investment agreement and be subject to the restrictions on disposal of Relevant Shares imposed on such Cornerstone Investor.

AUTHORISED AND ISSUED SHARE CAPITAL

The following is a description of our authorised and issued share capital in issue and to be issued as fully paid or credited as fully paid immediately before and following the completion of the Capitalisation Issue and the Global Offering (without taking into account any Shares which may be allotted and issued upon exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme).

Authorised share capital:		*HK$*
2,500,000,000	Shares of HK$0.01 each	25,000,000
Issued or to be issued, fully paid or credited as fully paid:		*HK$*
4	Shares in issue before the Capitalisation Issue	0.04
1,199,999,996	Shares to be issued pursuant to the Capitalisation Issue	11,999,999.96
400,000,000	Shares to be issued under the Global Offering	4,000,000
1,600,000,000	**Shares in total**	16,000,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional and the issue of Shares pursuant to the Capitalisation Issue and the Global Offering are made. It does not take into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options that may be granted under the Share Option Scheme, and any Shares which may be issued or repurchased by our Company pursuant to the general mandates granted to our Directors to issue or repurchase Shares as described in the paragraphs headed "General Mandate" and "Repurchase Mandate" in this section.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at all times after Listing, our Group must maintain the minimum prescribed percentage of 25.0% (or such applicable percentage as prescribed by the Stock Exchange) of the issued share capital of our Group in the hands of the public (as defined in the Listing Rules).

RANKING

The Offer Shares, including the Shares to be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme, will rank *pari passu* in all respects with all other Shares currently in issue or to be issued, and in particular, will qualify in full for all dividends and other distributions hereafter declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus other than entitlement under the Capitalisation Issue.

SHARE OPTION SCHEME

Pursuant to the written resolutions of our sole Shareholder passed on 13 November 2019, our Company has conditionally adopted the Share Option Scheme, the principal terms of which are summarised in “D. Share Option Scheme” in Appendix IV.

GENERAL MANDATE

Subject to the Global Offering becoming unconditional, a general unconditional mandate was given to our Directors to exercise all powers for and on our behalf to allot, issue and deal with (otherwise than by way of rights issue or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting or pursuant to the Global Offering, unissued Shares and securities carrying rights to subscribe for, exchange or convert into Shares (whether the exercise of such rights may take place during or after the period while such mandate remains in effect)) a total number of Shares not exceeding:

- 20% of the aggregate number of Shares in issue immediately following the completion of the Global Offering and the Capitalisation Issue (without taking into account any Shares to be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme); and

- the aggregate number of Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate.

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of our Company’s next annual general meeting;

- the expiration of the period within which our Company’s next annual general meeting is required by any applicable laws of the Cayman Islands or the Articles of Association to be held; or

- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under the section headed “Statutory and General Information — A. Further Information about our Company — 3. Resolutions in writing passed by our sole Shareholder on 13 November 2019” in Appendix V to this prospectus.

REPURCHASE MANDATE

Conditional on the Global Offering becoming unconditional, a general unconditional mandate was given to our Directors authorising them to exercise all powers for and on our behalf to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares not exceeding 10% of the aggregate of the total number of Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme).

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in the section headed "Statutory and General Information — A. Further Information about our Company — 3. Resolutions in writing passed by our sole Shareholder on 13 November 2019" in Appendix V to this prospectus.

The Repurchase Mandate will remain in effect until the earliest of:

- the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company's next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks *pari passu* with the other shares.

As a matter of the Companies Law, an exempted company is not required by law to hold any general meeting or class meeting. The holding of general meetings or class meetings is prescribed for under the articles of association of a company. Accordingly, our Company will hold general meetings as prescribed for under the Articles, a summary of which is set out in the section headed "Summary of the Constitution of our Company and Cayman Islands Companies Law" in Appendix IV.

You should read this section in conjunction with our combined financial information, including the notes thereto, as set out in "Appendix I — Accountant's Report" to this prospectus. The combined financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analysis made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in "Risk Factors".

OVERVIEW

We are a property developer, operator and property management service provider based in the PRC. We principally offer residential properties in Guangdong and Hainan provinces and have land resources in Guangdong, Hainan, Yunnan and Hunan provinces for our future development. We position ourselves as an "Eco-friendly and People-oriented Property Developer" (生態人文地產發展商). We leverage the natural resources, unique landscapes and features as well as rich culture of our selected project sites to develop homes and communities that we consider to be truly liveable for our buyers. Ever since our incorporation in 2013, this positioning has been clear and it is what differentiates our Group from other property developers in the PRC. As a young member of the industry, we have 10 completed project phases, six project phases under development and three of which had commenced pre-sale activities up to the Valuation Date, and held 14 project phases for our future development as at the Valuation Date.

In FY2016, FY2017 and FY2018, our total revenue was RMB640.7 million, RMB838.3 million and RMB1,328.9 million, respectively, representing a CAGR of 44.0%, while our profit for the years were RMB84.5 million, RMB86.1 million and RMB381.8 million, respectively, representing a CAGR of 112.6% over the three years. Our revenue increased significantly from RMB125.0 million in 1H2018 to RMB762.4 million in 1H2019 mainly due to the increase in recognised revenue from sales of properties in 1H2019. We recorded net profit of RMB181.2 million in 1H2019 compared to net loss of RMB19.1 million in 1H2018.

BASIS OF PRESENTATION AND PREPARATION

The historical financial information has been prepared by our Directors based on accounting policies which conform with HKFRSs issued by the Hong Kong Institute of Certified Public Accountants, on the basis of presentation and preparation as set out in Notes 1.3 and 2.1 to the Historical Financial Information set forth in the Accountant's Report contained in Appendix I to this prospectus, and no adjustments have been made in preparing the historical financial information.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Economic conditions and market cycles in the PRC

We are a property developer based in the PRC that principally offers residential properties in Guangdong, Hainan, Yunnan and Hunan provinces. During the Track Record Period, all of our revenue was derived from the PRC. Our revenue is greatly affected by the demand for our properties, which is directly affected by the economic conditions in the PRC. Economic growth may allow increase in disposable income of general households in the PRC which in turns may enhance the demand for the property market in the PRC as well as property pricing trends. Also, confidence of the customers will also be boosted when the economy in the PRC is surging which also in turn drives the increase in demand for the property market in the PRC. On the contrary, if the economic growth of the PRC declines, the market demand for our properties and our revenue is likely to be adversely affected.

Regulations of the property industry in the PRC

Our operation is subject to various policies and regulations of the property industry in the PRC set out in the section "Regulatory Overview". We are, in particular, sensitive to purchase restriction policy and other property related policy changes in the PRC, particularly in Hainan and Guangzhou. As at the Latest Practicable Date, residential properties of Qingyuan and Zhaoqing of Guangdong, Tengchong of Yunnan and Zhuzhou of Hunan were not subject to any purchase restriction policy. Any changes to the policies and regulations may impose possible restrictions on our operation and, thus, our financial performance and liquidity in case of any failure to promptly and effectively adapt to such changes. Also, we may incur extra costs as policies and regulations evolve in the future. This may increase our operating costs and, hence lower our profit. We expect the demand for our properties and our operating results will continue to be affected by the regulations of the property industry in the PRC.

Timing and length of property development

Our development of property generally takes several years to complete. Though pre-sale is allowed for our properties under development as long as it satisfies certain requirements, no revenue can be recognised for the respective properties until it is recognised in accordance to our accounting policy, see note 2 of the Accountant's Report contained in Appendix I in this prospectus for details of the accounting policy regarding revenue recognition. As such, our cash flows and revenue recognition may vary from period to period and may not be matched when property is under development. Also, due to intensive capital requirements and limited supply of land, the projects undertaken during the same period of time is limited which may also affect the timing of cash flows and revenue recognition. With different property development schedules, we experienced fluctuations in our cash flows, revenue recognition and results of operation during the Track Record Period and they are likely to fluctuate in the future.

Access to and cost of financing

Our operation of land acquisition and property development is capital intensive. During the Track Record Period, we generally funded our operations from our own internal funds from operation and external funds which is mortgage financing from banks and amounts due to/loans from related parties. The accessibility of bank borrowings depends on prevailing policies of the government or other regulatory bodies in the PRC, and implementation of the relevant policies by our financing banks on acquisition or construction of properties with bank financing. Our future expansion may be adversely affected in the event that we are not able to obtain sufficient financing for acquisition of new properties for development or investment should suitable opportunities arise. In addition, our bank borrowings carried variable interest rate in relation to our borrowings. In FY2016, FY2017, FY2018 and 1H2019, our total borrowing costs amounted to RMB40.8 million, RMB57.8 million, RMB62.5 million and RMB56.5 million, respectively. Thus, any changes in interest rate may affect our cost of financing and, thus, our results of operation.

During the Track Record Period, we also used funds from our related parties for our property development. Upon Listing, the outstanding amounts due to our related parties will be fully settled. Our Directors believe that we will be financially independent from them and related parties upon Listing.

Ability to obtain and costs of land

During the Track Record Period, we mainly acquire land reserves through participating in public tenders, auctions and listings-for-sale organised by government authorities and acquiring equity interest in companies that hold land parcels that fit our selection criteria. We also plan to obtain development rights of collectively-owned construction land through entering into land use rights transfer agreements with collective economic organisations and completing relevant approval process. If we cannot acquire land at desirable location at prices acceptable to us, our business, financial condition, results of operations and prospects may be materially and adversely affected if we are unable to acquire land parcels for development in a timely manner or at prices that allow us to achieve reasonable return upon sales to our customers.

Our costs of land, included in the cost of sales of our consolidated statements of comprehensive income, amounted to RMB122.1 million, RMB119.0 million, RMB189.8 million and RMB57.8 million in FY2016, FY2017, FY2018 and 1H2019, respectively, representing 26.4%, 23.9%, 25.6% and 17.9% of our total cost of properties sold for the respective year. Any significant increase in these costs may adversely affect our cost of properties sold rendered and lower our gross profit.

For illustrative purpose only, the following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost for land acquisition on our profit before tax during the Track Record Period. Fluctuations in our cost of land from our cost of sales are assumed to be 5%, 10%, and 15%.

Hypothetical fluctuations	Increase/decrease in the cost of land +/-5%	+/-10%	+/-15%
	RMB'000	*RMB'000*	*RMB'000*
Decrease/increase in profit before tax			
FY2016	-/+6,104	-/+12,207	-/+18,311
FY2017	-/+5,950	-/+11,900	-/+17,850
FY2018	-/+9,490	-/+18,980	-/+28,470
1H2019	-/+2,891	-/+5,782	-/+8,673

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

PRC land appreciation tax ("PRC LAT")

Our sales of properties are subject to PRC LAT with respect to the appreciated value of the related lands and developments on such land. PRC LAT applies to both domestic and foreign invested real estate developers in the PRC and is levied at progressive rates ranging from 30% to 60% of the appreciation of value. We recorded PRC LAT expense of RMB19.9 million, RMB56.9 million, RMB85.6 million and RMB92.3 million for FY2016, FY2017, FY2018 and 1H2019, respectively. We have accrued all PRC LAT payable on our property sales and transfers in compliance with the relevant PRC LAT laws and regulations during the Track Record Period. However, the provision for PRC LAT requires our management to use a significant amount of judgment and estimates and we cannot assure you that the relevant tax authorities will agree to the basis on which we have calculated our PRC LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all PRC LAT obligations that tax authorities may ultimately impose on us. Under such circumstances, our results of operations and cash flows may be materially and adversely affected.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are significant to the preparation of our historical financial information. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that are subject to change. When reviewing our financial information, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. For our accounting estimates and judgement on (i) fair value of investment properties; (ii) income taxes and deferred taxation; and (iii) PRC LAT, we have not noted material difference of our estimates from the actual results during the Track Record Period. In addition, we did not make any material change in the assumptions underlying such estimates during the Track Record Period. We do not currently expect the methodology and assumptions regarding such estimates to change in the foreseeable future. Our significant accounting policies, estimates and judgments which are important for an understanding of our financial condition and results of operations are set out in Note 2 and Note 4 of the Accountant's Report set out in Appendix I.

IMPACT OF ADOPTION OF NEW AND AMENDMENTS TO CERTAIN ACCOUNTING POLICIES

We have applied HKFRS 9 *'Financial instruments'*, HKFRS 15 *'Revenue from contracts with customers'* and HKFRS 16 *'Leases'* consistently throughout the Track Record Period. Based on our assessment of these new standards, we did not identify any significant impact on our financial position and performance. See note 2 of the Accountant's Report in Appendix I to this prospectus for details of the accounting policies.

RESULTS OF OPERATIONS

The following table summarises the consolidated statements of comprehensive income from the financial statements during the Track Record Period, details of which are set out in the Accountant's Report in Appendix I to this prospectus.

	FY2016		**FY2017**		**FY2018**		**1H2018**		**1H2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Revenue	640,675	100.0	838,259	100.0	1,328,887	100.0	124,953	100.0	762,404	100.0
Cost of sales	(476,230)	(74.3)	(568,089)	(67.8)	(816,297)	(61.4)	(84,509)	(67.6)	(366,046)	(48.0)
Gross profit	**164,445**	**25.7**	**270,170**	**32.2**	**512,590**	**38.6**	**40,444**	**32.4**	**396,358**	**52.0**
Selling and marketing expenses	(39,180)	(6.1)	(44,499)	(5.3)	(74,225)	(5.6)	(19,530)	(15.6)	(40,787)	(5.3)
Administrative expenses	(41,509)	(6.5)	(66,386)	(7.9)	(124,768)	(9.4)	(54,866)	(43.9)	(71,912)	(9.4)
Other income	670	0.1	721	0.1	1,276	0.1	491	0.4	638	0.0
Other expenses	(2,746)	(0.4)	(2,858)	(0.3)	(2,759)	(0.2)	(1,211)	(1.0)	(1,204)	(0.2)
Other gains — net	60,379	9.4	36,618	4.3	230,570	17.4	22,926	18.3	61,865	8.1
Operating profit (loss)	**142,059**	**22.2**	**193,766**	**23.1**	**542,684**	**40.9**	**(11,746)**	**(9.4)**	**344,958**	**45.2**
Finance costs	*—*	*—*	*(10,537)*	*(1.3)*	*—*	*—*	*—*	*—*	*—*	*—*
Finance income	*672*	*0.1*	*971*	*0.1*	*649*	*0.0*	*388*	*0.3*	*452*	*0.1*
Finance income/(costs), net	672	0.1	(9,566)	(1.1)	649	0.0	388	0.3	452	0.1
Share of results of a joint venture	—	—	—	—	(2,781)	(0.2)	—	—	(158)	(0.0)
Share of results of associates	(228)	(0.0)	(792)	(0.1)	(1,282)	(0.1)	(559)	(0.4)	(650)	(0.1)
Profit (loss) before income tax	**142,503**	**22.3**	**183,408**	**21.9**	**539,270**	**40.6**	**(11,917)**	**(9.5)**	**344,602**	**45.2**
Income tax expense	(57,996)	(9.1)	(97,330)	(11.6)	(157,511)	(11.9)	(7,211)	(5.8)	(163,427)	(21.4)
Profit (loss) for the year/period	**84,507**	**13.2**	**86,078**	**10.3**	**381,759**	**28.7**	**(19,128)**	**(15.3)**	**181,175**	**23.8**

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue represents revenue from (i) sale of properties, (ii) hotel operations; (iii) property leasing; and (iv) property management services which are all derived in the PRC. Our revenue amounted RMB640.7 million, RMB838.3 million, RMB1,328.9 million and RMB762.4 million, respectively, for FY2016, FY2017, FY2018 and 1H2019.

The following table sets forth, for the periods indicated, the breakdown of our revenue by segment:

	FY2016		**FY2017**		**FY2018**		**1H2018**		**1H2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000 (unaudited)*	*%*	*RMB'000*	*%*
Property development and sales	624,669	97.5	783,406	93.4	1,245,754	93.7	84,576	67.7	712,535	93.5
Hotel operations	13,623	2.1	46,084	5.5	66,589	5.0	33,576	26.9	36,559	4.8
Commercial property investment	2,067	0.3	5,626	0.7	10,021	0.8	4,795	3.8	7,718	1.0
Property management	316	0.1	3,143	0.4	6,523	0.5	2,006	1.6	5,592	0.7
Total	640,675	100.0	838,259	100.0	1,328,887	100.0	124,953	100.0	762,404	100.0

Property development and sales

We focus on the development of quality residential properties with comfortable and convenient living environment. The following table sets forth, for the periods indicated, the breakdown of our revenue from property development and sales, the respective aggregate GFA delivered, the respective recognised average selling price per sq.m. and the respective gross profit margin during the Track Record Period:

	FY2016					FY2017					FY2018					1H2018					1H2019				
	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised ASP	Gross profit margin	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised ASP	Gross profit margin	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised ASP	Gross profit margin	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised ASP	Gross profit margin	Recognised revenue from sales of properties	% of recognised revenue from sale of properties	Total GFA delivered	Recognised ASP	Gross profit margin
	RMB'000	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*	*RMB'000*	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*	*RMB'000*	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*	*RMB'000* *(unaudited)*	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*	*RMB'000*	*%*	*Sq.m.*	*RMB/Sq.m.*	*%*
Guangzhou																									
JY Lychee Town Phase I	168,350	27.0	25,224	6,674	20.5	413,605	52.8	49,492	8,357	38.8	90,073	7.2	9,309	9,676	46.8	49,204	58.2	5,014	9,812	47.9	23,599	3.3	2,642	8,932	40.8
JY Lychee Town Phase II	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	364,137	51.1	32,975	11,043	53.2
JY Hot Spring Villas	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7,556	1.1	269	28,089	55.2
Lingshui																									
JY Clearwater Bay No. 3 Phase I	143,283	22.9	8,022	17,861	25.4	146,069	18.6	5,759	25,364	37.7	54,292	4.4	2,179	24,916	34.5	25,923	30.7	1,050	24,692	33.8	–	–	–	–	–
JY Clearwater Bay No. 3 Phase II	313,036	50.1	14,501	21,587	29.1	223,732	28.6	10,321	21,677	31.3	34,009	2.7	1,101	30,889	44.3	9,449	11.1	322	29,342	42.7	–	–	–	–	–
JY Clearwater Bay No. 3 Phase III	–	–	–	–	–	–	–	–	–	–	1,067,380	85.7	62,133	17,179	40.1	–	–	–	–	–	301,440	42.3	15,493	19,457	58.2
Zhongshan																									
Yueying Xincheng	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	7,438	1.0	336	22,137	3.0
Others[(Note)]	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	8,365	1.2	N/A	N/A	83.8
Total/overall	**624,669**	**100.0**	**47,747**	**13,083**	**26.0**	**783,406**	**100.0**	**65,572**	**11,947**	**36.4**	**1,245,754**	**100.0**	**74,722**	**16,672**	**40.4**	**84,576**	**100.0**	**6,386**	**13,244**	**43.0**	**712,535**	**100.0**	**51,715**	**13,616**	**54.8**

Note: Others represented service income from property development and management of JY Donghuzhou Haoyuan, which our Group held 30% interest in the project as at the Valuation Date.

During the Track Record Period, our revenue from property development and sales were derived from properties located in Guangzhou, Lingshui and Zhongshan. Revenues are recognised when or as the control of the asset is transferred to the customer.

Consistent with industry practice, we generally enter into provisional sale and purchase agreements with our customers in relation to our property development business in the development stage of our properties, and thus, pre-sale commenced in compliance with the applicable PRC laws and regulations. Deposits and instalments received from our customers prior to meeting the criteria for revenue recognition are included in the consolidated statements of financial position under current liabilities.

Our revenue generated from property development and sales is mainly affected by the GFA of our properties sold and their respective ASP. The ASP is generally affected by a number of factors mainly included the type of building, locations, market condition and demand and costs of development. As a result, our recognised ASP is mainly affected by the different types of properties delivered during the financial year.

Our revenue from property development and sales increased throughout the Track Record Period mainly due to increase in total GFA delivered. We also experienced a general increase in the ASP per sq.m. of most of our properties projects during the Track Record Period except for JY Clearwater Bay No.3 Phase I in FY2018 due to the mix of sales of different properties with different conditions delivered in such year. The decrease in overall recognised ASP per sq.m. from FY2016 to FY2017 was mainly due to the increase in sales of properties project JY Lychee Town Phase I in terms of the total sale of properties, which entailed a relatively lower recognised ASP per sq.m. as compared to our properties projects JY Clearwater Bay No.3. The overall recognised ASP per sq.m. increased in FY2018 mainly due to sales of JY Clearwater Bay No. 3 Phase III, which entailed a relatively higher recognised ASP than that of JY Lychee Town Phase I. The overall recognised ASP per sq.m. increased in 1H2019 compared to that of 1H2018 mainly due to the sale of JY Clearwater Bay No. 3 Phase III.

During 1H2019, our recognised ASP from the sales of JY Lychee Town Phase II was RMB11,043/Sq.m.; while our recognised ASP from the sales of JY Lychee Town Phase I was RMB8,932/Sq.m. Our recognised ASP from the sales of JY Lychee Town Phase II in 1H2019 was relatively higher compared to those of recognised ASP from the sales of JY Lychee Town Phase I, as advised by the Directors, due to a number of conditions including the view, size, orientation and the market situation when entering into the sales contracts with customers, our Group was able to enter into a relatively higher ASP with customers of JY Lychee Town Phase II and therefore recognised a higher ASP than JY Lychee Town Phase I in 1H2019.

Our recognised ASP from the sales of JY Clearwater Bay No. 3 Phase III increased from RMB17,179/Sq.m. in FY2018 to RMB19,457/Sq.m. in 1H2019, primarily due to the increase in the recognised ASP of residential buildings in 1H2019 following the favourable market sentiment when the Group entered into the sales contracts with its customers. The increase in the overall recognised ASP from the sales of JY Clearwater Bay No. 3 Phase III was partially offset by the decrease in total proportion of sales of low-rise house which entailed relatively higher ASP compared to other types of properties.

Hotel operations

Apart from our core business, we also operate Just Stay Hotel and Just Stay Resort under our hotel operations business starting from FY2016 and FY2017, respectively. The following table sets out the occupancy rate and other operating data relating to Just Stay Hotel and Just Stay Resort during the Track Record Period. Our revenue from hotel operations include leasing of our hotel rooms, revenue from our self-operated restaurants and food and beverage outlets, and revenue from operations of hot spring facilities. The following table sets out the breakdown of our revenue from hotel operations relating to Just Stay Hotel and Just Stay Resort during the Track Record Period:

	FY2016		**FY2017**		**FY2018**		**1H2018**		**1H2019**	
	RMB'000	%	*RMB'000*	%	*RMB'000*	%	*RMB'000* (*unaudited*)	%	*RMB'000*	%
Revenue from:										
Leasing of hotel rooms	9,095	66.8	25,412	55.1	37,308	56.0	18,399	54.8	19,625	53.7
Self-operated restaurants and food and beverage outlets	4,461	32.7	14,649	31.8	19,777	29.7	10,217	30.4	10,476	28.7
Operations of hot spring facilities	—	—	5,577	12.1	8,503	12.8	4,526	13.5	5,786	15.8
Others	67	0.5	446	1.0	1,001	1.5	434	1.3	672	1.8
Total	13,623	100.0	46,084	100.0	66,589	100.0	33,576	100.0	36,559	100.0

Our revenue generated from hotel operations is mainly affected by the total room available of our customers, occupancy rates and their respective room rate. Our revenue from hotel operations increased throughout the Track Record Period mainly due to the commencement of business of our Just Stay Resort in FY2017 and increase in revenue from it in FY2018.

Commercial property investment

Other than holding properties for development and sales, we also own commercial properties for investment purposes. The following table sets forth, for the periods indicated, the breakdown of our revenue from commercial property investment generated from different property types and the respective GFA leased during the Track Record Period:

	FY2016			FY2017			FY2018			1H2018			1H2019		
			Total GFA leased			**Total GFA leased**			**Total GFA leased**			**Total GFA leased**			**Total GFA leased**
	RMB'000	*%*	*Sq.m.*	*RMB'000*	*%*	*Sq.m.*	*RMB'000*	*%*	*Sq.m.*	*RMB'000*	*%*	*Sq.m.*	*RMB'000*	*%*	*Sq.m.*
Commercial building	1,299	62.8	1,235	4,945	87.9	9,095	9,801	97.8	9,317	4,646	96.9	9,317	7,693	99.7	9,451
Others[(Note)]	768	37.2	N/A	681	12.1	N/A	220	2.2	N/A	149	3.1	N/A	25	0.3	N/A
Total	2,067	100.0		5,626	100.0		10,021	100.0		4,795	100.0		7,718	100.0	

Note: *Others mainly included short-term leasing of certain space in the factory acquired for future development.*

Our revenue generated from commercial property investment is mainly affected by the total leased GFA and their respective average rental. Our revenue from commercial property investment increased throughout the Track Record Period mainly due to increase in total GFA leased throughout the Track Record Period.

Property management

Since FY2016, we also derived income from our property management provided to purchasers of the residential properties we developed. The table below shows the revenue from self-managed and outsourced properties during the Track Record Period:

	FY2016		FY2017		FY2018		1H2018		1H2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Guangzhou										
JY Lychee Town Phase I	—	—	518	16.5	1,101	16.9	533	26.6	1,016	18.2
JY Lychee Town Phase II	—	—	—	—	—	—	—	—	177	3.2
JY Donghuzhou Haoyuan	—	—	—	—	708	10.9	60	3.0	324	5.8
Lingshui										
JY Clearwater Bay No.3 Phase I	300	94.9	1,459	46.4	1,836	28.1	821	40.9	895	16.0
JY Clearwater Bay No.3 Phase II	16	5.1	1,166	37.1	1,437	22.0	592	29.5	827	14.8
JY Clearwater Bay No.3 Phase III	—	—	—	—	1,441	22.1	—	—	2,170	38.8
Zhongshan Yueying Xincheng	—	—	—	—	—	—	—	—	183	3.2
	316	100.0	3,143	100.0	6,523	100.0	2,006	100.0	5,592	100.0

During the Track Record Period, our property management services generally include security, cleaning, gardening, car park management and repair and maintenance services. We charged a range of RMB2.2 per sq.m. per month to RMB5.6 per sq.m. per month for different types of properties during the Track Record Period. Our revenue from property management services is mainly affected by the total GFA managed by us and their respective types of properties. As our management services is charged based on certain amount per sq.m., our revenue from property management services increased throughout the Track Record Period mainly due to increase in total GFA of the properties we provided property management services for throughout the Track Record Period.

Cost of sales

Our cost of sales comprise (i) cost of properties sold which is directly associated with the revenue from the property development and sales during the respective year; (ii) costs in relation to the hotel operations; (iii) costs in relation to commercial property investment which is directly associated with rental income derived from our investment properties such as property maintenance expenses; and (iv) costs directly attributable to the provision of property management.

The following table sets out the breakdown of our cost of sales by segment during the Track Record Period:

	FY2016		FY2017		FY2018		1H2018		1H2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Property development and sales	462,482	97.1	497,920	87.6	742,021	90.9	48,217	57.1	322,283	88.1
Hotel operations	12,099	2.5	64,976	11.5	66,168	8.1	33,283	39.4	36,359	9.9
Commercial property investment	590	0.1	1,184	0.2	1,068	0.1	546	0.6	456	0.1
Property management	1,059	0.3	4,009	0.7	7,040	0.9	2,463	2.9	6,948	1.9
Total	476,230	100.0	568,089	100.0	816,297	100.0	84,509	100.0	366,046	100.0

Property development and sales

Our cost of property development and sales is our main cost of sales, accounting for 97.1%, 87.6%, 90.9% and 88.1% of our total cost of sales for FY2016, FY2017, FY2018 and 1H2019, respectively, which mainly include construction cost, land cost and capitalised interest expense.

The following table sets forth, for the years indicated, a breakdown of our cost of properties sold:

	FY2016		FY2017		FY2018		1H2018		1H2019	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Construction cost	290,676	62.9	338,897	68.1	503,799	67.9	33,751	70.0	235,603	73.1
Land cost	122,073	26.4	118,997	23.9	189,803	25.6	11,205	23.2	57,822	17.9
Capitalised interest expense	24,644	5.3	24,671	5.0	33,871	4.6	2,168	4.5	14,681	4.6
Business taxes and other levies	25,089	5.4	15,355	3.0	14,548	1.9	1,093	2.3	5,635	1.8
Cost of completed properties acquired	—	—	—	—	—	—	—	—	7,187	2.2
Cost of property development and management services	—	—	—	—	—	—	—	—	1,355	0.4
Total	462,482	100.0	497,920	100.0	742,021	100.0	48,217	100.0	322,283	100.0

Consistent with industry practice, we generally recognise its costs when the respective revenue from sale of properties have been recognised in accordance with our accounting policies, see Note 2 of the Accountant's Report in Appendix I in this prospectus for details of the accounting policy regarding revenue recognition. Costs incurred during development stage prior to meeting the evidence for recognition are included in the consolidated statements of financial position under properties under development, while the costs of properties which were unsold as at reporting date are included in the consolidated statements of financial position under completed properties held for sale.

Construction cost

Our construction cost includes all costs incurred for the construction of JY Lychee Town Phase I, II, JY Hot Spring Villas and JY Clearwater Bay No. 3 Phase I, Phase II and Phase III, including payments to third party contractors for construction works such as material costs and labour costs. In FY2016, FY2017, FY2018 and 1H2019, our construction cost amounted to RMB290.7 million, RMB338.9 million, RMB503.8 million and RMB235.6 million, respectively, which accounted for 62.9%, 68.1%, 67.9% and 73.1% of our cost of properties sold for the respective year.

Land cost

Our land cost mainly comprises costs in relation to the acquisition of land. For FY2016, FY2017, FY2018 and 1H2019, the costs recognised were mainly for our JY Lychee Town Phase I, II, JY Hot Spring Villas and JY Clearwater Bay No. 3 Phase I, Phase II and Phase III.

Capitalised interest expense

Our capitalised interest expense represents the cost of borrowings to the extent that such cost is directly attributable to the acquisition of land and construction of our properties during the period which incurred until the completion of assets refinement. For FY2016, FY2017, FY2018 and 1H2019, our capitalised interest expense amounted to RMB24.6 million, RMB24.7 million, RMB33.9 million and RMB14.7 million, respectively.

Business taxes and other levies

Our business taxes and other levies directly attributable to our revenue are recognised as cost of sales during the Track Record Period. Pursuant to the "Circular on the Overall Promotion of Pilot Program of Levying VAT in place of Business Tax" ("Cai Shui 2016 No. 36") jointly issued by the Ministry of Finance and the State Administration of Taxation, our PRC subsidiaries are subject to value added tax ("VAT") on their revenue from property development and sales instead of business tax since 1 May 2016, while the business tax was 5% before then. For all the properties pre-sold before the issue of such arrangement, business tax of 5% was applicable to the revenue. Since the proportion of properties delivered, which are subject to the business tax instead of the VAT, gradually decreased since FY2017, the total business tax and other levies accounted for a decreasing percentage of our total cost of sales. The absolute amount of our business taxes and other levies also decreased from FY2016 to FY2018. The absolute amount of business tax and levies increased in 1H2019 mainly due to increase in sales of properties.

See Note 6 of the Accountant's Report contained in the Appendix I for details of respective VAT rates on different sources of revenue.

Hotel operations

Our operating cost of hotel operations comprised of cost of food and beverages in all our restaurants and food and beverage outlets and other hotel facilities maintenance. The increase in such cost throughout the Track Record Period was mainly due to the expansion of our hotel portfolio by acquisition of Just Stay Hotel in FY2016 and commencement of business of Just Stay Resort in FY2017.

Commercial property investment

Our operating cost of commercial property investment primarily included all cost in relation to leasing such as property maintenance expenses.

Property management

Our operating cost of property management primarily included staff cost for providing such services, such as security. Such costs increased throughout the Track Record Period as a result of increase in manpower and resources involved in more properties which we provided such services for.

Gross profit and gross profit margin

The following table sets forth a breakdown of gross profit and gross profit margin by segment for the years indicated:

	FY2016		**FY2017**		**FY2018**		**1H2018**		**1H2019**	
	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*	*%*
Property development and sales	162,187	26.0	285,486	36.4	503,733	40.4	36,359	43.0	390,252	54.8
Hotel operations	1,524	11.2	(18,892)	—	421	0.6	293	0.9	200	0.5
Commercial property investment	1,477	71.5	4,442	79.0	8,953	89.3	4,249	88.6	7,262	94.1
Property management	(743)	—	(866)	—	(517)	—	(457)	—	(1,356)	—
Total/overall	164,445	25.7	270,170	32.2	512,590	38.6	40,444	32.4	396,358	52.0

In FY2016, FY2017, FY2018 and 1H2019, our gross profit amounted to RMB164.4 million, RMB270.2 million, RMB512.6 million and RMB396.4 million, respectively. The respective gross profit margin was 25.7%, 32.2%, 38.6% and 52.0%, respectively. The increase in our gross profit margin was mainly attributable to increase in gross profit margin from our property development and sales.

In particular, our gross profit margin from our property development and sales increased from 40.4% in FY2018 to 54.8% in 1H2019. Such increase was primarily due to (i) increase in gross profit margin from sales of JY Clearwater Bay No. 3 Phase III from 40.1% in FY2018 to 58.2% in 1H2019 resulting from the increase in overall recognised ASP as mentioned previously, given the stable average unit cost of sales in relation to it; and (ii) contribution from sales of JY Lychee Town Phase II which attained gross profit margin of 53.2% in 1H2019 resulting from higher recognised ASP as mentioned previously. The total revenue contribution from these two properties accounted for 93.4%, in aggregate, of our total revenue from property development and sales in 1H2019. Comparatively, JY Clearwater Bay No. 3 Phase III and

JY Lychee Town Phase I, which accounted for 92.9%, in aggregate, to our total revenue from property development and sales in FY2018, attained gross profit margin of 40.1% and 46.8% in FY2018, which were relatively lower than the gross profit margin attained by majority of our sales in 1H2019.

We recorded gross loss for our hotel operations segment for FY2017 and our property management segment during the Track Record Period. Our hotel operations were operating at a gross loss in FY2017 mainly as a result of the commencement of business of our Just Stay Resort. In FY2018, on Just Stay Resort started to pick up its business with increase in both average room rate and occupancy rate, leading to an increase in gross profit and its gross profit margin. Our gross profit of hotel operations then remained relatively stable in 1H2019.

We also recorded gross loss for our property management segment during the Track Record Period. We generally record gross loss for a property in the first year which we provided the property management services for primarily resulting from certain fixed costs incurred. During the Track Record Period, the gross loss from this segment was attributable to different properties, which gross profit was recorded in the second year we provided the property management services for.

Selling and marketing expenses

Our selling and marketing expenses consist primarily of advertising costs, commission fee, employee benefit expenses and other selling expenses. The following table sets out a breakdown of our selling and marketing expenses for the years indicated:

	FY2016		**FY2017**		**FY2018**		**1H2018**		**1H2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* (*unaudited*)	*%*	*RMB'000*	*%*
Advertising costs	14,405	36.8	11,348	25.5	25,523	34.4	11,635	59.6	15,678	38.4
Commission fee	18,933	48.3	25,727	57.8	35,900	48.4	3,482	17.8	18,265	44.8
Employee benefit expenses	4,540	11.6	5,329	12.0	9,978	13.4	3,825	19.6	4,973	12.2
Others	1,302	3.3	2,095	4.7	2,824	3.8	588	3.0	1,871	4.6
Total	39,180	100.0	44,499	100.0	74,225	100.0	19,530	100.0	40,787	100.0

Our selling and marketing expenses amounted to RMB39.2 million, RMB44.5 million, RMB74.2 million and RMB40.8 million in FY2016, FY2017, FY2018 and 1H2019, respectively, which accounted for 6.1%, 5.3%, 5.6% and 5.3% to our total revenue for the respective period.

Advertising costs

Our advertising costs, which fluctuated in accordance with the schedule of pre-sale of sale of our properties at early stage, amounted to RMB14.4 million, RMB11.3 million, RMB25.5 million and RMB15.7 million in FY2016, FY2017, FY2018 and 1H2019, respectively. As a young property developer in the PRC, we incurred selling and marketing expenses in FY2016 for our brand building. The selling and marketing expenses increased in FY2018 as we incurred more marketing and advertising expenses mainly for the sale promotion of JY Gaoligong Town and pre-sale promotion for JY Mountain Lake Golf and JY Grand Garden.

Commission fee

In accordance with HKFRS 15, we recognised the commission fee, with a customer within contract costs if we expect to recover these costs. Our management expects the commission fee, primarily sale commission, as a result of obtaining the property sale contracts are recoverable. We have capitalised the amounts and recognised as expenses when the related revenue are recognised. In FY2016, FY2017, FY2018 and 1H2019, the amounts of commission fee were RMB18.9 million, RMB25.7 million, RMB35.9 million and RMB18.3 million, respectively.

Employee benefit expenses

Our employee benefit expenses recorded in selling and marketing expenses represented staff cost in relation to our marketing staff which amounted to RMB4.5 million, RMB5.3 million, RMB10.0 million and RMB5.0 million in FY2016, FY2017, FY2018 and 1H2019, respectively. Our employee benefit expenses was relatively higher in FY2017, FY2018 and 1H2019 compared to the corresponding period mainly due to increase in number of marketing staff and their performance-based bonus.

Administrative expenses

Administrative expenses primarily comprised of employee benefit expenses, entertainment expenses for our business, office expenses and travelling expenses. The following table sets forth a breakdown of our administrative expenses for the years indicated:

	FY2016		**FY2017**		**FY2018**		**1H2018**		**1H2019**	
	RMB'000	*%*	*RMB'000*	*%*	*RMB'000*	*%*	*RMB'000* *(unaudited)*	*%*	*RMB'000*	*%*
Employee benefit expenses	14,342	34.6	25,306	38.1	55,552	44.5	21,075	38.4	34,239	47.6
Entertainment expenses	10,517	25.3	14,596	22.0	19,037	15.3	9,549	17.4	7,361	10.2
Listing expenses	—	—	—	—	10,840	8.7	6,223	11.3	10,602	14.7
Business taxes and other levies	4,171	10.0	5,145	7.7	10,512	8.4	3,394	6.2	2,878	4.0
Depreciation	1,133	2.7	1,631	2.5	2,700	2.2	1,155	2.1	1,614	2.2
Travelling expenses	1,272	3.1	4,269	6.4	4,949	4.0	2,372	4.3	1,959	2.7
Amortisation of right-of-use assets	2,360	5.7	6,221	9.4	7,031	5.6	3,565	6.5	4,012	5.6
Office expenses	1,323	3.2	2,407	3.6	2,501	2.0	1,204	2.2	1,892	2.6
Professional service fees	477	1.2	646	1.0	1,256	1.0	—	—	16	0.0
Auditor's remuneration	229	0.6	593	0.9	934	0.7	450	0.8	195	0.3
Bank charges	211	0.5	387	0.6	717	0.6	267	0.5	—	—
Amortisation of intangible assets	103	0.2	406	0.6	470	0.4	228	0.4	269	0.4
Others	5,371	12.9	4,779	7.2	8,269	6.6	5,384	9.9	6,875	9.7
Total	41,509	100.0	66,386	100.0	124,768	100.0	54,866	100.0	71,912	100.0

Administrative expenses amounted to RMB41.5 million, RMB66.4 million, RMB124.8 million and RMB71.9 million for FY2016, FY2017, FY2018 and 1H2019, respectively.

Other income

Our other income primarily represented forfeited deposits from our customers in relation to the sales of properties. The following table sets forth a breakdown of our other income for the years indicated:

	FY2016	**FY2017**	**FY2018**	**1H2018**	**1H2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Forfeited customer deposits	412	506	800	370	350
Others	258	215	476	121	288
	670	721	1,276	491	638

Other income amounted to RMB0.7 million, RMB0.7 million, RMB1.3 million and RMB0.6 million for FY2016, FY2017, FY2018 and 1H2019, respectively. The occurrence of forfeited customer deposits is incidental and the amount of such forfeited customer deposits is affected by the number of forfeited transactions and the total sum of transactions.

Other expenses

Our other expenses primarily represented donations to charitable organisations and regulatory penalties. The following table sets forth a breakdown of our other expenses for the years indicated:

	FY2016	**FY2017**	**FY2018**	**1H2018**	**1H2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Donations	2,020	2,000	2,443	1,203	41
Others	726	858	316	8	1,163
	2,746	2,858	2,759	1,211	1,204

Other expenses remained relatively stable at RMB2.7 million, RMB2.9 million and RMB2.8 million for FY2016, FY2017 and FY2018, respectively, and RMB1.2 million in both 1H2018 and 1H2019.

Other gains — net

Our other net gains primarily represented fair value gains on investment properties, gains on disposal of subsidiaries and interest on financial assets at fair value through profit or loss. The following table sets forth a breakdown of our other net gains for the periods indicated:

	FY2016	FY2017	FY2018	1H2018	1H2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interests on financial assets at fair value through profit or loss	1,409	3,593	9,123	6,760	870
Losses on disposals of property, plant and equipment	(2)	(110)	(8)	(2)	(9)
Fair value gains on investment properties	58,972	33,135	11,097	8,842	1,298
Gains on disposal of subsidiaries	—	—	210,358	7,326	59,706
	60,379	36,618	230,570	22,926	61,865

Other net gains amounted to RMB60.4 million, RMB36.6 million, RMB230.6 million and RMB61.9 million for FY2016, FY2017, FY2018 and 1H2019, respectively.

Fair value gains on investment properties

Our completed investment properties mainly comprised of retails properties during the Track Record Period. The fair value of our investment properties as at 31 December 2016, 2017 and 2018 have been valued by the property valuer. For retail properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

Our gains arising on change in fair value of investment properties were RMB59.0 million, RMB33.1 million, RMB11.1 million and RMB1.3 million for FY2016, FY2017, FY2018 and 1H2019, respectively.

The fair value gains of investment properties were non-cash gains which did not constitute any cash effect to our financial results during the Track Record Period. For details of the fair value of our investment properties, please refer to the section headed "Valuation Report" in Appendix III to this prospectus.

Gains on disposal of subsidiaries

Our gains on disposal of subsidiaries arises from disposal of Guangzhou Jinghengyue, Guangzhou Juxin and Sure Fine in FY2018 and Guangzhou Jinghong in 1H2019. Details of which are set out in Note 39 in the Accountant's Report contained in Appendix I.

Finance (income)/costs — net

Finance (income)/costs — net comprise mainly interest expenses on our bank and other borrowings and leases net of capitalised interest expenses and interest income from bank deposits. Finance (income)/costs — net amounted to income of RMB0.7 million, cost of RMB9.6 million and income of RMB0.6 million and RMB0.5 million for FY2016, FY2017, FY2018 and 1H2019, respectively. The following table sets forth a breakdown of our finance costs — net for the periods indicated:

	FY2016	**FY2017**	**FY2018**	**1H2018**	**1H2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Finance costs					
Interest expense on bank and other borrowings	40,799	57,768	62,546	33,908	56,489
Interest expense on leases	482	603	444	235	1,473
Less: interest capitalised	(41,281)	(47,834)	(62,990)	(34,143)	(57,962)
	—	10,537	—	—	—
Finance income					
Interest income from bank deposits	(672)	(971)	(649)	(388)	(452)
Finance (income)/costs — net	(672)	9,566	(649)	(388)	(452)

In accordance with applicable accounting policies, general and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Thus, the capitalised interest expense fluctuated during the Track Record Period based on the extent of borrowings involved in and the progress of purchase of lands and constructions of our properties.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

(i) *Overseas income tax*

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(ii) *PRC corporate income tax*

Our Group is subject to PRC corporate income tax which has been provided at corporate income tax rate of 25%.

(iii) *PRC LAT*

PRC LAT is levied at progressive rates ranging from 30% to 60% of the appreciation value, being the proceeds of sales of properties less deductible expenditures including cost of land use rights and property development expenditures.

(iv) *Hong Kong profits tax*

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong during the Track Record Period.

Our income tax expenses were RMB58.0 million, RMB97.3 million, RMB157.5 million and RMB163.4 million for FY2016, FY2017, FY2018 and 1H2019, respectively; the effective tax rate (which is calculated based on the sum of corporate income tax divided by profit before tax less land appreciation tax for the respective period) for the same period was 31.1%, 32.0%, 15.8% and 28.2%, respectively.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

REVIEW OF HISTORICAL RESULTS OF OPERATION

1H2019 compared to 1H2018

Revenue

Our revenue increased by RMB637.4 million or 510.2% from RMB125.0 million in 1H2018 to RMB762.4 million in 1H2019. The increase in revenue was mainly due to increase in sale of properties of RMB627.9 million.

Property development and sales

Our revenue from property development and sales increased from RMB84.6 million in 1H2018 to RMB712.5 million in 1H2019 mainly due to the revenue contribution from the revenue recognised for our delivery of JY Lychee Town Phase II of RMB364.1 million and the remaining units of JY Clearwater Bay No. 3 Phase III of RMB301.4 million in 1H2019. The increase in revenue from property development and sales was partially offset by (i) the decrease in revenue as a result of decrease in sales from JY Lychee Town Phase I of RMB25.6 million as a result of decrease in GFA delivered from the remaining properties; and (ii) absence of sales from JY Clearwater Bay No. 3 Phase I and JY Clearwater Bay No. 3 Phase II, for which the aggregate revenue recognised in 1H2018 amounted to RMB35.4 million.

The overall ASP per sq.m. remained relatively stable at RMB13,244 per sq.m. in 1H2018 and RMB13,616 per sq.m. in 1H2019 mainly due to combined effect of (i) delivery of JY Clearwater Bay No. 3 Phase III, which entailed ASP of RMB19,457 per sq.m. in 1H2019 while the delivery of properties in 1H2018 was mostly contributed by JY Lychee Town Phase I which entailed a lower recognised ASP of approximately RMB9,812 per sq.m. in 1H2018; and (ii) absence of sales from JY Clearwater Bay No. 3 Phase I and JY Clearwater Bay No. 3 Phase II, which entailed relatively higher recognised ASP of RMB24,692 per sq.m. and RMB29,342 per sq.m. in 1H2018.

Hotel operations

Our revenue from hotel operations increased from RMB33.6 million in 1H2018 to RMB36.6 million in 1H2019 mainly due to (i) increase in revenue from our Just Stay Resort of RMB2.7 million as a result of increase in average room price in 1H2019; and (ii) a relatively stable revenue contributed by Just Stay Hotel of RMB10.3 million in 1H2018 compared to RMB10.6 million in 1H2019. Ancillary to our hotel operations, our revenue from food and beverages also increased due to the increase in the number of visitors.

Commercial property investment

Our revenue from commercial property investment increased from RMB4.8 million in 1H2018 to RMB7.7 million in 1H2019 mainly due to (i) the revenue of RMB1.7 million from leasing of shops of Zhongshan Yueheng following the acquisition in April 2019; and (ii) increase in overall rental rates as a result of positive average rental reversions upon renewal of tenancies.

Property management

Our revenue from property management services increased from RMB2.0 million in 1H2018 to RMB5.6 million in 1H2019 mainly as a result of increase of the total GFA of the properties which we provided such services as we sold more properties during the year.

Cost of sales

Cost of sales increased by RMB281.5 million or 333.1% from RMB84.5 million in 1H2018 to RMB366.0 million in 1H2019. The increase in cost of sales was mainly due to increase in (i) cost of properties sold of RMB274.1 million as a result of increase in GFA delivered; and (ii) cost for our property management of RMB4.5 million primarily due to increase in manpower and resources involved in more properties which we provided such service for during 1H2019.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB356.0 million or 881.2% from RMB40.4 million in 1H2018 to RMB396.4 million in 1H2019. Our gross profit margin increased from 32.4% in 1H2018 to 52.0% in 1H2019, which was mainly due to increase in gross profit margin of property development and sales segment from 43.0% in 1H2018 to 54.8% in 1H2019 mainly as a result of JY Lychee Town Phase II and JY Clearwater Bay No.3 Phase III. Our gross profit margin from our commercial property investment increased from 88.6% in 1H2018 to 94.1% in 1H2019 primarily due to the increase in monthly rental.

Selling and marketing expenses

Selling and marketing expenses increased by RMB21.3 million or 109.2% from RMB19.5 million in 1H2018 to RMB40.8 million in 1H2019. The increase was primarily due to the increase in (i) commission fee of RMB14.8 million mainly attributable to the sales of JY Lychee Town Phase II and JY Clearwater Bay No. 3 Phase III in 1H2019; (ii) advertising costs of RMB4.0 million in relation to sales promotion of sale of JY Gaoligong Town, JY Mountain Lake Golf and JY Grand Garden, while our advertising cost incurred in 1H2018 was mainly for the sales promotion of JY Clearwater Bay No. 3 Phase VI and VII and JY Lychee Town Phase II; and (iii) employee benefit expenses of RMB1.1 million as a result of increase in headcounts for our business expansion.

Administrative expenses

Administrative expenses increased by RMB17.0 million or 31.0% from RMB54.9 million in 1H2018 to RMB71.9 million in 1H2019. The increase was primarily due to the increase in (i) employee benefit expenses of RMB13.2 million as a result of increase in headcounts from 117 personnels as at 30 June 2018 to 232 personnels as at 30 June 2019 and the compensation level of existing staff; and (ii) listing expenses of RMB4.4 million incurred in 1H2019.

Other income

Other income increased from RMB0.5 million in 1H2018 to RMB0.6 million in 1H2019 mainly due to increase in others of RMB0.2 million for penalty income from our suppliers.

Other expenses

Other expenses remained relatively stable at RMB1.2 million in both 1H2018 and 1H2019.

Other gains — net

Other net gains increased from RMB22.9 million in 1H2018 to RMB61.9 million in 1H2019 mainly attributable to the gains on disposal of Guangzhou Jinghong of RMB59.7 million. Details of which are set out in Note 39 in the Accountant's Report contained in Appendix I. The increase was partially offset by the decrease in fair value gains on investment properties of RMB7.5 million in FY2018 and decrease in interest on financial assets at fair value through profit or loss of RMB5.9 million which was entirely disposed of during 1H2019.

Net finance income

Net finance income increased from RMB0.4 million in 1H2018 to RMB0.5 million in 1H2019. The increase was mainly due to increase in interest income of RMB0.1 million.

Income tax expense

Income tax expense increased from RMB7.2 million in 1H2018 to RMB163.4 million in 1H2019. The increase was mainly due to increase in (i) PRC LAT of RMB84.5 million resulting from the increase in sale of properties; and (ii) increase in corporate income tax of RMB71.7 million as a result of our increase in assessable income. Our effective tax rate was 28.2% in 1H2019 while it was not applicable in 1H2018 as we generated loss before income tax.

Profit for the period

As a result of the foregoing, profit for the period increased from loss of RMB19.1 million in 1H2018 to profit of RMB181.2 million in 1H2019. Our net profit margin for 1H2019 was 23.8%. Excluding the non-recurring expenses of Listing expense, fair value gains on investment properties (net of income tax) and gains on disposal of subsidiaries (net of income tax), our loss for the period amounted to RMB25.6 million in 1H2018 and profit for the period of RMB145.1 million in 1H2019, respectively, while the net profit margin was 19.0% in 1H2019.

Please see "Non-HKFRS financial measures — adjusted profit for the year, net of income tax" in this section for details.

FY2018 compared to FY2017

Revenue

Our revenue increased by RMB490.6 million or 58.5% from RMB838.3 million in FY2017 to RMB1,328.9 million in FY2018. The increase in revenue was mainly due to increase in (i) sale of properties of RMB462.3 million; and (ii) hotel operations of RMB20.5 million.

Property development and sales

Our revenue from property development and sales increased from RMB783.4 million in FY2017 to RMB1,245.8 million in FY2018 mainly due to the revenue contribution from the revenue recognised for our delivery of JY Clearwater Bay No. 3 Phase III of RMB1,067.4 million in FY2018. The increase in revenue from property development and sales was partially offset by the decrease in revenue of RMB605.0 million as a result of decrease in GFA delivered from the remaining properties in JY Lychee Town Phase I, JY Clearwater Bay No. 3 Phase I and JY Clearwater Bay No. 3 Phase II, for which substantial revenue was recognised in FY2016 and FY2017.

The overall ASP per sq.m increased from RMB11,947 per sq.m. in FY2017 to RMB16,672 per sq.m. in FY2018 mainly due to delivery of JY Clearwater Bay No. 3 Phase III, which entailed a ASP of RMB17,179 per sq.m. in FY2018. Since the delivery of properties in FY2017 was mostly contributed by JY Lychee Town Phase I which entailed a lower ASP of approximately RMB8,357 per sq.m. in FY2017, the ASP in FY2018 increased compared to that in FY2017.

Hotel operations

Our revenue from hotel operations increased from RMB46.1 million in FY2017 to RMB66.6 million in FY2018 mainly due to (i) increase in revenue from our Just Stay Resort of RMB18.8 million from its full year operation in FY2018 compared to a five-months operation in FY2017; and (ii) a relatively stable revenue contributed by Just Stay Hotel of RMB20.5 million in FY2018 compared to RMB18.8 million in FY2017. Ancillary to our hotel operations, our revenue from food and beverages also increased due to the increase in visitors.

Commercial property investment

Our revenue from commercial property investment increased from RMB5.6 million in FY2017 to RMB10.0 million in FY2018 mainly due to (i) the increase in revenue from commercial property investment of RMB4.4 million as a result of full-year rental contributions from those properties which lease terms were commenced during FY2017; and (ii) increase in overall rental rates as a result of positive average rental reversions upon renewal of tenancies.

Property management

Our revenue from property management services increased from RMB3.2 million in FY2017 to RMB6.5 million in FY2018 mainly as a result of increase of the total GFA of the properties which we provided such services as we sold more properties during the year.

Cost of sales

Cost of sales increased by RMB248.2 million or 43.7% from RMB568.1 million in FY2017 to RMB816.3 million in FY2018. The increase in cost of sales was mainly due to increase in (i) cost of properties sold of RMB244.1 million as a result of increase in GFA delivered; and (ii) cost for our property management of RMB3.0 million primarily due to increase in manpower and resources involved in more properties which we provided such service for during FY2018.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit rose by RMB242.4 million or 89.7% from RMB270.2 million in FY2017 to RMB512.6 million in FY2018. Our gross profit margin increased from 32.2% in FY2017 to 38.6% in FY2018, which was mainly due to increase in gross profit margin of property development and sales segment from 36.4% in FY2017 to 40.4% in FY2018 mainly as a result of increase in overall ASP. As the operation of our Just Stay Resort started to pick up in FY2018 with increase in both occupancy rate and average room rate since its commencement of operation in FY2017, our hotel operations recorded a gross profit margin of 0.6% compared to a gross loss in FY2017.

Selling and marketing expenses

Selling and marketing expenses increased by RMB29.7 million or 66.8% from RMB44.5 million in FY2017 to RMB74.2 million in FY2018. The increase was primarily due to the increase in (i) advertising costs of RMB14.2 million in relation to sales promotion of sale of JY Gaoligong Town and pre-sale promotion for JY Mountain Lake Golf and JY Grand Garden, while our advertising cost incurred in FY2017 was mainly for the sales promotion of JY Clearwater Bay No. 3 Phase III; (ii) commission fee of RMB10.2 million mainly attributable to the sales of JY Clearwater Bay No. 3 Phase III in FY2018; and (iii) employee benefit expenses of RMB4.6 million as a result of increase in headcounts for our business expansion.

Administrative expenses

Administrative expenses increased by RMB58.4 million or 87.9% from RMB66.4 million in FY2017 to RMB124.8 million in FY2018. The increase was primarily due to the increase in (i) employee benefit expenses of RMB30.2 million as a result of increase in headcounts from 70 personnels as at 31 December 2017 to 181 personnels as at 31 December 2018 and the compensation level of existing staff; and (ii) listing expenses of RMB10.8 million incurred in FY2018 compared to nil in FY2017; (iii) entertainment expenses of RMB4.4 million for our business expansion; and (iv) business taxes and other levies of RMB5.4 million which is generally in line with the increase in our land reserves compared to FY2017.

Other income

Other income increased from RMB0.7 million in FY2017 to RMB1.3 million in FY2018 mainly due to increase in forfeited customer deposits of RMB0.3 million.

Other expenses

Other expenses remained relatively stable at RMB2.9 million in FY2017 and RMB2.8 million in FY2018.

Other gains — net

Other net gains increased from RMB36.6 million in FY2017 to RMB230.6 million in FY2018 mainly attributable to the gains on disposal of Guangzhou Jinghengyue, Guangzhou Juxin and Sure Fine of RMB210.4 million. Details of which are set out in Note 39 in the Accountant's Report contained in Appendix I. The increase was partially offset by the decrease in fair value gains on investment properties of RMB22.0 million in FY2018.

Finance (income)/costs — net

Finance (income)/costs, net decreased from cost of RMB9.6 million in FY2017 to income of RMB0.6 million in FY2018. The change was mainly due to increase in capitalised interest expense of RMB15.2 million in accordance with the progress of our construction of properties despite increase in gross interest expense of RMB4.6 million.

Income tax expense

Income tax expense increased from RMB97.3 million in FY2017 to RMB157.5 million in FY2018. The increase was mainly due to increase in (i) PRC LAT of RMB28.8 million resulting from the increase in sale of properties; and (ii) increase in corporate income tax of RMB31.4 million as a result of our increase in assessable income. Our effective tax rate decreased from 32.0% in FY2017 to 15.8% in FY2018 mainly due to income not subject to tax primarily in relation to the gains on disposal of a subsidiary.

Profit for the year

As a result of the foregoing, profit for the year increased by RMB295.7 million or 343.5% from RMB86.1 million in FY2017 to RMB381.8 million in FY2018. Our net profit margin increased from 10.3% in FY2017 to 28.7% in FY2018 mainly as a result of increase in gross profit margin and gains on disposal of subsidiaries. Excluding the non-recurring expenses of Listing expense, fair value gains on investment properties (net of income tax) and gains on disposal of subsidiaries (net of income tax), our profit for the year amounted to RMB61.2 million and RMB174.4 million in FY2017 and FY2018, respectively, while the net profit margin was 7.3% and 13.1% in the same year. The increase in net profit margin in FY2018 compared to that in FY2017 was mainly due to increase in gross profit margin in FY2018.

Please see "Non-HKFRS financial measures — adjusted profit for the year, net of income tax" in this section for details.

FY2017 compared to FY2016

Revenue

Our revenue increased by RMB197.6 million or 30.8% from RMB640.7 million in FY2016 to RMB838.3 million in FY2017. The increase in revenue was mainly due to increase in (i) sale of properties of RMB158.7 million; and (ii) hotel operations of RMB32.5 million.

Property development and sales

Our revenue from property development and sales increased from RMB624.7 million in FY2016 to RMB783.4 million in FY2017 mainly due to increase in revenue of RMB245.3 million from JY Lychee Town Phase I as a result of increase in GFA delivered and its respective ASP recognised as a result of increase in selling price in FY2017. The increase in revenue from property development and sales was partially offset by the decrease in revenue of RMB89.3 million as a result of decrease in GFA delivered from the remaining properties in JY Clearwater Bay No. 3 Phase II. The revenue from delivery of properties from JY Clearwater Bay No. 3 Phase I remained relatively stable at RMB143.3 million and RMB146.1 million in FY2016 and FY2017, respectively.

The overall ASP per sq.m decreased from RMB13,083 per sq.m. in FY2016 to RMB11,947 per sq.m. in FY2017 mainly due to the increase in sales of JY Lychee Town Phase I in terms of the total sale of properties, which entailed a relatively lower ASP recognised per sq.m. as compared to our properties projects JY Clearwater Bay No.3. The ASP recognised per sq.m. of each projects increased from FY2016 to FY2017 which was generally in line with the property market in the PRC.

Hotel operations

Our revenue from hotel operations increased from RMB13.6 million in FY2016 to RMB46.1 million in FY2017 mainly due to (i) revenue contribution of RMB27.3 million from Just Stay Resort as a result of the commencement of its business in FY2017; and (ii) increase in revenue of RMB5.2 million from Just Stay Hotel as a result of increase in available rooms and average effective monthly rent. Ancillary to our hotel operations, our revenue from food and beverages also increased due to increase in visitors.

Commercial property investment

Our revenue from commercial property investment increased from RMB2.1 million in FY2016 to RMB5.6 million in FY2017 mainly due to the commencement of lease terms of certain of our commercial properties during FY2017.

Property management

Our revenue from property management increased from RMB0.3 million in FY2016 to RMB3.1 million in FY2017 mainly as a result of increase of the total GFA of the properties which we provided such services for as we sold more properties during the year.

Cost of sales

Cost of sales increased by RMB91.9 million or 19.3% from RMB476.2 million in FY2016 to RMB568.1 million in FY2017. The increase in cost of sales was mainly due to increase in (i) cost of properties sold of RMB35.4 million as a result of increase in GFA delivered; and (ii) operating cost of hotel of RMB52.9 million as a result of our expansion of hotel portfolio by commencement of business of Just Stay Resort in FY2017 and organic growth of Just Stay Hotel.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit rose by RMB105.7 million or 64.3% from RMB164.4 million in FY2016 to RMB270.2 million in FY2017. Our gross profit margin increased from 25.7% in FY2016 to 32.2% in FY2017, which was mainly due to increase in gross profit margin of sales of properties segment from 26.0% in FY2016 to 36.4% in FY2017 mainly as a result of general increase in ASP of each property project.

Selling and marketing expenses

Selling and marketing expenses increased by RMB5.3 million or 13.6% from RMB39.2 million in FY2016 to RMB44.5 million in FY2017. The increase was primarily due to increase in commission fee of RMB6.8 million which was in line with the increase in revenue of sale of properties. The increase in selling and marketing expenses was partially offset by decrease in advertising costs of RMB3.1 million in relation to brand building and pre-sale. Our marketing and advertising expenses incurred in FY2017 was mainly for the sale of JY Clearwater Bay No. 3 Phase III.

Administrative expenses

Administrative expenses increased by RMB24.9 million or 59.9% from RMB41.5 million in FY2016 to RMB66.4 million in FY2017. The increase was primarily due to increase in (i) employee benefit expenses of RMB11.0 million as a result of increase in headcounts from 57 personnels as at 31 December 2016 to 70 personnels as at 31 December 2017 and the compensation level of the existing staff; and (ii) entertainment expenses of RMB4.1 million for our business expansion.

Other income

Other income remained relatively stable at RMB0.7 million in both FY2016 and FY2017.

Other expenses

Other expenses remained relatively stable at RMB2.7 million in FY2016 and RMB2.9 million in FY2017.

Other gains — net

Other net gains decreased from RMB60.4 million in FY2016 to RMB36.6 million in FY2017 mainly attributable to the decrease in fair value gains on investment properties of RMB25.8 million. Details of which are set out in Note 20 in the Accountant's Report contained in Appendix I.

Finance (income)/costs — net

Net finance (income)/costs changed from a net income of RMB0.7 million in FY2016 to a net cost of RMB9.6 million in FY2017. The change was mainly due to increase in total borrowings.

Income tax expense

Income tax expense increased from RMB58.0 million in FY2016 to RMB97.3 million in FY2017. The increase was mainly due to increase in PRC LAT of RMB37.0 million due to increase in sale of properties and increase in corporate income tax of RMB2.3 million as a result of our increase in assessable income. Our effective tax rate remained relatively stable at 31.1% in FY2016 and 32.0% in FY2017.

Profit for the year

As a result of the foregoing, profit for the year remained relatively stable at RMB84.5 million in FY2016 and RMB86.1 million in FY2017. Our net profit margin decreased from 13.2% in FY2016 to 10.3% in FY2017 mainly as a result of decrease in fair value gains on investment properties in FY2017. Excluding the non-recurring income of fair value gains on investment properties (net of income tax), our profit for the year amounted to RMB40.3 million and RMB61.2 million in FY2016 and FY2017, respectively, while the net profit margin was 6.3% and 7.3% in the same year. The increase in net profit margin in FY2017 compared to that in FY2016 was mainly due to increase in gross profit margin in FY2017.

Please see "Non-HKFRS financial measures — adjusted profit for the year, net of income tax" in this section for details.

Non-HKFRS financial measure

We have presented non-HKFRS financial measure i.e. adjusted profit in this prospectus. Although the financial measure is reconcilable to the line items in the historical financial information set forth in Appendix I to this prospectus, it should not be considered as measure comparable to, and should not be used as substitutes for, items in consolidated statements of comprehensive income and consolidated statements of cash flows as determined in accordance with the HKFRS. In addition, our definition of this financial measure may not be comparable to other similarly titled measure used by other companies. The non-HKFRS measure has limitations as analytical tools and should not be considered in isolation form, or as a substitute for, an analysis of our financial results presented under the HKFRS.

Adjusted profit/(loss) for the year/period, net of income tax

	FY2016	**FY2017**	**FY2018**	**1H2018**	**1H2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Profit/(loss) for the year/period	84,507	86,078	381,759	(19,128)	181,175
Adjusted for:					
Fair value gains on investment properties	(58,972)	(33,135)	(11,097)	(8,842)	(1,298)
Gains on disposal of subsidiaries	—	—	(210,358)	(7,326)	(59,706)
Listing expenses	—	—	10,840	6,223	10,602
Income tax adjustment*(Note)*	14,743	8,284	3,235	3,479	14,294
Adjusted profit/(loss) for the year/period, net of income tax	40,278	61,227	174,379	(25,594)	145,067

Note: Income tax adjustment mainly comprises the tax impact from fair value gains on investment properties, gains on disposal of subsidiaries and listing expenses.

Adjusted profit/(loss) for the year/period, net of income tax is a non-HKFRS financial measurement which, in the opinion of our Directors, eliminates the effect of a number of major non-recurring income and expenses that affect our reported profit from continuing operations attributable to owners of the parent, including (i) fair value gains on investment properties; (ii) gains on disposal of subsidiaries; and (iii) Listing expenses.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flow

Our operations are capital intensive, and our primary uses of cash are for the payment of acquisition of land, cost of constructions, maintenances of our hotel operations, staff costs, various operating expenses and capital expenditure and have been funded through a combination of cash generated mainly from our operations, bank borrowing and shareholders' loan. Upon completion of the Global Offering, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed "Future Plans and Use of Proceeds" in this Prospectus and would be financially independent from our shareholders.

The following table summarises, for the periods indicated, our statements of cash flows:

	FY2016	**FY2017**	**FY2018**	**1H2018**	**1H2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(unaudited)	
Cash flows from operating activities before movements in working capital	88,830	181,399	337,870	(21,513)	300,677
Net cash generated from/(used in) operating activities	232,722	(270,571)	(209,815)	240,966	(363,019)
Net cash (used in)/generated from investing activities	(327,760)	(273,989)	250,708	50,726	92,605
Net cash generated from/(used in) financing activities	310,776	590,719	(127,871)	(120,651)	548,817
Net increase/(decrease) in cash and cash equivalents	215,738	46,159	(86,978)	171,041	278,403
Exchange gains/(losses) on cash and cash equivalents	8,803	(4,447)	8,197	811	74
Cash and cash equivalents at beginning of year/period	31,409	255,950	297,662	297,662	218,881
Cash and cash equivalents at end of year/period	255,950	297,662	218,881	469,514	497,358

Operating activities

During our Track Record Period, our cash inflow from operating activities was principally from the receipt of proceeds for our sale of properties, hotel operations, rental income and properties management service fee. Our cash outflow used in operating activities was principally for acquisition of land, construction of properties and other cost of operations. Being a property developer, operator and property management service provider, we constantly invest our available funds to sustain our operations, such as expanding our land bank and developing quality properties which is mainly reflected in the increase in our properties under development throughout the Track Record Period. In order to expand our business, we require funds to acquire land for, and development of, our property development projects. Our projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans and shareholders' loan. Given our completed properties held for sales and properties under development, which can be realised as operating cash inflows and unutilised banking facilities of RMB4,183.5 million available to us as at 30 September 2019, our Directors are of the opinion that, and the Sole Sponsor concurs, we will have sufficient funds to meet in full our financial obligations as and when they fall due.

In 1H2019, we had net cash used in operating activities of RMB363.0 million, mainly as a result of the cash used in operations of RMB148.3 million, income tax paid of RMB158.6 million and interest paid of RMB56.1 million. The negative changes in working capital of RMB449.0 million primarily reflected the (i) increase in properties under development and completed properties held for sale of RMB551.6 million mainly due to increase in investment in property development; and (ii) increase in trade and other receivables of RMB189.0 million. The negative change in working capital was partially offset by the increase in trade and other payables of RMB329.8 million.

To improve our operating cash flow position, we will continue to strengthen our sales and marketing efforts in respect of the pre-sales and sales of our properties, and our efforts to collect trade receivables from our customers in a timely manner. We also plan to optimise the payment schedule of our construction costs for our property development through negotiations and maintenance of good relationship with our construction contractors so as to match with our property sales plans and our recovery of sales proceeds.

In FY2018, we had net cash used in operating activities of RMB209.8 million, mainly as a result of the cash generated from operations of RMB42.8 million, income tax paid of RMB189.7 million and interest paid of RMB63.0 million. The negative changes in working capital of RMB295.0 million primarily reflected the (i) increase in properties under development and completed properties held for sale of RMB1,485.7 million mainly due to increase in investment in property development; and (ii) increase in trade and other receivables of RMB771.3 million. The negative change in working capital was partially offset by the increase in trade and other payables of RMB1,913.5 million.

In FY2017, we had net cash used in operating activities of RMB270.6 million, mainly as a result of the cash used in operations of RMB85.2 million, income taxes paid of RMB128.4 million and interest paid of RMB56.9 million. The negative changes in working capital of RMB266.6 million primarily reflected (i) increase in properties under development and completed properties held for sale of RMB728.8 million mainly due to increase in investment in property development; and (ii) increase in trade and other receivables of RMB242.8 million, partially offset by increase in trade and other payables of RMB840.9 million mainly due to increase in contract liabilities which was in line with the increase in sale of properties.

In FY2016, we had net cash generated from operating activities of RMB232.7 million, mainly as a result of the cash generated from operations of RMB333.1 million, income taxes paid of RMB59.6 million and interest paid of RMB40.8 million. The changes in working capital of RMB244.3 million primarily reflected (i) decrease in trade and other receivables of RMB258.0 million; and (ii) increase in trade and other payables of RMB223.0 million mainly due to increase in contract liabilities. The change in working capital was partially offset by increase in properties under development and completed properties held for sale of RMB181.7 million mainly due to increase in investment in property development.

Investing activities

During the Track Record Period, our cash inflow from investing activities was principally disposal of subsidiaries. Our cash outflow used in investing activities was principally for acquisition of subsidiaries, purchases of property, plant and equipment, investment properties and cash advances to related parties.

In 1H2019, we had net cash generated from investing activities of RMB92.6 million primarily attributable to (i) repayments from related parties of RMB891.0 million and proceeds from disposal of a subsidiary, net of cash disposed of, of RMB77.9 million partially offset by (i) payments to original shareholder and non-controlling interest of a subsidiary acquired of RMB715.2 million; and (ii) payments for acquisition of subsidiaries, net of cash acquired, of RMB157.6 million.

In FY2018, we had net cash generated from investing activities of RMB250.7 million primarily attributable to proceeds from disposal of subsidiaries, net of cash disposed of, of RMB635.2 million partially offset by (i) cash advanced to related parties for of RMB287.2 million; (ii) payments for acquisition of subsidiaries, net of cash acquired, of RMB86.6 million; and (iii) investment in an associate and a joint venture of RMB24.5 million and RMB23.3 million, respectively.

In FY2017, we had net cash used in investing activities of RMB274.0 million primarily attributable to (i) payments for acquisition of subsidiaries, net of cash acquired, of RMB152.9 million; (ii) cash advanced to related parties of RMB75.8 million; (iii) net cash outflow from financial assets through profit or loss of RMB36.8 million; and (iv) purchase of property and equipment of RMB13.0 million.

In FY2016, we had net cash used in investing activities of RMB327.8 million primarily attributable to (i) purchase of property and equipment of RMB176.9 million; (ii) purchase of investment properties of RMB81.1 million; (iii) investment in an associate of RMB37.6 million; (iv) net cash outflow for financial assets at fair value through profit or loss of RMB14.0 million; and (v) cash advance to related parties of RMB13.2 million.

Financing activities

During the Track Record Period, our cash inflow from financing activities was principally from proceeds from bank borrowings and capital contribution from non-controlling interests. Our cash outflow used in financing activities was principally for the repayment of borrowings and increase in guarantee deposits for borrowings.

In 1H2019, we had net cash generated from financing activities of RMB548.8 million primarily attributable to (i) proceeds from borrowings of RMB906.0 million; and (ii) advances from related parties of RMB271.1 million. The cash inflow was partially offset by (i) repayment of borrowings of RMB407.0 million; and (ii) increase in guarantee deposits for borrowings of RMB221.5 million. In January 2019, we obtained loans of an aggregate principal amount of RMB252.4 million at an annual interest rate of 12% from Guangzhou Jinghui Business Management Co., Ltd.* (廣州景匯商務管理有限公司), a company ultimately owned as to 50% by Ms. Chan Siu Ying Angel, who is the sister of Mr. Michael Chan (an executive Director and a Controlling Shareholder).

In FY2018, we had net cash used in financing activities of RMB127.9 million primarily attributable to (i) repayment of borrowings of RMB690.7 million; (ii) increase in restricted cash for securing bank borrowings of RMB208.6 million; (iii) deemed distribution to controlling shareholder of RMB60.1 million. The cash outflow was partially offset by (i) advances from related parties of RMB566.1 million; and (ii) proceeds from bank borrowings of RMB262.5 million.

In FY2017, we had net cash generated from financing activities of RMB590.7 million primarily attributable to (i) proceeds from bank borrowings of RMB510.6 million; and (ii) capital injection from non-controlling shareholders of RMB175.7 million. The cash inflow was partially offset by repayment of borrowings of RMB168.2 million.

In FY2016, we had net cash generated from financing activities of RMB310.8 million primarily attributable to proceeds from bank borrowings of RMB385.0 million. The cash inflow was partially offset by repayment of borrowings of RMB93.9 million.

Net Current Assets and Liabilities

We recorded net current assets of RMB142.4 million, RMB233.7 million, RMB89.4 million, RMB982.7 million and RMB1,616.1 million as at 31 December 2016, 2017 and 2018, 30 June 2019 and 30 September 2019, respectively. The table below sets out selected information for our current assets and current liabilities as at the dates indicated:

	As at 31 December			As at 30 June	As at 30 September
	2016	2017	2018	2019	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000* *(unaudited)*
Current assets					
Inventories	372	1,713	1,816	1,745	1,749
Contract costs	29,158	36,620	47,745	55,301	68,964
Properties under development	783,868	2,150,046	3,221,273	3,814,974	3,982,830
Completed properties held for sale	392,225	221,038	535,301	1,444,581	1,436,474
Trade and other receivables and prepayments	128,265	381,016	218,283	259,696	313,272
Prepaid taxes	30,085	137,579	147,602	145,735	112,370
Financial assets at fair value through profit or loss	14,000	50,800	600	—	—
Restricted cash	54,694	112,868	264,546	499,468	515,789
Cash and cash equivalents	255,950	297,662	218,881	497,358	321,930
Amounts due from related parties	89,900	162,696	980,702	67,951	41,975
	1,778,517	3,552,038	5,636,749	6,786,809	6,795,353
Current liabilities					
Bank and other borrowings	120,909	437,414	439,436	776,607	718,091
Trade and other payables	958,211	2,189,698	3,900,146	3,570,488	2,892,999
Lease liabilities	4,055	3,431	2,120	2,039	2,161
Current income tax liabilities	14,496	58,542	85,466	91,682	167,664
Amounts due to related parties	538,409	629,293	1,120,133	1,363,338	1,398,319
	1,636,080	3,318,378	5,547,301	5,804,154	5,179,234
Net current assets	142,437	233,660	89,448	982,655	1,616,119

Our net current assets increased from RMB142.4 million as at 31 December 2016 to RMB233.7 million as at 31 December 2017 mainly due to the (i) the increase in properties under development of RMB1,366.2 million mainly for our JY Clearwater Bay No. 3 Phase VI and VII and JY Grand Garden project; (ii) the increase in trade and other receivables of RMB252.8 million mainly attributable to increase in other prepayments of RMB155.2 million primarily for projects undertaken by Guangzhou Jinghengyue; and (iii) the increase in prepaid taxes of RMB107.5 million mainly attributable to increase in LAT and VAT prepayment as a result of increase in sales of properties. The increase in net current assets was partially offset by (i) increase in contract liabilities of RMB863.9 million as a result of increase in pre-sale proceeds received from our customers for sale of properties; (ii) increase in current portion of bank and other borrowings of RMB316.5 million; and (iii) decrease in completed properties held for sale of RMB171.2 million mainly due to increase in sale of completed properties.

Our net current assets decreased to net current assets of RMB89.4 million as at 31 December 2018 mainly due to increase in trade and other payables of RMB1,710.4 million. The decrease in net current assets was partially offset by (i) increase in properties under development of RMB1,071.2 million mainly for our projects in Tengchong, Zhuzhou, Guangzhou and Hainan; and (ii) increase in amounts due from related parties of RMB818.0 million.

Our net current assets then increased to RMB982.7 million as at 30 June 2019. The increase was primarily due to (i) increase in properties under development of RMB593.7 million primarily attributable to increase in land costs for JY Mountain Lake Gulf (景業山湖灣) in Zhuzhou, Hunan, and additional development costs incurred; and (ii) increase in completed properties held for sale of RMB909.3 million mainly attributable to the acquisition of Zhongshan Yueheng. The increase was partially offset by the increase in bank and other borrowings of RMB337.2 million. Our net current assets then increased to RMB1,616.1 million as at 30 September 2019. The increase was primarily due to decrease in trade and other payables of RMB677.5 million, mainly attributable to (i) decrease in contract liabilities of RMB481.3 million as a result of recognition of sales from JY Clearwater Bay No.3 Phase VI; (ii) decrease in trade payables of RMB205.8 million mainly due to settlement of payables for acquisition of Commercial Properties Batch 2 to Zhongshan Yuechuang of RMB185.9 million in August 2019. The decrease was partially offset by the increase in properties under development of RMB167.9 million for additional development costs incurred.

Working Capital

We need working capital to service our debts when due and pay construction costs, land costs and all applicable taxes for projects developed by our subsidiaries. In FY2017, 2018 and 1H2019, we recorded continuous net operating cash outflows, primarily due to our continued increase in property development activities and strengthened land acquisition efforts. Such cash outflows may not always be completely offset by the proceeds from our pre-sales and sales of properties for the respective year, which we believe is consistent with our industry practice. See "*Cash Flows — Operating activities*" for detailed information.

To achieve sufficient working capital, we will continue to improve our cash inflow associated with sales and pre-sales of our properties by strengthening marketing efforts and further enhancing the payment collection from our customers with respect to the property sales and pre-sales. We also intend to better utilise the payment terms under the construction agreements provided by our construction contractors through negotiation and the establishment of strategic relationships, in order to optimise the payment schedules for construction costs to match our proceeds collection and property sales plan. In addition, at our headquarters level, various functional centres will coordinate to plan and monitor our cash outflow by establishing our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with existing planned external financing opportunities.

Sufficiency of Working Capital

We have historically financed and will continue to finance our working capital through proceeds from the pre-sales and sales of properties, rental income, hotel income, income from our property management services, borrowings from banks, advances from related parties and capital injection by shareholder and non-controlling interests. As at 30 June 2019, the aggregate amounts of our amount due to Mr. Michael Chan, current and non-current bank borrowings and lease liabilities were RMB1,363.3 million, RMB1,668.0 million and RMB58.8 million, respectively. As of the same date, we had capital and property development expenditure commitment of RMB1,662.8 million.

We expect to receive significant cash from pre-sales of the projects under development and projects held for future development when our Group obtains pre-sale permits for these projects. We also expect to obtain project development loans from commercial banks from time to time according to the development schedule in the ordinary course of our business. As at 30 September 2019, we had total unutilised banking facilities of RMB4,183.5 million.

Taking into account our current project development and sales schedules, the financial resources available to our Group including cash expected to be generated from our operations, presently available banking facilities, other financial resources available to us and the estimated net proceeds from the Global Offering (after a possible Downward Offer Price Adjustment setting the final Offer Price up to 10% below the bottom end of the indicative Offer Price range), together with our expected cash flow in the near future, which is mainly driven by the increase in the number of our existing property development projects entering into development stage and the unpaid land premiums, our Directors are satisfied, after due and careful inquiry, that we have sufficient available working capital for our present requirements, that is for at least the next 12 months from the date of this prospectus.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Property, plant and equipment

During the Track Record Period, our property, plant and equipment mainly consisted of our hotel buildings and assets under construction. Our property, plant and equipment amounted to RMB342.2 million, RMB339.1 million, RMB330.8 million and RMB326.2 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

The property, plant and equipment remained relatively stable at RMB342.2 million and RMB339.1 million as at 31 December 2016 and 2017, respectively and decreased to RMB330.8 million as at 31 December 2018 mainly due to depreciation charged for that period. The balance then remained relatively stable at RMB326.2 million as at 30 June 2019.

Investment properties

Investment properties represented the properties held by our Group for generating rental income and/or for capital appreciation. We acquired our investment properties, being retail premises as part of or at neighbourhood of Just Stay Hotel, in FY2016 which amounted to RMB140.0 million, RMB173.2 million, RMB184.3 million and RMB185.6 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively, as a result of fair value gains from them. The amount recorded was based on the fair value arrived at by property valuer and were accounted for in accordance with applicable accounting standards.

Valuation methodologies

The valuation of our investment properties as at 31 December 2016, 2017 and 2018 and 30 June 2019 was carried out by the property valuer, who holds a recognised relevant professional qualification and has recent experience in the locations and nature of the investment properties being valued. For all investment properties, their current use equates the highest and best use.

Completed investment properties comprise of commercial properties. For commercial properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and property valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties. There were no changes to the valuation techniques during the years.

Right-of-use assets

Our right-of-use assets comprised of lands and building. The following table sets forth the breakdown of our right-of-use assets as at the date indicated:

	As at 31 December			**As at 30 June**
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lands	14,325	256,835	255,778	252,978
Building	13,889	9,412	6,925	5,237
	28,214	266,247	262,703	258,215

Our right-of-use assets increased from RMB28.2 million as at 31 December 2016 to RMB266.2 million as at 31 December 2017 primarily due to increase in lands of RMB242.5 million mainly additions from the acquisition of subsidiaries. The amount then remained relatively stable at RMB262.7 million and RMB258.2 million as at 31 December 2018 and 30 June 2019, respectively.

Properties under development

Our properties under development mainly comprised of their land acquisition costs and development costs as at each reporting date. Our properties under development amounted to RMB783.9 million, RMB2,150.0 million, RMB3,221.3 million and RMB3,815.0 million as 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. The following table sets out the breakdown properties under development as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	400,289	1,154,255	2,153,042	2,440,129
Contractual rights of land	—	190,560	236,999	241,622
Construction costs	337,544	722,729	759,376	1,022,797
Interests capitalised	46,035	82,502	71,856	110,426
	783,868	2,150,046	3,221,273	3,814,974

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property comprises of cost of land use rights, contractual rights of land, construction costs and capitalised expenditures and interest capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle.

Our properties under development increased throughout the Track Record Period mainly due to our expansion of business and increase in number and investments in property development. The balance increased from RMB783.9 million as at 31 December 2016 to RMB2,510.0 million as at 31 December 2017 mainly due to development of JY Clearwater Bay No. 3 Phase VI project. The balance then further increased to RMB3,221.3 million as at 31 December 2018 mainly due to development in our projects in Tengchong, Zhuzhou, Guangzhou and Hainan. Our balance then increased to RMB3,815.0 million as at 30 June 2019 mainly due to (i) increase in land use rights of RMB287.1 million primarily attributable to our project in Zhuzhou and Zhaoqing; and (ii) the development of our projects in Zhuzhou, Yingde and Tengchong. The increase as at 30 June 2019 was partially offset by the transfer of completed property of our JY Lychee Town Phase II to our properties held for sale.

As at 30 September 2019, RMB365.0 million or 9.6% of our properties under development as at 30 June 2019 were transferred to completed properties held for sale.

Completed properties held for sale

Our completed properties held for sale mainly comprised of development costs attributable to completed development properties that remained unsold as at each reporting date and are stated at the lower of cost and net realisable value. Our completed properties held for sale amounted to RMB392.2 million, RMB221.0 million, RMB535.3 million and RMB1,444.6 million as 31 December 2016, 2017 and 2018 and 30 June 2019, respectively. The following table sets out the breakdown of completed properties held for sale as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Land use rights	133,689	57,715	128,006	93,498
Construction costs	230,413	148,348	374,447	428,548
Capitalised interest expenses	28,123	14,975	32,848	36,767
Completed properties held for sale acquired	—	—	—	885,768
	392,225	221,038	535,301	1,444,581

Our completed properties held for sale decreased from RMB392.2 million as at 31 December 2016 to RMB221.0 million as at 31 December 2017 mainly due to sale of our JY Lychee Town Phase I and JY Clearwater Bay No. 3 Phase I and II. The balance increased to RMB535.3 million as at 2018 mainly due to the completion of JY Clearwater Bay No. 3 Phase III and JY Lychee Town Phase II partially offset by the further sales of JY Lychee Town Phase I and JY Clearwater Bay no.3 Phase I and II. Our completed properties held for sale increased to RMB1,444.6 million as at 30 June 2019 mainly attributable to the acquisition of Zhongshan Yueheng. See "Business — Commercial properties held for sale" for details of Zhongshan Yueheng.

As at 30 September 2019, RMB49.7 million or 3.4% of our completed properties held for sale as at 30 June 2019 were sold.

Trade and other receivables and prepayments

The following table sets forth the breakdown of our trade and other receivables as at the dates indicated:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables — third parties	11,932	6,917	6,645	6,658
Other receivables — third parties	60,229	175,235	93,247	94,365
Prepayment for acquisition of land use rights*(Note)*	—	—	100,330	124,534
Other prepayments	57,295	212,496	31,677	47,706
	129,456	394,648	231,899	273,263
Less: non-current portion	(1,050)	(13,155)	(12,969)	(12,998)
Less: impairment	(141)	(477)	(647)	(569)
	128,265	381,016	218,283	259,696

Note: Prepayments for land use rights are mainly related to acquisition of land use rights which will be reclassified to properties under development for sale when land certificates were obtained. The amount increased from RMB100.3 million as at 31 December 2018 to RMB124.5 million as at 30 June 2019 primarily due to further prepayment for acquisition of 83.6 mu of collectively-owned construction land by Yingde Jingchuang.

Trade receivables

Our trade receivables primarily consist of trade receivables from customers for (i) sale of properties as at 31 December 2016; (ii) hotel operations as at 31 December 2017 and 2018 and 30 June 2019; and (iii) immaterial amount of trade receivables from customers.

Our trade receivables decreased from RMB11.9 million as at 31 December 2016 to RMB6.9 million, RMB6.6 million and RMB6.7 million, respectively, as at 31 December 2017 and 2018 and 30 June 2019, as all of the trade receivables from sale of properties were settled.

Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers. Trade receivables in relation to sale of properties amounted to RMB10.0 million, nil, nil and nil as at 31 December 2016, 2017 and 2018 and 30 June 2019. The receivables as at 31 December 2016 arose from certain incidental cases where mortgages of the transactions were approved but funds were yet to be released by the relevant banks. Such trade receivables were subsequently received in early January 2017. Trade receivables from hotel operations primarily represented receivables from certain online booking channels. The credit period for hotel customers is usually one month.

As at 31 December 2016, 2017 and 2018 and 30 June 2019, all our trade receivables was aged within 90 days based on the invoice dates.

We apply the simplified approach to provide for expected credit losses prescribed by HKFRS 9. For the years ended 31 December 2016, 2017 and 2018 and 30 June 2019, no provision was made against the gross amounts of trade receivables respectively.

As at 30 September 2019, all of our trade receivables outstanding as at 30 June 2019 were settled.

The table below sets forth a summary of average turnover days of trade receivables for hotel operation as at the dates indicated:

	FY2016	FY2017	FY2018	IH2019
Average turnover days of trade receivables for hotel operation[(Note)]	N/A	27	35	24

Note: Average turnover days of trade receivables for hotel operation for FY2016, FY2017, FY2018 and 1H2019 is derived by dividing the arithmetic mean of the opening and closing balances of trade receivables for hotel operation for the relevant period by revenue for hotel operation (annualised for 1H2019) and multiplying by 365 days.

We commenced our hotel operations during FY2016 and did not have any trade receivables in relation to it as at 31 December 2016. As such, average turnover days was not applicable in such year. Our turnover days of trade receivables for hotel operations increased from 27 days in FY2017 to 35 days in FY2018 since we did not have any trade receivables for hotel operations as at 31 December 2016.

Our average turnover days of trade receivables for hotel operation remained relatively stable at 24 days in 1H2019.

Other receivables

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits for acquisition of land use rights	—	132,955	42,969	42,998
Cash advances to third parties	33,807	24,537	16,150	11,583
Receivables from disposal of a subsidiary	—	—	3,000	—
Others	26,422	17,743	31,128	39,784
	60,229	175,235	93,247	94,365
Less: allowance for impairment	(141)	(477)	(647)	(569)
Other receivables — net	60,088	174,758	92,600	93,796

Our other receivables mainly comprised of deposits for acquisition of land use rights, cash advances to third parties and receivables from disposal of a subsidiary. Our other receivables increased from RMB60.1 million as at 31 December 2016 to RMB174.8 million as at 31 December 2017 mainly due to increase in deposits of RMB133.0 million paid for acquiring land during the year. Other receivables decreased to RMB92.6 million as at 31 December 2018 mainly due to decrease in (a) deposits of RMB90.0 million primarily as a result of disposal of Guangzhou Jinghengyue partially offset by the increase in deposits placed for our subcontractors; and (b) cash advances to third parties of RMB8.4 million as a result of repayment from the third parties. Other receivables then remained relatively stable at RMB93.8 million resulting from the combined effect of (i) decrease in cash advances to third parties of RMB4.6 million due to repayment from the third parties; and (ii) increase in others of RMB8.7 million primarily attributable to the increase in payment in advance to the construction workers, following the increase in projects.

In June 2018, Jingye Health entered into a strategic investment agreement with the local government of Mingshan District in Ya'an, Sichuan Province in respect of the development of a "well-being town" (康養小鎮) in the district. In accordance with the strategic investment agreement, Guangzhou Jingye paid RMB30.0 million as earnest money as at 31 December 2018. Pursuant to the agreement, the local government aims to grant no less than 300 mu of land (through auction or other methods) to Jingye Health within six months of the agreement, and if the local government fails to provide land within six months from the agreed time, the earnest money shall be returned to Jingye Health. In order to grant land to Jingye Health, the local government of Ya'an held a public auction of the first batch of land in the area of approximately 99 mu on 6 August 2019 but the public auction was halted in accordance with the relevant regulations because there was insufficient number of bidders. A new public auction was held on 18 September 2019 and the local government of Ya'an failed to grant the land to Jingye Health. The local government of Ya'an had issued a confirmation to Jingye Health on 30 July 2019 which confirmed that it would return the earnest money in full to Jingye Health if Jingye Health failed to obtain the relevant land due to the participation of another competitor in the public auction. Jingye Health had obtained the earnest money of RMB30.0 million from the local government of Ya'an on 8 October 2019.

Deposit for acquisition of land use rights

In January 2018, Yingde Jingchuang entered into an agreement with nine villager groups in respect of the acquisition of land use rights of 83.6 mu of collectively-owned construction land from them. Pursuant to the agreement, Yingde Jingchuang has paid RMB63.1 million up to 30 June 2019. Pursuant to the agreement, the proposal for transfer of land use rights of the relevant construction land has been approved by in a meeting of the village representatives. As at the Latest Practicable Date, the proposal to transfer relevant land use rights was yet to be listed on the assets management platform of the relevant collective economic organisation. For details of the approval process for transfer of land use rights of collectively-owned construction land, see "Business — Our Property Development Business Process — Land Selection and Acquisition Process — Obtaining Development Rights of Collectively-owned Construction Land". Subject to the above process being completed and when the land certificate is obtained, such prepayment for acquisition of land use rights will be reclassified to properties under development.

In November 2017, Yingde Jingchuang also entered into an agreement with an independent third party in respect of the acquisition of land use rights of approximately 170 mu of collectively-owned land from it. In accordance with the agreement, Yingde Jingchuang has paid the RMB60.0 million up to 30 June 2019. Pursuant to the agreement, 83.6 mu of land was collectively-owned construction land, while the remaining area of land only had preliminary approval for use as construction land, but no construction land planning permit had been obtained as at the date of the agreement. As at the Latest Practicable Date, the proposal to transfer relevant land use rights has not been listed for bidding. Subject to the above process being completed and when the land certificate is obtained, such prepayment for acquisition of land use rights will be reclassified to properties under development.

Other prepayments

Our other prepayments mainly comprised of prepayments for equity cooperation of property development projects, prepaid business taxes, value-added taxes and other taxes. Our other prepayments increased from RMB57.3 million as at 31 December 2016 to RMB212.5 million as at 31 December 2017 mainly due to increase in prepayments for equity cooperation of property development projects. Other prepayments then decreased to RMB31.7 million as at 31 December 2018 mainly due to decrease in prepayments for projects of RMB180.8 million under Guangzhou Jinghengyue upon its disposal.

Other prepayments then increased to RMB47.7 million as at 30 June 2019 primarily due to increase in (i) prepayments for property development of RMB8.2 million; and (ii) prepayment for Listing expenses of RMB5.4 million.

Financial assets at fair value through profit or loss

Our financial assets at fair value through profit or loss mainly represented wealth management products and provide equity investments. The following table sets out the breakdown as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products	14,000	50,800	600	—

Wealth management products are mainly investments in financial instruments issued by banks, which have no guaranteed returns. They have initial terms ranging from 4 to 121 days. The fair values of these investments approximated their carrying values as at 31 December 2016, 2017 and 2018. The financial assets at fair value through profit or loss was primarily used to enhance the return on our asset. All the wealth management products were disposed of during 1H2019. For more details of fair value measurement, see Note 3.3(i) of the Accountant's Report in Appendix I to this prospectus.

The ranges of return rates of these products for FY2016, FY2017 and FY2018 and 1H2019 were 2.58%, 2.64%, 3.06% and 3.43%, respectively.

During the Track Record Period, our financial instruments requiring Level 3 measurements under the fair value hierarchy due to the presence of significant unobservable inputs primarily included wealth management products from banks. Our Directors are aware of the "Guidance note on directors' duties in the context of valuations in corporate transactions" issued by the SFC on 15 May 2017. In this regard, our Directors confirmed that: (i) they had exercised due care, skill and diligence and supervised the delegates when making the investment decisions; and (ii) they had complied with the standard exercised by a reasonably diligent person with the knowledge, skill and experience that be reasonably expected of a director carrying out the functions of the director in relation to the company. The valuation of our bank wealth management products was performed by the management team based on expected future cash flows discounted back to present value based on the interest rate provided by the instruments. Our Directors consider the level of estimation and judgement required is limited and the calculations involved are not complex given the valuation is based on a small amount of individual cash flows. As such, our Directors consider that the management team possesses sufficient experience and expertise to perform the valuation internally. Our directors would review the fair value measurement of Level 3 financial assets, taking into account the significant unobservable inputs and the applicable valuation techniques, and determine if the fair value measurement of Level 3 financial assets is in accordance with the applicable HKFRS.

The reporting accountant's opinion on the historical financial information of our Group for the Track Record Period is set out in Appendix I to this prospectus. As at 30 June 2019, the Group had nil financial assets at fair value through profit or loss. Our Directors are satisfied with the valuation work for financial assets categorised within Level 3 of fair value measurement in its historical financial information for the purpose of the preparation of the Accountant's Report set out in Appendix I to this prospectus.

In relation to the valuation work for the financial assets categorised within Level 3, the Sole Sponsor has conducted relevant due diligence work, including but not limited to, (i) reviewed relevant notes in the Accountant's Report as contained in Appendix I; and (ii) discussed with our Company and our reporting accountant on the valuation work performed by us. The Sole Sponsor is satisfied that nothing has come to its attention which would raise concern on the relevant valuation work performed, having considered (i) the view and considerations of the Directors set out above; (ii) the results of the due diligence work set out above; and (iii) the unqualified opinion on the historical financial information of the Group as a whole issued by the reporting accountant included in Appendix I of this prospectus.

Investment policy

We adopted a treasury and investment policy for financial assets that set out overall principles as well as detailed approval processes of our investing activities. Such policy includes, amongst other things, the following:

- investments on idle funds are only permitted to enhance our return on assets;
- speculative investments are prohibited;
- investments should be yield-earning in nature, highly liquid and diversified in order to mitigate its risk; and
- investments should be reviewed by our Board on a regular basis.

Restricted cash

The amount represented guarantee deposits for construction of pre-sale properties denominated in RMB placed in designated accounts as well as pledged deposits for our bank borrowings.

In accordance with relevant government requirements, certain property development companies of our Group are required to place in designated bank accounts certain amount of pre-sale proceeds as guarantee deposits for the constructions of the related properties. The deposits can only be used for payments for construction costs of the relevant properties when approval from government authority is obtained. Such guarantee deposits will be released after the completion of construction of the related properties.

Our restricted cash increased from RMB54.7 million as at 31 December 2016 to RMB112.9 million as at 31 December 2017 mainly attributable to pre-sale proceeds from JY Lychee Town Phase II. The balance further increased to RMB264.5 million as at 31 December 2018 mainly attributable to increase in pledged deposits for our borrowings of RMB208.6 million, partially offset by the release of RMB56.9 million as a result of the completion of JY Clearwater Bay No. 3 Phase III and JY Lychee Town Phase II.

Our restricted cash further increased to RMB499.5 million as at 30 June 2019 primarily due to the increase in guarantee deposits for borrowings of RMB221.5 million. Pursuant to certain bank loan agreements, such guarantee deposits will only be released after full repayment of relevant borrowings.

Amounts due from related parties

Our amounts due from related parties amounted to RMB89.9 million, RMB162.7 million, RMB980.7 million and RMB68.0 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

The following table sets forth the breakdown of our amounts due from shareholder and entities controlled by shareholder/related parties as at the date indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from an associate and a joint venture				
Trade balances				
- Guangzhou Nansha Donghuzhou	—	—	333	1,571
Non-trade balances				
- Guangzhou Nansha Donghuzhou	—	35,143	51,857	51,869
- Guangzhou Wanjing	—	—	851,186	—
	—	35,143	903,043	51,869
Amounts due from shareholder and entities controlled by shareholder				
Non-trade balances				
- Golden United	—	125	—	—
- Zhuosidao Education	13,200	53,728	39,826	—
- Sze Ming	—	—	—	11
- Ultimate controlling shareholder	76,700	73,700	37,500	14,500
	89,900	127,553	77,326	14,511

Guangzhou Nansha Donghuzhou is the project company for development of our JY Donghuzhou Haoyuan. Guangzhou Wanjing is the intermediate holding company of Zhongxin Zhishicheng Project, which was disposed of during the Track Record Period. Amounts of non-trade balances due from Guangzhou Nansha Donghuzhou as at 30 June 2019 and Guangzhou Wanjing as at 31 December 2018 were advances made for development of the projects held by these companies. Non-trade balances due from Guangzhou Nansha Donghuzhou will be settled in a reasonable time after the entire project is completed, which is expected to be mid 2021. Non-trade balances due from Guangzhou Wanjing were settled as at 30 June 2019.

Golden United and Zhuosidao Education are all private companies owned by the ultimate controlling shareholder, Mr. Michael Chan. Golden United is principally engaged in property development in Hong Kong and Zhuosidao Education is principally engaged in education business. The Directors confirm that the non-trade balances were advances by the Group to the ultimate Controlling Shareholder and the related entities which were then private entities controlled by ultimate Controlling Shareholder.

All non-trade balances due from related parties as at 30 June 2019 are funded by our internal resources. All our amounts due from related parties were unsecured, interest-free and to be settled according to contract terms. All the amounts due from related parties other than advances to related parties for their business needs, which are non-trade in nature, will be settled before the Listing; while the balances which are trading in nature, will be settled in accordance with respective normal credit terms. For further details of related party transactions and balances, please refer to note 37 of the Accountant's Report in Appendix I to this prospectus.

As advised by our PRC Legal Advisers, (i) the risk of the non-trade balances due from related parties being required to be terminated or treated as non-compliance under "General Rules of Loans" (《貸款通則》) issued by the People's Bank of China on 28 June 1996 is low, and (ii) as the non-trade balances are interest-free, and no interest income was recognised by our Group, there is no risk of our Group being penalised due to the non-trade balances.

Trade and other payables

The following table sets forth the breakdown of our trade and other payables as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables	228,831	305,617	489,454	888,792
Notes payable	—	—	135,505	158,183
Amounts due to non-controlling interests of acquired subsidiaries	—	19,027	303,172	55,273
Amounts due to original shareholder of a subsidiary acquired	—	—	449,410	—
Outstanding consideration payables for acquisition	14,000	163,120	96,760	75,672
Contract liabilities	425,027	1,288,935	2,053,595	2,013,061
Deposits payables	163,633	164,354	61,622	54,203
Accrued expenses	9,513	12,865	40,613	43,435
Salaries payable	15,796	25,796	45,985	34,676
Other taxes payable	14,510	121,521	189,266	188,634
Interests payable	862	2,293	2,280	4,118
Other payables*(Note)*	86,039	86,170	32,484	54,441
	729,380	1,884,081	3,410,692	2,681,696
	958,211	2,189,698	3,900,146	3,570,488

Note: Other payables mainly represent payables to third parties and maintenance funds, which are unsecured, interest-free and repayable on demand.

Trade payables and notes payables

Our trade payables and notes payables mainly represented construction costs payables for our property development. They also included payables due to Guangzhou Jinghui Business Factoring Co., Ltd.* (廣州景匯商業保理有限公司) ("**Jinghui Factoring**"), a company ultimately owned as to 50% by Ms. Chan Siu Ying Angel, who is the sister of Mr. Michael Chan (an executive Director and a Controlling Shareholder) after factoring of trade receivables due to Guangzhou Chuangyi and the external suppliers of the Group with Jinghui Factoring.

Our trade payables increased from RMB228.8 million as at 31 December 2016 to RMB305.6 million as at 31 December 2017, and increased to RMB489.5 million as at 31 December 2018 which was in line with the increase in properties under development during each year. Our trade payables further increased to RMB888.8 million as at 30 June 2019 primarily due to (i) increase in payables in relation to properties under development; and (ii) payables for acquisition of the completed properties to Zhongshan Yuechuang of RMB185.9 million, which were settled in August 2019.

Factoring arrangements with Jinghui Factoring

As a means to better manage cash flows to fund its operations, during FY2018 and 1H2019, Guangzhou Chuangyi entered into factoring arrangements with Jinghui Factoring and certain trade receivables of Guangzhou Chuangyi due from other project companies of the Group, being contract fees for Guangzhou Chuangyi's building decoration works and engineering services to them, were factored to Jinghui Factoring ("**Intra-group Factoring Transactions**"). As at 31 December 2018 and 30 June 2019, the aggregate amount due to Jinghui Factoring by the Group under the Intra-group Factoring Transactions amounted to RMB87.3 million and RMB116.3 million, respectively. The Intra-group Factoring Transactions were subject to discounting charges, with the annualised discount rates ranged from 11.0% to 20.0% and the average discount period of 220 days, the finance costs arising from such transactions in each of FY2018 and 1H2019 were approximately RMB7.5 million and RMB5.3 million, respectively.

All of the Intra-group Factoring Transactions were on with recourse basis. Jinghui Factoring had the right to assign the factored trade receivables back to Guangzhou Chuangyi under certain circumstances. During the Track Record Period, Guangzhou Chuangyi did not experience any recourse factoring whereby Jinghui Factoring re-assigned any relevant trade receivables to it.

Further, to the best of the knowledge, information and belief of the Directors, having made all reasonable enquiries, certain external suppliers of the Group had factoring arrangements with Jinghui Factoring in respect of the accounts payable due from the Group to the external suppliers during FY2018 and 1H2019. The aggregate amount of accounts payable by the Group to the external suppliers that had been factored to Jinghui Factoring as at 31 December 2018 and 30 June 2019 was approximately RMB48.2 million and RMB46.1 million, respectively.

The following table sets out the average trade payables turnover days for the Track Record Period:

	FY2016	**FY2017**	**FY2018**	**1H2019**
Average turnover days of trade payables*(Note)*	148	172	178	344

Note: Average turnover days of trade payables for FY2016, FY2017, FY2018 and 1H2019 is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of sales (annualised for 1H2019) and multiplying by 365 days.

Our average turnover days of trade payables increased from 148 days in FY2016 to 172 days and 178 days in FY2017 and FY2018, respectively, primarily due to increase in payables for our construction of properties. Our average turnover days of trade payables increased to 344 days in 1H2019 primarily due to the payables for acquisition of the completed properties to Zhongshan Yuechuang of RMB185.9 million.

As at 30 September 2019, RMB465.9 million or 52.4% of our trade payables outstanding as at 30 June 2019 were settled.

Other payables

Our other payables mainly represent deposits payables, amounts due to non-controlling interests of acquired subsidiaries, amounts due to original shareholder of acquired a subsidiary, other taxes payable, accrued expenses and payables for salaries, interests and others.

Deposit payables

The deposits payables mainly included (i) the deposits from property purchasers of our Group; and (ii) quality guarantee and bidding deposit from constructors. The balance remained relatively stable at RMB163.6 million as at 31 December 2016 and RMB164.4 million as at 31 December 2017. The balance decreased to RMB61.6 million as at 31 December 2018 mainly due to the recognition of the sales deposits from JY Clearwater Bay No.3 Phase VI as receipt in advance.

Amounts due to non-controlling interests of acquired subsidiaries/amounts due to original shareholder of acquired a subsidiary

During FY2018, one of our subsidiaries, Guangzhou Yinong, acquired a 50.1% equity interest of Guangzhou Jinghong from Guangzhou Jinghengyue. Prior to the acquisition, Guangzhou Jinghengyue and the non-controlling interest have paid a total amount of RMB449.4 million and RMB265.7 million to Guangzhou Jinghong. The amount was paid to a joint venture for the purpose of acquisition of land use right. The amounts due to original shareholder has been fully paid in January and February 2019.

Outstanding acquisition considerations payable

Outstanding acquisition considerations payable represent payable to acquire certain subsidiaries or projects during the Track Record Period. Our outstanding acquisition considerations payables amounted to RMB14.0 million as at 31 December 2016 mainly due to acquisition of Guangzhou Jingye. The amount increased to RMB163.1 million as at 31 December 2017 mainly for the acquisition of JY Grand Garden and JY Qingyuan City Jinxiong project. The balance decreased to RMB96.8 million as at 31 December 2018 mainly due to decrease in payables for the above projects upon our settlement. Our balance further decreased to RMB75.7 million as at 30 June 2019 mainly due to further settlement for the above projects, partially offset by the increase in consideration payable of RMB18.5 million for acquisition of Zhongshan Yueheng.

Contract liabilities

Our contract liabilities represented payments from customers, based on billing schedule as established in contracts, received in advance of the performance under the contracts which are mainly from sales of properties. Our contract liabilities amounted to RMB425.0 million, RMB1,288.9 million and RMB2,053.6 million and RMB2,013.1 million, respectively, as at 31 December 2016, 2017 and 2018 and 30 June 2019 which was in line with our increase in sale of properties.

As at 30 September 2019, RMB766.8 million or 38.1% of our contract liabilities outstanding as at 30 June 2019 were settled.

Other taxes payable

Other taxes payable mainly represent business tax, VAT and surcharges payables. The balance increased from RMB14.5 million as at 31 December 2016 to RMB121.5 million as at 31 December 2017 mainly due to increase in VAT payables arising from our contract liabilities which increased as at 31 December 2017, partially offset by payment of tax payables. The balance then increased to RMB189.3 million as at 31 December 2018 mainly due to further increase in VAT payables arising from our contract liabilities which increased as at 31 December 2018 and increase in city development tax and educational tax.

Other taxes payable then remained relatively stable at RMB188.6 million as at 30 June 2019.

Amounts due to related parties

Our amounts due to related parties amounted to RMB538.4 million, RMB629.3 million, RMB1,120.1 million and RMB1,363.3 million as at the 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

The following table sets forth the breakdown of our amounts due to related parties as at the date indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to an associate				
Trade balances				
- Guangzhou Nansha Donghuzhou	—	—	4,903	—
Amounts due to shareholder and an entity controlled by shareholder				
Trade balances				
- Ultimate controlling shareholders	30	130	—	—
Non-trade balances				
- Sino Kingdom	216,901	291,966	—	—
- Ultimate controlling shareholders	321,478	337,197	1,115,230	1,363,338
	538,379	629,163	1,115,230	1,363,338

Sino Kingdom is a private company owned by the ultimate controlling shareholder, Mr. Michael Chan, and is principally engaged in property development in Hong Kong. The amounts of non-trade balance due to Sino Kingdom and the ultimate controlling shareholder were mainly advances from the ultimate controlling shareholder or entities owned by him to our Group.

All our amounts due to related parties were unsecured, interest-free and to be settled according to contract terms. All the amounts due to related parties, which are non-trade in nature, will be settled before the Listing with our internal resources; while the balances which are trading in nature, will be settled in accordance with respective normal credit terms. The Group intended to settle the non-trade balance of amount due to ultimate controlling shareholders of which (i) HK$515.7 million (approximately RMB453.9 million) was capitalised into our equity on 12 November 2019, and (ii) an amount of approximately RMB909.4 million will be settled in cash and unutilised banking facilities prior to the Listing. For further details of related party transactions and balances, please refer to note 37 of the Accountant's Report in Appendix I to this prospectus.

As advised by our PRC Legal Advisers, (i) the risk of the non-trade balances due to related parties being required to be terminated or treated as non-compliance under "General Rules of Loans" (《貸款通則》) issued by the People's Bank of China on 28 June 1996 is low, and (ii) no penalty is imposable on the borrower.

Non-HKFRS financial measure

We have presented non-HKFRS financial measure i.e. notional interest adjusted profit for the year/period, notional interest adjusted cash and cash equivalents at the end of the year/period and notional interest adjusted gearing ratio in this prospectus. Although the financial measure is reconcilable to the line items in the historical financial information set forth in Appendix I to this prospectus, it should not be considered as measure comparable to, and should not be used as substitutes for, items in consolidated statements of comprehensive income and consolidated statements of cash flows as determined in accordance with the HKFRS. In addition, our definition of this financial measure may not be comparable to other similarly titled measure used by other companies. The non-HKFRS measure has limitations as analytical tools and should not be considered in isolation form, or as a substitute for, an analysis of our financial results presented under the HKFRS.

For illustration purpose, the analysis is derived by applying the following basis and assumptions which our Directors considered to be appropriate:

(a) the net notional interest expenses ("**Net Notional Interest Expenses**") shall be the notional interest expenses calculated by the average non-trade balance of the amounts due to related parties during the Track Record Period (sum of opening and closing balances of the outstanding non-trade balances of the respective years/period then divided by two) multiplied by the notional interest rate, net of the notional interest income calculated by the average non-trade balance of the amount due from related parties during the Track Record Period (sum of opening and closing balances of the outstanding non-trade balances of the respective years/period then divided by two) multiplied by the notional interest rate, net of the income tax impact of the notional interest income and notional interest expenses; and

(b) the respective weighted average effective interest rate on the borrowings of our Group during the Track Record Period is adopted as the notional interest rate.

After taking into account the aforesaid basis and assumptions, the corresponding impact on our net profit, cash and cash equivalents and restricted cash and the gearing ratio would be as follows:

Non-HKFRS Measures	**For the year ended/as at 31 December**			**For the six months ended/as at 30 June**
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Adjustment items				
Notional interest expenses	40,879	36,544	50,064	46,163
Notional interest income	(3,574)	(7,576)	(22,535)	(12,737)
Income tax impact of the above items	(9,326)	(7,242)	(6,882)	(8,357)
Net Notional Interest Expenses	27,979	21,726	20,647	25,069
Impact on net profit				
Profit for the year/period	84,507	86,078	381,759	181,175
Adjusted profit for the year/period*(Note)*	56,528	64,352	361,112	156,106
% change	(33.1)%	(25.2)%	(5.4)%	(13.8)%
Impact on cash flow				
Cash and cash equivalents and restricted cash at end of the year/period	310,644	410,530	483,427	996,826
Adjusted cash and cash equivalents and restricted cash at end of the year/period*(Note)*	282,665	388,804	462,780	971,757
% change	(9.0)%	(5.3)%	(4.3)%	(2.5)%
Impact on gearing ratio				
Gearing Ratio	1,066.4%	306.2%	116.0%	200.7%
Adjusted Gearing Ratio*(Note)*	1,799.0%	325.5%	119.8%	207.0%

Notes:

– Adjusted profit for the year/period is derived by excluding Net Notional Interest Expenses for the year/period.

– Adjusted cash and cash equivalents and restricted cash at end of the year/period is derived by excluding Net Notional Interest Expenses for the year/period.

– Adjusted Gearing Ratio is derived by dividing the total borrowing by the adjusted total equity (excluding Net Notional Interest Expenses for the year/period) as at the respective dates and multiplied by 100%.

– These terms of adjusted profit for the year/period, adjusted cash and cash equivalents and restricted cash, adjusted Gearing Ratio are not defined under HKFRS. For further details, please refer to the paragraph headed "Non-HKFRS financial measure" in this section.

Since part of the amounts due to related parties has been/will have been capitalised by our Controlling Shareholder including (i) a shareholder loan of an amount of HK$50.0 million capitalised on 28 December 2018; and (ii) a shareholder loan of an amount of HK$515.7 million (approximately RMB453.9 million) was capitalised on 12 November 2019, such amounts should be capital in nature and therefore should not bear any notional interest expenses. After further taking into account the aforesaid basis and assumptions together with the loan capitalisation adjustment, the corresponding impact on our net profit, cash and cash equivalents and restricted cash and the gearing ratio would be as follows:

Non-HKFRS Measures	**For the year ended/as at 31 December 2016**	**2017**	**2018**	**For the six months ended/as at 30 June 2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Adjustment items (also adjusted with loan capitalisation)				
Notional interest expenses (also adjusted with loan capitalisation)	1,618	5,390	22,755	29,257
Notional interest income	(3,574)	(7,576)	(22,535)	(12,737)
Income tax impact of the above items	489	547	(55)	(4,130)
Net Notional Interest Expenses (adjusted with loan capitalisation)	(1,467)	(1,639)	165	12,390
Impact on net profit				
Profit for the year/period	84,507	86,078	381,759	181,175
Adjusted profit for the year/period (also adjusted with loan capitalisation)*(Note)*	85,974	87,717	381,594	168,785
% change	1.7%	1.9%	(0.04)%	(6.8)%
Impact on cash flow				
Cash and cash equivalents and restricted cash at end of the year/period	310,644	410,530	483,427	996,826
Adjusted cash and cash equivalents and restricted cash at end of the year/period (also adjusted with loan capitalisation)*(Note)*	312,111	412,169	483,262	984,436
% change	(0.5)%	(0.2)%	(0.03)%	(1.2)%
Impact on gearing ratio				
Gearing Ratio	1,066.4%	306.2%	116.0%	200.7%
Adjusted Gearing Ratio (also adjusted with loan capitalisation)*(Note)*	1,044.2%	304.9%	116.1%	203.8%

Notes:

- Adjusted profit for the year/period is derived by excluding Net Notional Interest Expenses for the year/period.
- Adjusted cash and cash equivalents and restricted cash at end of the year/period is derived by excluding Net Notional Interest Expenses for the year/period.
- Adjusted Gearing Ratio is derived by dividing the total borrowing by the adjusted total equity (excluding Net Notional Interest Expenses for the year/period) as at the respective dates and multiplied by 100%.
- These terms of adjusted profit for the year/period, adjusted cash and cash equivalents and restricted cash, adjusted Gearing Ratio are not defined under HKFRS. For further details, please refer to the paragraph headed "Non-HKFRS financial measure" in this section.

During the Track Record Period, our cash outflow used in operating activities arose principally from cash used in operations and income taxes paid. Our projects have been generally funded through cash generated from operations including proceeds from the pre-sale of our properties, bank loans and shareholder's loan. All loans, advances and balances due from our Controlling Shareholders and their respective close associates and all loans, advances and balances due to our Controlling Shareholders will be fully settled before or upon the Listing. After Listing, we believe we are able to maintain financial independence from our Controlling Shareholders and their respective close associates, and therefore will incur more interest expenses for obtaining financing from independent third parties at prevailing market rates. The adjusted items above are non-HKFRS financial measurement which, in the opinion of our Directors, illustrate the impact of the Group's financial performance and financial position during the Track Record Period as if the Group had incurred the interest expenses for obtaining financing from independent third parties at prevailing market rates.

CAPITAL EXPENDITURES

Our Group's capital expenditures have principally consisted of expenditures on acquisitions of investment properties, property, plant and equipment for self-use and intangible assets for our operations. During the Track Record Period, our Group incurred capital expenditures of RMB291.1 million, RMB13.4 million, RMB10.0 million and RMB5.4 million, respectively, majority of which came from acquisition of investment properties primarily used for generating rental income. Between 1 July 2019 and the Latest Practicable Date, we did not make any material capital expenditures.

For the financial year ending 31 December 2019, we estimate that the capital expenditures will amount to RMB8.2 million primarily for purchase of property, plant and equipment and acquisition of intangible assets such as software.

Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

We expect to fund our contractual commitments and capital expenditures principally though the net proceeds we receive from the Global Offering, cash generated from our operating activities and proceeds from borrowings and notes. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

PROPERTY VALUATION

Cushman & Wakefield, an independent property valuer, has valued our property interests as of 30 September 2019 and is of the opinion that the aggregate value of our property interests attributable to our Group as of such date was RMB11,056.3 million and the total market value in existing state as of such date was RMB12,573.8 million. The full text of the letter, summary of valuation and valuation certificates with regard to such property interests are set out in Appendix III to this prospectus. A reconciliation of the net book value of our properties as of 30 June 2019 as set out in the "Accountant's Report" in Appendix I to this prospectus to their fair value as of 30 September 2019 as stated in the property valuation report set out in "Property Valuation Report" in Appendix III to this prospectus is set out below:

	RMB'000
Net book value of the following assets of the Group as of 30 June 2019	5,203,506
- Investment properties	185,573
- Properties under development*(Note)*	3,573,352
- Completed properties held for sale	1,444,581
Addition	530,722
Less sale of completed properties held for sale	373,086
Net book value of properties of the Group as of 30 September 2019	5,361,142
Valuation surplus of the Group, before tax	5,368,618
Valuation of the properties of the Group as of 30 September 2019 (excluding associated company)	10,729,760
Valuation of properties of associated companies	1,844,000
Valuation of properties of the Group as of 30 September 2019 as set out in the Property Valuation Report on Appendix III	12,573,760

Note: Excluding contractual rights of land which is not included in our land reserve or in the Property Valuation Report set out in Appendix III to this Prospectus.

CONTRACTUAL AND CAPITAL COMMITMENTS

Commitments

We had the following commitments, which were not provided for in our consolidated financial statements:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for:				
Property development activities	683,260	776,898	2,170,163	1,662,827

INDEBTEDNESS

The following table sets out our total debts as at the dates indicated:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank and other borrowings	732,788	1,121,545	758,092	1,668,002
Lease liabilities	14,473	64,373	59,973	58,784
	747,261	1,185,918	818,065	1,726,786

Bank and other borrowings

The following table sets out our breakdown on bank and other borrowings as at the date indicated:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	485,288	904,045	758,092	1,668,002
Loan from a third party	247,500[(1)]	217,500[(1)]	—	—
	732,788	1,121,545	758,092	1,668,002
Included in non-current portion				
- Secured	405,288	835,473	500,949	1,124,934
- Unsecured	327,500	286,072	57,143	—
Less: current portion of non-current liabilities	(120,909)	(437,414)	(239,436)	(233,539)
	611,879	684,131	318,656	891,395
Included in current liabilities:				
- Secured	—	—	200,000	200,000
- Unsecured	—	—	—	343,068
Add: Current portion of non-current liabilities	120,909	437,414	239,436	233,539
	120,909	437,414	439,436	776,607
Total borrowings	732,788	1,121,545	758,092	1,668,002

Note:

(1) On 31 March 2015, a third party offered a facility of RMB300.0 million to us. We withdrew a principle of RMB292.5 million with interest rate of 7% per annum, which was due on 31 March 2025. The loan was early repaid by our Group on 30 June 2018.

The following table sets forth the repayment schedule of bank and other borrowings as at the dates indicated:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	120,909	437,414	439,436	776,607
1 to 2 years	145,226	265,271	51,256	236,640
2 to 5 years	210,266	232,573	148,066	196,327
Over 5 years	256,387	186,287	119,334	458,428
	732,788	1,121,545	758,092	1,668,002

The following table sets forth the weighted average effective interest rate on the borrowings as at the dates indicated:

	FY2016	**FY2017**	**FY2018**	**1H2019**
Bank and other borrowings (%)	7.95	6.26	5.74	7.45

As at 31 December 2016, 2017 and 2018 and 30 June 2019, bank and other borrowings totalling RMB405.3 million, RMB835.5 million, RMB700.9 million and RMB1,324.9 million of our Group were secured by the following assets and our shares of certain subsidiaries:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lands	14,194	15,040	14,409	14,137
Property, plant and equipment	—	212,075	284,728	278,739
Assets under construction	219,785	—	—	—
Investment properties	—	—	184,275	185,573
Properties under development	284,145	844,237	221,985	216,649
Completed properties held for sale	106,098	65,465	288,832	837,711
Trade receivables	—	5,829	6,122	4,156
Restricted cash	—	—	208,561	430,012
	624,222	1,142,646	1,208,912	1,966,977

Our unsecured bank borrowings of RMB80.0 million, RMB68.6 million, RMB57.1 million and RMB343.1 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively, were guaranteed by certain subsidiaries of our Group.

Our secured bank borrowings of RMB340.1 million, RMB399.5 million, RMB483.5 million and RMB1,187.0 million as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively, were guaranteed by certain subsidiaries, Ms. Su Lifen, Ms. Tan Yuxing, ultimate controlling shareholder and the ultimate controlling shareholder's relative. All guarantees by Ms. Su Lifen, Ms. Tan Yuxing and our ultimate controlling shareholder's relative had been released in May and June 2019. All guarantees by our ultimate controlling shareholder will be released/replaced before the Listing.

As at 30 September 2019, we had aggregate banking facilities of RMB6,238.8 million, of which RMB4,183.5 million was unutilised. We are not committed to draw down the unutilised amount.

As at the Latest Practicable Date, there was no material covenant relating to our outstanding debts. Our Directors confirm that there was no breach of any covenant under our bank borrowings during the Track Record Period and up to the Latest Practicable Date.

During the Track Record Period, our Directors confirmed that we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. Our Directors do not expect that such covenants and requirements would materially restrict our Group's overall ability to undertake additional debt or equity financing necessary to carry out our business plan.

Lease liabilities

Our lease liabilities increased from RMB14.5 million as at 31 December 2016 to RMB64.4 million as at 31 December 2017 primarily due to the increase in right-of-use assets of RMB71.5 million and partially offset by the lease payment of RMB21.8 million during FY2017. Our lease liabilities decreased to RMB60.0 million as at 31 December 2018 primarily due to lease payment of RMB9.8 million made during FY2018 partially offset by the increase in right-of-use assets of RMB4.8 million during the same year. Our lease liabilities then remained relatively stable at RMB58.8 million as at 30 June 2019.

Amounts due to related parties (non-trade balances)

As at 31 December 2016, 2017 and 2018 and 30 June 2019, we had amounts due to related parties (non-trade balances) of RMB538.4 million, RMB629.2 million, RMB1,115.2 million and RMB1,363.3 million, respectively. All our amounts due to related parties (non-trade balances) were unsecured, interest-free and repayable on demand. All the amounts due to related parties (non-trade balances) will be repaid or capitalised before Listing.

Guarantees

As at 31 December 2016, 2017 and 2018 and 30 June 2019, we had provided guarantees of RMB331.4 million, RMB638.3 million, RMB894.1 million and RMB994.5 million, respectively, to secure obligations of purchasers of our Group's property units of repayments.

Statement of indebtedness

As at 30 September 2019, being the latest practicable date for the purpose of this indebtedness statement, we had total indebtedness comprising (i) bank borrowings of RMB2,055.3 million, in which RMB1,617.6 million are secured and guaranteed, RMB85.9 million are secured but non-guaranteed and RMB351.8 million are unsecured but guaranteed, (ii) amount due to Mr. Michael Chan of RMB1,398.3 million and (iii) lease liabilities of RMB58.8 million. Our secured bank borrowings are secured by certain buildings, lands, investment properties, properties under development, completed properties held for sale, trade and other receivables and prepayments and fixed deposit receipt with total carrying values of RMB2,133.7 million and equity interests of certain subsidiaries of the group. In addition, the guaranteed bank borrowings were guaranteed by certain subsidiaries, Mr. Michael Chan, a relative of Mr. Michael Chan, Ms Su Lifen and Ms. Tan Yuxing. The amount due to Mr. Michael Chan and the lease liabilities are unsecured and non-guaranteed.

As at 30 September 2019, being the latest practicable date for the purpose of this indebtedness statement, we had provided guarantees of RMB1,035.4 million to secure obligations of purchasers of our Group's property units for repayments.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, the Group did not have outstanding at Latest Practicable Date any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountant's Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios as at each of the dates indicated:

	FY2016	FY2017	FY2018	1H2019
Gross profit margin (%)(1)	25.7	32.2	38.6	52.0
Net profit margin (%)(2)	13.2	10.3	28.7	23.8
Return on equity (%)(3)	529.1	39.6	74.9	48.8
Return on total assets (%)(4)	4.3	2.5	6.9	5.0

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Current ratio(5)	1.1	1.1	1.0	1.2
Net debt to equity ratio (%)(6)	614.4	194.1	42.0	80.8
Gearing ratio (%)(7)	1,066.4	306.2	116.0	200.7

Notes:

(1) Gross profit margin for FY2016, FY2017, FY2018 and 1H2019 was calculated on gross profit divided by revenue for the respective year. See the section headed "Review of Historical Results of Operation" for more details on our gross profit margins.

(2) Net profit margin for FY2016, FY2017, FY2018 and 1H2019 was calculated on profit for the year divided by revenue for the respective year. See the section headed "Review of Historical Results of Operation" for more details on our net profit margins.

(3) Return on equity for FY2016, FY2017 and FY2018 was calculated based on the profit for the year divided by the total equity for the respective years (sum of opening and closing balances of the total equity of the respective years then divided by two) and multiplied by 100%. For 1H2019, return on equity is calculated based on the annualised profits.

(4) Return on total assets for FY2016, FY2017 and FY2018 was calculated based on the net profit for the respective years divided by the total assets of the respective years (sum of opening and closing balances of the total assets of the respective years and then divided by two) and multiplied by 100%. For 1H2019, return on total assets is calculated based on the annualised profits.

(5) Current ratios as at 31 December 2016, 2017 and 2018 and 30 June 2019 were calculated based on the total current assets as at the respective dates divided by the total current liabilities as at the respective dates.

(6) Net debt to equity ratios as at 31 December 2016, 2017 and 2018 and 30 June 2019 were calculated based on net debts (being total bank and other borrowings net of restricted cash and cash and cash equivalents) as at the respective dates divided by total equity as at the respective years.

(7) Gearing ratios as at 31 December 2016, 2017 and 2018 and 30 June 2019 were calculated based on the total borrowings as at the respective dates divided by the total equity as at the respective dates and multiplied by 100%.

Return on equity

Our return on equity decreased from 529.1% in FY2016 to 39.6% in FY2017 mainly due to increase in total equity as a result of profit for the year of RMB86.1 million generated and capital injection from non-controlling interests of RMB175.7 million in FY2017. Our return on equity then increased to 74.9% mainly due to profit for the year of RMB381.8 million generated in FY2018. Our return on equity for the period 1H2019 (annualised) then decreased to 48.8% mainly due to the increase in total equity as a result of profit for the period 1H2019.

Return on total assets

Our return on total assets decreased from 4.3% in FY2016 to 2.5% in FY2017 mainly due to increase in total assets primarily attributable to the increase in properties under development of RMB1,366.2 million as at 31 December 2017. Our return on total assets then increased to 6.9% mainly due to profit for the year of RMB381.8 million generated in FY2018 partially offset by the effect of the further increase in total assets. Our return on total assets for the period 1H2019 (annualised) then decreased to 5.0% mainly due to the increase in total assets mainly attributable to the increase in properties under development and completed properties held for sale was higher than the increase in annualised net profit.

Current ratio

Our current ratio remained relatively stable at 1.1, 1.1, 1.0 and 1.2 as at 31 December 2016, 2017 and 2018 and 30 June 2019, respectively.

Net debt to equity ratio

Our net debt to equity ratio decreased from 614.4% as at 31 December 2016 to 194.1% as at 31 December 2017 mainly due to increase in total equity as a result of profit for the year of RMB86.1 million generated and capital injection from non-controlling interests of RMB175.7 million in FY2017 partially offset by the effect of increase in bank and other borrowings of RMB388.8 million as at 31 December 2017. Our net debt to equity ratio then decreased to 42.0% as at 31 December 2018 primarily due to decrease in total bank and other borrowings of RMB363.5 million as at 31 December 2018 and further increase in total equity as a result of profit for the year of RMB381.8 million generated in FY2018.

Our net debt to equity ratio then increased to 80.8% as at 30 June 2019 primarily due to increase in total bank borrowings of RMB909.9 million despite the further increase in total equity as a result of profit for the period of RMB181.2 million generated in 1H2019.

Gearing ratio

Our gearing ratio decreased from 1,066.4% as at 31 December 2016 to 306.2% as at 31 December 2017 mainly due to increase in total equity as a result of profit for the year of RMB86.1 million generated and capital injection from non-controlling interests of RMB175.7 million in FY2017 partially offset by the effect of increase in bank and other borrowings of RMB388.8 million as at 31 December 2017. Our gearing ratio further decreased to 116.0% as at 31 December 2018 mainly due to decrease in total bank and other borrowings of RMB363.5 million as at 31 December 2018 and further increase in total equity as a result of profit for the year of RMB381.8 million generated in FY2018.

Our gearing ratio then increased to 200.7% as at 30 June 2019 mainly due to increase in total bank borrowings of RMB909.9 million despite the further increase in total equity as a result of profit for the period of RMB181.2 million generated in 1H2019.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to market risks from changes in market rates and prices, such as interest rates, credit and liquidity.

Details of the risk to which we are exposed are set out in note 3.1 to Accountant's Report, the text of which is set out in Appendix I to this prospectus.

DISCLOSURE REQUIRED UNDER 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 Hong Kong Listing Rules.

LISTING EXPENSES

Based on the mid-point Offer Price of HK$3.27 (being the mid-point of our Offer Price range of HK$2.91 to HK$3.63 per Offer Share), the total listing expenses (including underwriting commissions) payable by our Group are estimated to be approximately HK$87.2 million (equivalent to RMB76.7 million), assuming the Over-allotment Option is not exercised. These listing expenses mainly comprise professional fees paid and payable to the professional parties, and commissions payable to the Underwriters, for their services rendered in relation to the Listing and Global Offering.

As at 30 June 2019, the listing expenses (excluding underwriting commissions) that have been charged to the consolidated statements of comprehensive income of our Group in relation to the Listing were RMB21.4 million, respectively. Assuming the Over-allotment Option is not exercised, we estimate that listing expenses of approximately HK$62.8 million (equivalent to approximately RMB55.3 million) will be incurred by our Group, of which approximately HK$14.9 million (equivalent to approximately RMB13.1 million) is expected to be charged to our consolidated statement of comprehensive income and approximately HK$47.9 million (equivalent to approximately RMB42.2 million) is expected to be charged against equity upon the Listing.

DIVIDEND AND DIVIDEND POLICY

During the Track Record Period, no dividend has been paid or declared by the Company since its date of incorporation. Subject to Cayman Companies Law and other applicable laws and regulations, we currently target to distribute to our Shareholders no less than 30% of our distributable profits for any particular financial year. The declaration of dividends is subject to the discretion of our Board and, where required, the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Companies Law, including, where required, the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 2 November 2018 and is an investment holding company. As at 30 June 2019, our distributable reserves amounted to RMB691.1 million.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to Appendix II to this prospectus for our unaudited pro forma adjusted net tangible assets.

RECENT DEVELOPMENT AND NO MATERIAL ADVERSE CHANGE

Please see the section headed "Summary — Recent Developments" in this prospectus for details.

BUSINESS STRATEGIES

Please see "Business — Our Business Strategies" in this prospectus for detailed description of our business strategies.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering, and assuming an Offer Price of HK$3.27 per Offer Share, being the mid-point of the indicative Offer Price range) will be approximately HK$1,220.8 million, assuming that Over-allotment Option is not exercised. We currently intend to apply such net proceeds in the following manner over a period of two to three years after Listing unless otherwise specified:

(i) approximately 60.0%, or HK$732.5 million, will be used as the construction costs for the development of the following projects:

Location	**Project**	**Amount of Net Proceeds** *(HK$ million)*	**Percentage of Net Proceeds** *(%)*
Tengchong	JY Gaoligong Town Phase I JY Gaoligong Town Phase II JY Gaoligong Town Phase III	354.0	29.0
Zhaoqing	Zhaoqing International Technology and Innovation Centre (Zone A and Zone B)	96.5	7.9
Qingyuan	JY Grand Garden Phase I JY Grand Garden Phase II JY Grand Garden Phase III	134.3	11.0
Zhuzhou	JY Mountain Lake Gulf Phase I JY Mountain Lake Gulf Phase II	147.7	12.1

For project phases that have commenced construction, the proceeds are expected to be applied upon receipt. For other project phases, the net proceeds is expected to be applied after obtaining the construction commencement permits. Please see "Business — Our Property Projects" section for further details of the expected construction commencement dates and expected completion dates of those projects;

(ii) approximately 30.0%, or HK$366.3 million, will be used for acquisition of land parcels in provinces which we are currently operating. Our Directors confirm that notwithstanding that we had not identified any specific lands for acquisition as at the Latest Practicable Date, we are of the view that suitable targets are available because from 2013 to 2018, on average, around 41.7 million sq.m. of land have been made available by local government for sale annually in provinces which we operate in, according to the C&W Report. In provinces which we operate, land area sold was the lowest in 2016 with 32.6 million sq.m. of land having been sold, and in 2017 the land area sold has increased to 38.2 million sq.m. and further to 40.9 million sq.m. in 2018, according to the C&W Report. We have also accumulated experience in identifying and bidding for land in land tenders, auctions or listing-for-sale activities in the past. For example, land used for the development of our JY Clearwater Bay No.3 Phases VI and VII, JY Gaoligong Town and JY Mountain Lake Gulf are all acquired through land tenders, auctions or listing-for-sale activities. In selecting acquisition targets, we will continue to follow the land selection and acquisition process set out in "Business — Our Property Development Business Process — Land Selection and Acquisition Process" section;

(iii) the remaining amount of approximately HK$122.0 million, representing not more than 10.0% of the net proceeds, will be used for our general working capital.

If the final Offer Price (assuming the Over-allotment Option is not exercised) is set at (i) the lowest; or (ii) the highest of the indicative Offer Price, the net proceeds from the Global Offering are estimated to be (i) approximately HK$1,081.2 million or (ii) approximately HK$1,360.5 million respectively. If we make a Downward Offer Price Adjustment to set the final Offer Price at HK$2.62 per Offer Share, the estimated net proceeds we will receive from the Global Offering will be further reduced to approximately HK$968.7 million. In such event, the estimated net proceeds are intended to be used in the same proportions as disclosed above.

If the Over-allotment Option is exercised in full, the estimated net proceeds from the Global Offering will increase to (i) approximately HK$1,250.5 million (assuming that the final Offer Price is set at the lowest of the indicative Offer Price), (ii) approximately HK$1,411.1 million (assuming that the final Offer Price is set at the mid-point of the indicative Offer Price), and (iii) approximately HK$1,571.8 million (assuming that the final Offer Price is set at the highest of the indicative Offer Price) respectively, we intend to apply the additional net proceeds from the exercise of the Over-allotment Option in the same proportions as disclosed above.

Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or our new projects to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the net proceeds from the Global Offering are not immediately required for the above purposes or if we are unable to effect any part of our future development plans as intended, we may hold such funds in short-term deposits with licensed banks and authorised financial institutions for so long as it is in our best interests.

HONG KONG UNDERWRITERS

DBS Asia Capital Limited
ABCI Securities Company Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Head & Shoulders Securities Limited
CGS-CIMB Securities (Hong Kong) Limited
GLAM Capital Limited

INTERNATIONAL UNDERWRITERS

DBS Asia Capital Limited
ABCI Securities Company Limited
China Galaxy International Securities (Hong Kong) Co., Limited
Head & Shoulders Securities Limited
CGS-CIMB Securities (Hong Kong) Limited
GLAM Capital Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company is offering 40,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong on, and subject to, the terms and conditions set out in this prospectus and the Application Forms.

Subject to:

(a) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, our Shares in issue and to be issued as mentioned in this prospectus and such listing and permission not subsequently being revoked; and

(b) certain other conditions set out in the Hong Kong Underwriting Agreement (including but not limited to the Offer Price being agreed upon between us and the Sole Global Coordinator (for itself and on behalf of the other Underwriters)),

the Hong Kong Underwriters have agreed severally, and not jointly, to subscribe for, or procure subscribers for, the Hong Kong Offer Shares which are being offered but are not taken up under the Hong Kong Public Offer, on the terms and conditions set out in this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), the Global Offering will not proceed and will lapse.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed and becoming unconditional and not having been terminated.

Grounds for termination

The obligations of the Hong Kong Underwriters to subscribe or procure subscribers for the Hong Kong Offer Shares will be subject to termination by notice in writing to our Company from the Sole Global Coordinator (for itself and on behalf of other Hong Kong Underwriters) with immediate effect if any of the following events occur at or prior to 8:00 a.m. on the Listing Date:

(a) there has come to the notice of the Sole Global Coordinator:

(i) that any statement contained in any of this prospectus and the Application Forms and the formal notice to be published in connection with the Hong Kong Public Offer and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendments thereto) (collectively, the "**Relevant Documents**"), was, when it was issued, or has become, untrue, incorrect, misleading or deceptive in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iii) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of our Company, our executive Directors and the Controlling Shareholders (the "**Warrantors**") pursuant to the indemnities given by them under the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any change or development involving a prospective adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of our Group as a whole; or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement; or

(vii) the approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws any of the Relevant Documents or the Global Offering; or

(ix) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of the Offer Documents or to the issue of any of the Offer Documents; or

(x) that a petition or an order is presented for the winding-up or liquidation of any member of our Group ("**Group Company**") or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding-up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xi) an authority or a political body or organisation in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors and senior management member of the Group as set out in the "Directors and Senior Management" section of this prospectus; or

(xii) a portion of the orders in the bookbuilding process, which is considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) in its reasonable opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Sole Global Coordinator, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xiii) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Sole Global Coordinator (for itself and on behalf of the other Underwriters) in its reasonable opinion to be material on our Group taken as a whole; or

(b) there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the NASDAQ Global Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or

(iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgment(s), decree(s) or ruling(s) of any governmental authority ("**Law(s)**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, the Cayman Islands, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(v) the imposition of any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency) in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or

(x) any of the Directors and senior management members of our Company as set out in the "Directors and Senior Management" section of this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or chief executive officer of our Company vacating his or her office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other Laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity,

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operation, financial, trading or other condition or prospects or risks of our Company or our Group taken as a whole or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in a material interruption to or material delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance substantially in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings given to the Stock Exchange pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that we shall not issue any further Shares or securities convertible into our equity securities (whether or not of a class already listed) or enter into any agreement to issue any such Shares or securities within six months from the Listing Date (whether or not such issue of Shares will be completed within six months from the Listing Date), except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option, the Share Option Scheme or the Stock Borrowing Agreement, it shall not:

(a) in the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is six months from the Listing Date, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of our securities that it is shown to beneficially own in this prospectus (the "**Relevant Shares**"); or

(b) in the period of a further six months commencing on the date on which the period referred to in paragraph (a) above expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Relevant Shares if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the date by reference to which disclosure of its shareholdings in our Company is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any securities in our Company beneficially owned by it in favor of an authorised institution pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when it receives indications, either verbal or written, from the pledgee or chargee that any of our pledged or charged securities beneficially owned by it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the then requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings given to the Hong Kong Underwriters

Undertakings by our Company

Our Company has undertaken to each of the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that except pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the exercise of any options granted or to be granted under the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), we will not, and will procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts; or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company has also undertaken that it will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of our Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**").

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

By our Controlling Shareholders

Each of our Controlling Shareholders has undertaken jointly and severally to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the other Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he/she shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him/her and the companies controlled by it/he/she (together, the "**Controlled Entities**") shall not,

  (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by it/him/her directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

  (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities; or

  (c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

  (d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he/she shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he/she would cease to be a "controlling shareholder" (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be "Controlling Shareholders" (as defined in the Listing Rules) of our Company;

(iii) in the event that it/he/she enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six-Month Period, it/he/she shall take all reasonable steps to ensure that it/he/she will not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it/he/she shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he/she or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders has further undertaken to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-Lead Managers and the other Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he/she will:

(i) when it/he/she pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Underwriters' interests in our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Placing

International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. Please see "Structure of the Global Offering — The International Placing" section in this prospectus for further details.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Stabilising Manager on behalf of the International Underwriters from the date of the International Underwriting Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offer to require us to issue and allot up to an aggregate of 60,000,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover, among other things, any over-allocations in the International Placing, if any.

Total Commission and Expenses

We will pay the Sole Global Coordinator (for itself and on behalf of the Underwriters) an underwriting commission of 1.0% on the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer (excluding any International Placing Shares reallocated to the Hong Kong Public Offer and any Hong Kong Offer Shares reallocated to the International Placing), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Sole Global Coordinator and the relevant International Underwriters, but not the Hong Kong Underwriters. In addition, we may, at our discretion, pay to the Underwriters an incentive fee of up to 2.0% of the aggregate Offer Price of the Offer Shares offered under the Global Offering, including proceeds from the exercise of the Over-allotment Option.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$3.27 per Share (being the mid-point of the stated range of the Offer Price between HK$2.91 and HK$3.63 per Share), the aggregate commissions and estimated expenses, together with the Stock Exchange listing fee, SFC transaction levy, Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to approximately HK$87.2 million in total and are payable by us.

Indemnity

We undertake to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules is made within seven days of the expiration of the stabilising period.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer as part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

- the Hong Kong Public Offer of initially 40,000,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed "The Hong Kong Public Offer"; and

- the International Placing of initially 360,000,000 Offer Shares (subject to adjustments and the Over-allotment Option as described below) outside the United States (including to professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for the Offer Shares in Hong Kong) in offshore transactions in reliance on Regulation S.

Investors may either:

- apply for the Hong Kong Offer Shares under the Hong Kong Public Offer; or

- apply for or indicate an interest for the International Placing Shares under the International Placing,

but may not do both.

The 400,000,000 Offer Shares in the Global Offering will represent 25% of our enlarged share capital immediately after the completion of the Global Offering and the Capitalisation Issue, without taking into account the exercise of the Over-allotment Option. If the Over-allotment Option is exercised in full, the additional Offer Shares will represent approximately 3.61% of our enlarged share capital immediately following the completion of the Global Offering and the Capitalisation Issue.

References to applications, application forms, application monies or procedure for applications relate solely to the Hong Kong Public Offer.

THE HONG KONG PUBLIC OFFER

Number of Offer Shares initially offered

We are initially offering for subscription by the public in Hong Kong 40,000,000 Offer Shares, representing 10% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares offered under the Hong Kong Public Offer will represent approximately 2.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities that regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set forth below in "Conditions of the Global Offering".

Allocation

Allocation of Hong Kong Offer Shares to investors under the Hong Kong Public Offer will be based on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary depending on the number of Hong Kong Offer Shares validly applied for by applicants. We may, if necessary, allocate the Hong Kong Offer Shares on the basis of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

For allocation purposes only, the total number of Offer Shares available under the Hong Kong Public Offer is to be divided equally into two pools:

- ***Pool A***: The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of HK$5 million or less (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable); and

- ***Pool B***: The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for the Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million and up to the value of pool B (excluding brokerage, SFC transaction levy and Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in the pool and be allocated accordingly. For the purpose of this subsection only, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications under the Hong Kong Public Offer and any application for more than 20,000,000 Hong Kong Offer Shares will be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offer and the International Placing is subject to reallocation at the discretion of the Sole Global Coordinator, subject to the following:

(a) where the International Placing Shares are fully subscribed or oversubscribed:

(i) if the Hong Kong Offer Shares are undersubscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate;

(ii) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents less than 15 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then up to 40,000,000 Offer Shares may be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 80,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering;

(iii) if the number of Offer Shares validly applied for under the Hong Kong Public Offer represents (1) 15 times or more but less than 50 times, (2) 50 times or more but less than 100 times, and (3) 100 times or more of the number of Offer Shares initially available under the Hong Kong Public Offer, the Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing in accordance with the clawback requirements set forth in paragraph 4.2 of Practice Note 18 of the Listing Rules, so that the total number of Hong Kong Offer Shares will be increased to 120,000,000 Offer Shares (in the case of (1)), 160,000,000 Offer Shares (in the case of (2)) and 200,000,000 Offer Shares (in the case of (3)), representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively;

(b) where the International Placing Shares are undersubscribed:

(i) if the Hong Kong Offer Shares are also undersubscribed, the Global Offering will not proceed unless the Underwriters would subscribe for or procure subscribers for their respective applicable proportions of the Offer Shares being offered which are not taken up under the Global Offering on the terms and conditions of this prospectus, the Application Forms and the Underwriting Agreements; and

(ii) if the Hong Kong Offer Shares are fully subscribed or oversubscribed (irrespective of the extent of over-subscription), then up to 40,000,000 Offer Shares may be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be increased to 80,000,000 Offer Shares, representing 20% of the total number of the Offer Shares initially available under the Global Offering.

In the event of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offer in the circumstances described in paragraph (a)(ii) or (b)(ii) above, the final Offer Price shall be fixed at the bottom end of the Offer Price Range (i.e. HK$2.91 per Offer Share) according to HKEX Guidance Letter HKEX-GL91-18 issued by the Stock Exchange.

In all cases of reallocation of Offer Shares from the International Placing to the Hong Kong Public Offer, the additional Offer Shares reallocated to the Hong Kong Public Offer will be allocated between pool A and pool B in equal proportion and the number of Offer Shares allocated to the International Placing will be correspondingly reduced.

Applications

Each applicant under the Hong Kong Public Offer will be required to give an undertaking and confirmation in the application submitted by him that he and any person(s) for whose benefit he is making the application has not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any International Placing Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated International Placing Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, maximum price of HK$3.63 per Offer Share in addition to brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% on each Offer Share, amounting to a total of HK$3,666.58 for one board lot of 1,000 Shares. If the Offer Price, as finally determined on the Price Determination Date in the manner as described below in the paragraph headed "Pricing and Allocation", is less than the maximum price of HK$3.63 per Offer Share, appropriate refund payments (including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. For further details, see "How to Apply for Hong Kong Offer Shares" in this prospectus.

THE INTERNATIONAL PLACING

Number of Offer Shares Initially Offered

We will be initially offering for subscription under the International Placing 360,000,000 Offer Shares, representing 90% of the Offer Shares under the Global Offering. Subject to the reallocation of Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares offered under the International Placing will represent approximately 22.5% of our enlarged issued share capital immediately after completion of the Global Offering and the Capitalisation Issue, assuming the Over-allotment Option is not exercised and without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme.

Allocation

The International Placing Shares will conditionally be offered to selected professional, institutional and corporate investors and other investors anticipated to have a sizeable demand for our Offer Shares in Hong Kong and other jurisdictions outside the United States in offshore transactions in reliance on

Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Prospective professional, institutional and other investors will be required to specify the number of the International Placing Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building,” is expected to continue up to the Price Determination Date.

Allocation of the International Placing Shares pursuant to the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the International Placing Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing and who has made an application under the Hong Kong Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that they are excluded from any applications of Hong Kong Offer Shares under the Hong Kong Public Offer.

Reallocation

The total number of Offer Shares to be issued pursuant to the International Placing may change as a result of the clawback arrangement as described above in the paragraph headed “The Hong Kong Public Offer — Reallocation” or the Over-allotment Option in whole or in part and/or any reallocation of unsubscribed Offer Shares originally included in the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, it is expected that we will grant the Over-allotment Option to the International Underwriters.

Pursuant to the Over-allotment Option, the International Underwriters will have the right, exercisable by the Stabilising Manager (on behalf of the International Underwriters) at any time from the Listing Date within 30 days from the last date for lodging applications under the Hong Kong Public Offer, to require the Company to issue up to 60,000,000 Shares, representing 15% of the Offer Shares initially available under the Global Offering, at the Offer Price under the International Placing to, among other things (such as effecting the permitted stabilising actions as set out in the section headed “Stabilisation” below), cover over-allocations in the International Placing, if any.

If the Over-allotment Option is exercised in full, the additional Shares to be issued pursuant thereto will represent approximately 3.61% of our enlarged issued share capital immediately following the completion of the Global Offering and the Capitalisation Issue. In the event that the Over-allotment Option is exercised, an announcement will be made.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the securities in the secondary market, during a specified period of time, to retard and, if possible, prevent a decline in the initial public market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulatory requirements, including those of Hong Kong. In Hong Kong, the price at which stabilisation is effected is not permitted to exceed the offer price.

In connection with the Global Offering, the Stabilising Manager, or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to stabilising or supporting the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period after the Listing Date. However, there is no obligation on the Stabilising Manager or any persons acting for it, to conduct any such stabilising action. Such stabilising action, if taken, will be conducted at the absolute discretion of the Stabilising Manager or any person acting for it and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for lodging applications under the Hong Kong Public Offer.

Stabilisation action permitted in Hong Kong under the Securities and Futures (Price Stabilising) Rules of the SFO includes (i) over-allocating for the purpose of preventing or minimizing any reduction in the market price of our Shares, (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimising any reduction in the market price of our Shares, (iii) purchasing, or agreeing to purchase, our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above, (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimising any reduction in the market price of our Shares, (v) selling or agreeing to sell any Shares in order to liquidate any position established as a result of those purchases, and (vi) offering or attempting to do anything as described in (ii), (iii), (iv) or (v) above.

Specifically, prospective applicants for and investors in Shares should note that:

- the Stabilising Manager (or any person acting for it) may, in connection with the stabilising action, maintain a long position in the Shares;

- there is no certainty as to the extent to which and the time or period for which the Stabilising Manager (or any person acting for it) will maintain such a long position;

- liquidation of any such long position by the Stabilising Manager (or any person acting for it) and selling in the open market, may have an adverse impact on the market price of the Shares;

- no stabilising action can be taken to support the price of the Shares for longer than the stabilising period which will begin on the Listing Date and is expected to expire on 28 December 2019, being the 30th day after the last day for lodging applications under the Hong Kong Public Offer. After this date, when no further action may be taken to support the price of the Shares, demand for the Shares, and therefore the price of the Shares, could fall;

- the price of the Shares cannot be assured to stay at or above the Offer Price by the taking of any stabilising action; and

- stabilising bids or transactions effected in the course of the stabilising action may be made at any price at or below the Offer Price, which means that stabilising bids or transactions effected may be made at a price below the price paid by applicants for, or investors in, the Offer Shares.

Our Company will ensure or procure that an announcement in compliance with the Securities and Futures (Price Stabilising) Rules of the SFO will be made within seven days of the expiration of the stabilisation period.

OVER-ALLOCATION

Following any over-allocation of Shares in connection with the Global Offering, the Stabilising Manager (or any person acting for it) may cover such over-allocations by (among other methods) exercising the Over-allotment Option in full or in part, using Shares purchased by the Stabilising Manager (or any person acting for it) in the secondary market at prices that do not exceed the Offer Price, or through the stock borrowing arrangement as detailed below or a combination of these means.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to enter into an agreement with Sze Ming, a controlling shareholder of our Company, to borrow, whether on its own or through its affiliates, up to 60,000,000 Shares, representing 15% of the total number of the Offer Shares initially available for the Global Offering. The stock borrowing arrangement under such an agreement, if entered into, will not be subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules, provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with as follows:

- such stock borrowing arrangement is fully described in this prospectus and must be for the sole purpose of covering any short position prior to the exercise of the Over-allotment Option;

- the maximum number of Shares to be borrowed from 60,000,000 by the Stabilising Manager (or any person acting for it) is the maximum number of Shares that may be issued upon full exercise of the Over-allotment Option;

- the same number of Shares so borrowed must be returned to Sze Ming or its nominee(s) within three business days following the earlier of (a) the last day on which the Over-allotment Option may be exercised, and (b) the day on which the Over-allotment Option is exercised in full;

- the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and

- no payment will be made to Sze Ming by the Stabilising Manager (or any person acting for it) in relation to such stock borrowing arrangement.

PRICING AND ALLOCATION

Our Company and the Sole Global Coordinator (on behalf of the Underwriters) will determine the Offer Price and sign an agreement on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Thursday, 28 November 2019, and in any event, not later than Monday, 2 December 2019.

The Offer Price will not be more than HK$3.63 per Offer Share and is expected to be not less than HK$2.91 per Offer Share, unless otherwise announced, as further explained below. If you apply for the Offer Shares under the Hong Kong Public Offer, you must pay the maximum price of HK$3.63 per Offer Share, plus brokerage of 1.0%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% amounting to a total of HK$3,666.58 for one board lot of 1,000 Offer Shares.

Prospective investors should be aware that the Offer Price to be determined on the Expected Price Determination Date may be, but is not expected to be, lower than HK$2.91, being the bottom end of the indicative Offer Price Range stated in this prospectus (subject to a Downward Offer Price Adjustment as further explained below). If the Offer Price, as finally determined in the manner described below, is lower than HK$3.63, we will refund the respective difference, including brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies. We will not pay interest on any refunded amounts. For more details, see "How to Apply for Hong Kong Offer Shares" in this prospectus.

Reduction in Offer Price Range

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building", is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

The Sole Global Coordinator (on behalf of the Underwriters) may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the indicative Offer Price range below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer publish a notice on our website at ***www.jygrandmark.com*** and the website of the Stock Exchange at ***www.hkexnews.hk*** (the contents of the website do not form a part of this prospectus). Upon issue of such a notice, the revised Offer Price Range will be final and conclusive and the Offer Price, if agreed upon by us, will be fixed within such revised Offer Price Range, unless a Downward Offer Price Adjustment is made.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in "Summary" section, and any other financial information which may change as a result of such reduction. In the absence of any such notice so published, the Offer Price, if agreed upon with our Company and the Sole Global Coordinator (on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offer, you will not be allowed to subsequently withdraw your application. However, if the Offer Price range is reduced, the Withdrawal Mechanism will be utilised.

Downward Offer Price Adjustment

Alternatively, the Sole Global Coordinator (for itself and on behalf of the Underwriters) may, where considered appropriate, based on the level of interest expressed by prospective investors during the book-building process, and with the consent of our Company, determine the final Offer Price to be no more than 10% below the bottom end of the indicative Offer Price range stated in this prospectus, at any time on or prior to the Expected Price Determination Date.

In such situation, our Company will, as soon as practicable following the decision to set the final Offer Price below the bottom end of the indicative Offer Price range, publish on our website at ***www.jygrandmark.com*** and the website of the Stock Exchange at ***www.hkexnews.hk*** (the contents of the website do not form a part of this prospectus) an announcement of the final Offer Price after making a Downward Offer Price Adjustment. Such announcement will be issued before and separately from the announcement of the results of allocations expected to be announced on Wednesday, 4 December 2019. The Offer Price announced following the making of a Downward Offer Price Adjustment shall be the final Offer Price and shall not be subsequently changed.

In the absence of an announcement that a Downward Offer Price Adjustment having been made, the final Offer Price will not be outside the indicative Offer Price Range as disclosed in this prospectus unless the Withdrawal Mechanism is utilised.

Reduction in Number of Offer Shares

The Sole Global Coordinator (on behalf of the Underwriters) may, where considered appropriate based on the level of interest expressed by prospective professional, institutional and other investors during a book-building process, and with the consent of our Company, reduce the number of Offer Shares below that stated in this prospectus prior to the morning of the last day for lodging applications under the Hong Kong Public Offer. In such a case, we will as soon as practicable following the decision to make such reduction and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer publish a notice on our website at ***www.jygrandmark.com*** and the website of the Stock Exchange at ***www.hkexnews.hk*** (the contents of the website do not form a part of this prospectus). Upon issue of such a notice, the revised number of Offer Shares will be final and conclusive.

Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offer. Such notice will also confirm or revise, as appropriate, the working capital statement, the Global Offering statistics as currently set out in the "Summary" section, and any other financial information which may change as a result of such reduction.

If you have already submitted an application for the Hong Kong Offer Shares before the last day for lodging applications under the Hong Kong Public Offer, you will not be allowed to subsequently withdraw your application. However, if the number of Offer Shares is reduced, the Withdrawal Mechanism will be utilised.

In the event of a reduction in the number of Offer Shares, the Sole Global Coordinator may, at its discretion, reallocate the number of Offer Shares to be offered in the Hong Kong Public Offer and the International Placing, provided that the number of Offer Shares comprised in the Hong Kong Public Offer shall not be less than 10% of the total number of Offer Shares available under the Global Offering (subject to reallocation and assuming the Over-allotment Option is not exercised).

Announcement of Final Offer Price and Results of Allotment

Irrespective of whether a Downward Offer Price Adjustment is made, the final Offer Price, the level of indication of interest in the International Placing, the basis of allotment of Offer Shares available under the Hong Kong Public Offer and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer are expected to be made available in a variety of channels in the manner described in "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares is conditional on:

- the Listing Committee granting approval for the listing of, and permission to deal in, our Shares in issue and to be issued as described in this prospectus (including the Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme);

- the Offer Price having been agreed between us and the Sole Global Coordinator (on behalf the Underwriters);

- the execution and delivery of the International Underwriting Agreement on or about the Price Determination Date; and

- the obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement and the obligations of the International Underwriters under the International Underwriting Agreement becoming unconditional and not having been terminated in accordance with the terms of the respective agreements,

in each case on or before the dates and times specified in the Hong Kong Underwriting Agreement and/or the International Underwriting Agreement, as the case may be (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than Wednesday, 25 December 2019, being the 30th date after the date of this prospectus.

If, for any reason, the Offer Price is not agreed between us and the Sole Global Coordinator (on behalf of the Underwriters) on or before Monday, 2 December 2019, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offer and the International Placing is conditional upon, among other things, each other offering becoming unconditional and not having been terminated in accordance with its respective terms. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. Notice of the lapse of the Hong Kong Public Offer will be published by the Company at our website at ***www.jygrandmark.com*** and the website of the Stock Exchange at ***www.hkexnews.hk*** on the next day following such lapse. In such an event, all application monies will be returned, without interest, on the terms set out in "How to Apply for Hong Kong Offer Shares — 13. Refund of Application Monies" in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving banks or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong).

UNDERWRITING AGREEMENTS

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to, among other conditions, us and the Sole Global Coordinator (on behalf of the Underwriters) agreeing on the Offer Price on the Price Determination Date.

We expect to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date.

Certain terms of the underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement, are summarised in the section headed "Underwriting" in this prospectus.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on Thursday, 5 December 2019, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Thursday, 5 December 2019.

The Shares will be traded in board lots of 1,000 Shares each.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 am on Monday, 25 November 2019 to Thursday, 28 November 2019 from:

(i) the office of the Sole Global Coordinator, Joint Bookrunners, Joint Lead Managers and Co-lead Managers:

DBS Asia Capital Limited
73/F, The Center
99 Queen's Road Central,
Central, Hong Kong

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

ABCI Securities Company Limited
10/F, Agricultural Bank of China Tower
50 Connaught Road Central, Hong Kong

China Galaxy International Securities (Hong Kong) Co., Limited
20/F Wing On Centre
111 Connaught Road Central, Hong Kong

Head & Shoulders Securities Limited
Room 2511 25/F Cosco Tower
183 Queen's Road Central, Hong Kong

CGS-CIMB Securities (Hong Kong) Limited
25/F, Gloucester Tower, The Landmark
15 Queen's Road Central, Hong Kong

GLAM Capital Limited
Rooms 908-11, 9/F, Nan Fung Tower
88 Connaught Road Central
Central, Hong Kong

(ii) any of the branches of the following receiving banks:

DBS Bank (Hong Kong) Limited

Hong Kong Island	Head Office	G/F, The Center, 99 Queen's Road Central, Central
	Queen's Road East – DBS Treasures Centre	Shop A, G/F, Jonsim Place, 228 Queen's Road East, Wanchai
	United Centre Branch	Shops 1015-1018 on 1/F & Shops 2032-2034 on 2/F, United Centre, 95 Queensway, Admiralty
	North Point Branch	G/F, 391 King's Road, North Point

Hang Seng Bank Limited

Hong Kong Island	Head Office	83 Des Voeux Road Central HK
	Wanchai Branch	1/F, Allied Kajima Building, 138 Gloucester Road HK
Kowloon	Tsimshatsui Branch	18 Carnarvon Road Kln
	Kowloon Main Branch	618 Nathan Road Kln

Industrial and Commercial Bank of China (Asia) Limited

Hong Kong Island	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road, Hong Kong
Kowloon	Ho Man Tin Branch	G/F, Tsan Yung Mansion, No. 70 Waterloo Road, Ho Man Tin, Kowloon
New Territories	Tseung Kwan O Branch	Shop 1025A, Level 1, Metro City Phase II, 8 Yan King Road, Tseung Kwan O, New Territories

The Bank of East Asia, Limited

Hong Kong Island	Main Branch	10 Des Voeux Road Central, Central
	Shaukiwan Branch	G/F, Ka Fook Building, 289-293 Shau Kei Wan Road, Shau Kei Wan
Kowloon	133 Wai Yip Street Branch	G/F, 133 Wai Yip Street, Kwun Tong, Kowloon
	Mei Foo Sun Chuen Branch	Shop N57, G/F, Mount Sterling Mall, Mei Foo

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 am on Monday, 25 November 2019 until 12:00 noon on Thursday, 28 November 2019 from the Depository Counter of HKSCC at 1/F., One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to Ting Hong Nominees Limited — JY Grandmark Public Offer for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Monday, 25 November 2019 — 9:00 a.m. to 5:00 p.m.
Tuesday, 26 November 2019 — 9:00 a.m. to 5:00 p.m.
Wednesday, 27 November 2019 — 9:00 a.m. to 5:00 p.m.
Thursday, 28 November 2019 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, 28 November 2019, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the White Form eIPO service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Hong Kong Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you are eligible to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for YELLOW Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO service

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 am on Monday, 25 November 2019 until 11:30 am on Thursday, 28 November 2019 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, 28 November 2019 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Commitment to sustainability

The obvious advantage of **White Form eIPO** is to save the use of paper via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White form eIPO** Service Provider, will contribute HK$2 for each "JY GRANDMARK HOLDINGS LIMITED" **White Form eIPO** application submitted via the **www.eipo.com.hk** to support sustainability.

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input electronic application instructions for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F., One & Two Exchange Square
8 Connaught Place
Central, Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given electronic application instructions to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- declare that only one set of electronic application instructions has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of electronic application instructions for the other person's benefit and are duly authorised to give those instructions as their agent;

- confirm that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorise our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- agree that none of our Company, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters and/or its respective advisers and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your electronic application instructions can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offer results;

- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving electronic application instructions to apply for Hong Kong Offer Shares;

- agree with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving electronic application instructions) to observe and comply with the Hong Kong Companies Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving electronic application instructions to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies(including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give electronic application instructions for a minimum of 1,000 Hong Kong Offer Shares. Instructions for more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions[(1)]

CCASS Clearing/Custodian Participants can input electronic application instructions at the following times on the following dates:

- 9:00 am to 8:30 pm, Monday, 25 November 2019

- 8:00 am to 8:30 pm, Tuesday, 26 November 2019

- 8:00 am to 8:30 pm, Wednesday, 27 November 2019

- 8:00 am to 12:00 noon, Thursday, 28 November 2019

CCASS Investor Participants can input electronic application instructions from 9:00 am on Monday, 25 November 2019 until 12:00 noon on Thursday, 28 November 2019 (24 hours daily, except on 28 November 2019, the last application day).

The latest time for inputting your electronic application instructions will be 12:00 noon on Thursday, 28 November 2019, the last application day or such later time as described in the paragraph headed "10. Effect of Bad Weather on the Opening of the Application Lists" in this section.

Note:

(1) The times in this sub-section are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants and/or CCASS Investor Participants.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banks, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by **the White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Sponsor, the Sole Global Coordinator, the Joint Bookrunners, the Joint Lead Managers, the Co-lead Managers and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the White Form eIPO service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Thursday, 28 November 2019.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 1,000 Hong Kong Public Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if:

- a tropical cyclone warning signal number 8 or above; or
- "extreme conditions" caused by a super typhoon; or
- a "black" rainstorm warning,

is/are in force in Hong Kong at any time between 9:00 am and 12:00 noon on Thursday, 28 November 2019. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 am and 12:00 noon.

If the application lists do not open and close on Thursday, 28 November 2019 or if a tropical cyclone warning signal number 8 or above or "extreme conditions" caused by a super typhoon or a "black" rainstorm warning signal is/are in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Wednesday, 4 December 2019 at our Company's website at **www.jygrandmark.com** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.jygrandmark.com** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Wednesday, 4 December 2019;

- from the designated results of allocations website at **www.iporesults.com.hk** alternatively: English **https://www.eipo.com.hk/en/Allotment**; Chinese **https://www.eipo.com.hk/zh-hk/Allotment** with a "search by ID" function on a 24-hour basis from 8:00 am on Wednesday, 4 December 2019 to 12:00 midnight on Tuesday, 10 December 2019;

- by telephone enquiry line by calling +852 2862 8669 between 9:00 am and 10:00 pm from Wednesday, 4 December 2019 to Saturday, 7 December 2019;

- in the special allocation results booklets which will be available for inspection during opening hours from Wednesday, 4 December 2019 to Friday, 6 December 2019 at all the receiving bank branches and sub-branches of the receiving banks.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) If our Company or its agents exercise their discretion to reject your application:

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) If the allotment of Hong Kong Offer Shares is void:

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If**:

- you make multiple applications or suspected multiple applications;

- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;

- your Application Form is not completed in accordance with the stated instructions;

- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;

- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;

- the Underwriting Agreements do not become unconditional or are terminated;

- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$3.63 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Wednesday, 4 December 2019.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offer (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Wednesday, 4 December 2019. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) **If you apply using a WHITE Application Form**

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 am to 1:00 pm on Wednesday, 4 December 2019 or such other date as notified by us.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Wednesday, 4 December 2019, by ordinary post and at your own risk.

(ii) **If you apply using a YELLOW Application Form**

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above for collecting refund cheque(s). If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Wednesday, 4 December 2019, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Wednesday, 4 December 2019, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- **If you apply through a designated CCASS participant (other than a CCASS investor participant)**

For Hong Kong Public Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offer shares allotted to you with that CCASS participant.

- **If you are applying as a CCASS investor participant**

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 4 December 2019 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) **If you apply through the White Form eIPO service**

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 am to 1:00 pm on Wednesday, 4 December 2019, or such other date as notified by our Company as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Wednesday, 4 December 2019 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) **If you apply via Electronic Application Instructions to HKSCC**

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Wednesday, 4 December 2019, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner specified in "Publication of Results" above on Wednesday, 4 December 2019. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Wednesday, 4 December 2019 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Wednesday, 4 December 2019. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Wednesday, 4 December 2019.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

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

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.

pwc 羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF JY GRANDMARK HOLDINGS LIMITED AND DBS ASIA CAPITAL LIMITED

Introduction

We report on the historical financial information of JY Grandmark Holdings Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-122, which comprises the consolidated statements of financial position as at 31 December 2016, 2017, 2018 and 30 June 2019, the company's statements of financial position as at 31 December 2018 and 30 June 2019, and the consolidated statements of comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-122 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 25 November 2019 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200, *Accountants' Reports on Historical Financial Information in Investment Circulars* issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
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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 accountant's 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 accountant considers internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information 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 accountant's report, a true and fair view of the financial position of the Company as at 31 December 2018 and 30 June 2019 and the consolidated financial position of the Group as at 31 December 2016, 2017, 2018 and 30 June 2019 and of its consolidated financial performance and its consolidated cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the six months ended 30 June 2018 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period 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 Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") 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 14 to the Historical Financial Information which states that no dividends have been paid by JY Grandmark Holdings Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
25 November 2019

I. HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountant's report.

The financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers 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.

(a) **Consolidated statements of comprehensive income**

	Notes	Year ended 31 December 2016 *RMB'000*	2017 *RMB'000*	2018 *RMB'000*	Six months ended 30 June 2018 *RMB'000* *(Unaudited)*	2019 *RMB'000*
Revenue	5	640,675	838,259	1,328,887	124,953	762,404
Cost of sales	6	(476,230)	(568,089)	(816,297)	(84,509)	(366,046)
Gross profit		164,445	270,170	512,590	40,444	396,358
Selling and marketing expenses	6	(39,180)	(44,499)	(74,225)	(19,530)	(40,787)
Administrative expenses	6	(41,509)	(66,386)	(124,768)	(54,866)	(71,912)
Other income	7	670	721	1,276	491	638
Other expenses	8	(2,746)	(2,858)	(2,759)	(1,211)	(1,204)
Other gains — net	9	60,379	36,618	230,570	22,926	61,865
Operating profit/(loss)		142,059	193,766	542,684	(11,746)	344,958
Finance costs	11	—	(10,537)	—	—	—
Finance income	11	672	971	649	388	452
Finance income/(costs) — net	11	672	(9,566)	649	388	452
Share of results of a joint venture	16	—	—	(2,781)	—	(158)
Share of results of associates	17	(228)	(792)	(1,282)	(559)	(650)
Profit/(loss) before income tax		142,503	183,408	539,270	(11,917)	344,602
Income tax expense	12	(57,996)	(97,330)	(157,511)	(7,211)	(163,427)
Profit/(loss) for the year/period		84,507	86,078	381,759	(19,128)	181,175
Profit/(loss) attributable to:						
Owners of the Company		84,507	89,789	386,486	(18,113)	185,003
Non-controlling interests		—	(3,711)	(4,727)	(1,015)	(3,828)
		84,507	86,078	381,759	(19,128)	181,175
Other comprehensive (loss)/income for the year/period						
Items that may be reclassified to profit or loss						
— Currency translation differences		(29,123)	35,356	(24,550)	(7,168)	(6,574)
Other comprehensive (loss)/income for the year/period, net of tax		(29,123)	35,356	(24,550)	(7,168)	(6,574)
Total comprehensive income/(loss) for the year/period		55,384	121,434	357,209	(26,296)	174,601
Total comprehensive income/(loss) attributable to:						
Owners of the Company		55,384	125,145	361,936	(25,281)	178,429
Non-controlling interests		—	(3,711)	(4,727)	(1,015)	(3,828)
		55,384	121,434	357,209	(26,296)	174,601
Earnings per share(expressed in RMB per share)						
— Basic and diluted earnings per share	13	28,169	29,930	128,829	(6,038)	61,668

Note: The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolution passed on 13 November 2019 (note 42(ii)) as the proposed capitalisation issue has not become effective as at the date of this report.

(b) **Consolidated statements of financial position**

		As at 31 December			As at 30 June
	Notes	**2016**	**2017**	**2018**	**2019**
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
ASSETS					
Non-current assets					
Property, plant and equipment	18	342,165	339,133	330,837	326,206
Right-of-use assets	19	28,214	266,247	262,703	258,215
Investment properties	20	140,043	173,178	184,275	185,573
Intangible assets	21	1,439	1,249	1,854	2,374
Other receivables and prepayments	24	1,050	13,155	12,969	12,998
Deferred income tax assets	15	18,901	78,260	128,899	157,188
Investment in a joint venture	16	—	—	20,559	—
Investment in associates	17	37,400	36,608	35,326	31,090
		569,212	907,830	977,422	973,644
Current assets					
Inventories		372	1,713	1,816	1,745
Contract costs	5	29,158	36,620	47,745	55,301
Properties under development	22	783,868	2,150,046	3,221,273	3,814,974
Completed properties held for sale	23	392,225	221,038	535,301	1,444,581
Trade and other receivables and prepayments	24	128,265	381,016	218,283	259,696
Prepaid taxes	24	30,085	137,579	147,602	145,735
Financial assets at fair value through profit or loss	25	14,000	50,800	600	—
Restricted cash	26	54,694	112,868	264,546	499,468
Cash and cash equivalents	27	255,950	297,662	218,881	497,358
Amounts due from related parties	37	89,900	162,696	980,702	67,951
		1,778,517	3,552,038	5,636,749	6,786,809
Total assets		2,347,729	4,459,868	6,614,171	7,760,453
EQUITY					
Equity attributable to owners of the Company					
Share capital	28	—	—	—	—
Other reserves	29	26,025	74,857	62,643	56,069
Retained earnings	29	42,688	119,001	486,661	671,664
		68,713	193,858	549,304	727,733
Non-controlling interests		—	172,393	103,975	103,227
Total equity		68,713	366,251	653,279	830,960

	Notes	As at 31 December 2016	2017	2018	As at 30 June 2019
		RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	15	20,639	30,166	37,082	177,199
Bank and other borrowings	30	611,879	684,131	318,656	891,395
Lease liabilities	35	10,418	60,942	57,853	56,745
		642,936	775,239	413,591	1,125,339
Current liabilities					
Bank and other borrowings	30	120,909	437,414	439,436	776,607
Trade and other payables	31	958,211	2,189,698	3,900,146	3,570,488
Lease liabilities	35	4,055	3,431	2,120	2,039
Current income tax liabilities		14,496	58,542	85,466	91,682
Amounts due to related parties	37	538,409	629,293	1,120,133	1,363,338
		1,636,080	3,318,378	5,547,301	5,804,154
Total liabilities		2,279,016	4,093,617	5,960,892	6,929,493
Total equity and liabilities		2,347,729	4,459,868	6,614,171	7,760,453

(c) **The Company statements of financial position**

	Notes	**As at 31 December 2018** *RMB'000*	**As at 30 June 2019** *RMB'000*
ASSETS			
Non-current assets			
Investment in subsidiaries		549,382	549,382
Current assets			
Dividend receivables		—	192,736
Total assets		549,382	742,118
EQUITY			
Share capital	28	—	—
Other reserves	29	549,382	549,382
(Accumulated losses)/retained earnings	29	(78)	192,736
Total equity		549,304	742,118
LIABILITIES			
Current liabilities			
Other payables		78	—
Total liabilities		78	—
Total equity and liabilities		549,382	742,118

(d) **Consolidated statements of changes in equity**

	Attributable to owners of the Company					
	Share capital *RMB'000*	**Other reserves** *RMB'000*	**(Accumulated losses)/ retained earnings** *RMB'000*	**Sub-total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
Balance at 1 January 2016	—	(5,136)	(31,635)	(36,771)	—	(36,771)
Comprehensive income						
- Profit for the year	—	—	84,507	84,507	—	84,507
- Other comprehensive loss	—	(29,123)	—	(29,123)	—	(29,123)
Total comprehensive income/(loss)	—	(29,123)	84,507	55,384	—	55,384
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	—	10,184	(10,184)	—	—	—
Capital injections from ultimate controlling shareholder (Note 29(a))	—	50,100	—	50,100	—	50,100
Total transactions with owners	—	60,284	(10,184)	50,100	—	50,100
Balance at 31 December 2016	—	26,025	42,688	68,713	—	68,713
Balance at 1 January 2017	—	26,025	42,688	68,713	—	68,713
Comprehensive income						
- Profit/(loss) for the year	—	—	89,789	89,789	(3,711)	86,078
- Other comprehensive income	—	35,356	—	35,356	—	35,356
Total comprehensive income/(loss)	—	35,356	89,789	125,145	(3,711)	121,434
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	—	13,476	(13,476)	—	—	—
Capital injections from non-controlling interests (Note 36(a))	—	—	—	—	175,710	175,710
Acquisition of a subsidiary	—	—	—	—	394	394
Total transactions with owners	—	13,476	(13,476)	—	176,104	176,104
Balance at 31 December 2017	—	74,857	119,001	193,858	172,393	366,251

	Attributable to owners of the Company					
	Share capital	**Other reserves**	**(Accumulated losses)/ retained earnings**	**Sub-total**	**Non-controlling interests**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance at 1 January 2018	—	74,857	119,001	193,858	172,393	366,251
Comprehensive income						
- Profit/(loss) for the year	—	—	386,486	386,486	(4,727)	381,759
- Other comprehensive loss	—	(24,550)	—	(24,550)	—	(24,550)
Total comprehensive income/(loss)	—	(24,550)	386,486	361,936	(4,727)	357,209
Transactions with owners in their capacity as owners:						
Transfer to statutory reserves	—	18,826	(18,826)	—	—	—
Disposal of subsidiaries	—	—	—	—	(69,096)	(69,096)
Capital injections from non-controlling interests (Note 36(b))	—	—	—	—	4,405	4,405
Capital injections from ultimate controlling shareholder (Note 29(b))	—	9,800	—	9,800	—	9,800
Deemed distributions to ultimate controlling shareholder (Note 29(b))	—	(60,100)	—	(60,100)	—	(60,100)
Capitalisation of loan due to ultimate controlling shareholder (Note 29(c))	—	43,810	—	43,810	—	43,810
Acquisition of a subsidiary	—	—	—	—	1,000	1,000
Total transactions with owners	—	12,336	(18,826)	(6,490)	(63,691)	(70,181)
Balance at 31 December 2018	—	62,643	486,661	549,304	103,975	653,279
Balance at 1 January 2019	—	62,643	486,661	549,304	103,975	653,279
Comprehensive income						
- Profit/(loss) for the period	—	—	185,003	185,003	(3,828)	181,175
- Other comprehensive loss	—	(6,574)	—	(6,574)	—	(6,574)
Total comprehensive income/(loss)	—	(6,574)	185,003	178,429	(3,828)	174,601
Transactions with owners in their capacity as owners:						
Disposal of a subsidiary	—	—	—	—	54	54
Capital injections from non-controlling interests (Note 36(c))	—	—	—	—	3,026	3,026
Total transactions with owners	—	—	—	—	3,080	3,080
Balance at 30 June 2019	—	56,069	671,664	727,733	103,227	830,960

	Attributable to owners of the Company					
	Share capital *RMB'000*	**Other reserves** *RMB'000*	**(Accumulated losses)/ retained earnings** *RMB'000*	**Sub-total** *RMB'000*	**Non-controlling interests** *RMB'000*	**Total** *RMB'000*
(Unaudited)						
Balance at 1 January 2018	—	74,857	119,001	193,858	172,393	366,251
Comprehensive loss						
- Loss for the period	—	—	(18,113)	(18,113)	(1,015)	(19,128)
- Other comprehensive loss	—	(7,168)	—	(7,168)	—	(7,168)
Total comprehensive loss	—	(7,168)	(18,113)	(25,281)	(1,015)	(26,296)
Transactions with owners in their capacity as owners:						
Disposal of subsidiaries	—	—	—	—	(69,096)	(69,096)
Capital injections from non-controlling interests (Note 36(b))	—	—	—	—	4,405	4,405
Capital injection from ultimate controlling shareholder (Note 29(b))	—	9,800	—	9,800	—	9,800
Deemed distributions to ultimate controlling shareholder (Note 29(b))	—	(50,100)	—	(50,100)	—	(50,100)
Total transactions with owners	—	(40,300)	—	(40,300)	(64,691)	(104,991)
Balance at 30 June 2018	—	27,389	100,888	128,277	106,687	234,964

(e) **Consolidated statements of cash flows**

	Notes	Year ended 31 December 2016 RMB'000	2017 RMB'000	2018 RMB'000	Six months ended 30 June 2018 RMB'000 (Unaudited)	2019 RMB'000
Cash flows from operating activities						
Cash generated from/(used in) operations	32	333,126	(85,241)	42,848	432,310	(148,279)
Income tax paid		(59,633)	(128,390)	(189,660)	(155,756)	(158,616)
Interest paid		(40,771)	(56,940)	(63,003)	(35,588)	(56,124)
Net cash generated from/(used in) operating activities		232,722	(270,571)	(209,815)	240,966	(363,019)
Cash flows from investing activities						
Payments for acquisition of subsidiaries, net of cash acquired		(5,564)	(152,939)	(86,583)	—	(157,594)
Proceeds from disposal of subsidiaries, net of cash disposed of	39	—	—	635,200	103,928	77,853
Purchases of property, plant and equipment		(176,896)	(12,976)	(8,947)	(2,869)	(4,618)
Proceeds from disposal of property, plant and equipment	32(b)	—	165	243	52	—
Purchases of investment properties		(81,071)	—	—	—	—
Purchases of intangible assets		(1,482)	(207)	(1,096)	(45)	(806)
Net cash (outflow)/inflow from financial assets at fair value through profit or loss		(14,000)	(36,800)	37,200	(24,300)	600
Investment in an associate		(37,628)	—	(24,500)	(24,500)	—
Investment in a joint venture		—	—	(23,340)	—	—
Cash advanced to related parties		(13,200)	(75,796)	(287,241)	(8,688)	—
Cash repayments from related parties		—	—	—	—	891,000
Payments to original shareholder and non-controlling interest of a subsidiary acquired	31(b)	—	—	—	—	(715,152)
Interest received on financial assets at fair value through profit or loss		1,409	3,593	9,123	6,760	870
Interest received		672	971	649	388	452
Net cash (used in)/generated from investing activities		(327,760)	(273,989)	250,708	50,726	92,605

	Notes	Year ended 31 December 2016 RMB'000	2017 RMB'000	2018 RMB'000	Six months ended 30 June 2018 RMB'000 (Unaudited)	2019 RMB'000
Cash flows from financing activities						
Proceeds from borrowings	32(c)	384,950	510,649	262,502	25,312	905,968
Repayment of borrowings	32(c)	(93,850)	(168,192)	(690,735)	(245,379)	(406,998)
Advances from related parties		—	93,784	566,077	143,092	271,097
Repayments of related parties		(28,346)	—	—	—	—
Deemed distributions to ultimate controlling shareholder		—	—	(60,100)	(50,100)	—
Capital injection from non-controlling interests		—	175,710	4,405	4,405	3,026
Capital injection from ultimate controlling shareholder		50,100	—	9,800	9,800	—
Payment for listing related expenses		—	—	(1,932)	(1,056)	(1,473)
Increase in restricted cash for securing bank borrowings		—	—	(208,561)	—	(221,451)
Lease payment	32(c)	(2,078)	(21,232)	(9,327)	(6,725)	(1,352)
Net cash generated from/(used in) financing activities		310,776	590,719	(127,871)	(120,651)	548,817
Net increase/(decrease) in cash and cash equivalents		215,738	46,159	(86,978)	171,041	278,403
Exchange gains/(losses) on cash and cash equivalents		8,803	(4,447)	8,197	811	74
Cash and cash equivalents at beginning of year/period		31,409	255,950	297,662	297,662	218,881
Cash and cash equivalents at end of year/period	27	255,950	297,662	218,881	469,514	497,358

II. NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1 General information, reorganisation and basis of presentation

1.1 *General information*

The Company was incorporated in the Cayman Islands on 2 November 2018 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is Cricket Square, Hutchins Drive, PO Box 2618, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. The Company and its subsidiaries (the "Group") are principally engaged in property development, property management, hotel operations and commercial property investment in the People's Republic of China (the "PRC") (the "Listing Business"). The ultimate holding company of the Company is Sze Ming Limited ("Sze Ming"). The ultimate controlling shareholder of the Company is Mr. Chan Sze Ming Michael ("Mr. Michael Chan").

1.2 *Reorganisation*

Prior to the completion of the reorganisation (the "Reorganisation"), the Listing Business was carried out by Jingye Holdings Limited (景業控股有限公司) (the "Jingye Holdings") and its subsidiaries, Jingye Health Industry Holdings Limited (景業健康產業控股有限公司) (the "Jingye Health Industry Holdings") and its subsidiaries, Shunbang Investment Management Holdings Limited (舜邦投資管理控股有限公司) (the "Shunbang Holdings") and its subsidiaries, Guangzhou Shun'an Health Industry Management Co., Ltd. (廣州市舜安健康產業管理有限公司) (the "Guangzhou Shun'an") and its subsidiary, Guangzhou Zhuosidao Hotel Management Co., Ltd. (廣州卓思道酒店管理有限公司) (the "Guangzhou Just Stay") and Guangzhou Shunbang Investment Management Co.,Ltd. (廣州市舜邦投資管理有限公司) (the "Guangzhou Shunbang") (collectively, the "Operating Entities"). The Operating Entities, which constitute the Listing Business, were wholly owned by Mr. Michael Chan directly or indirectly through Ms. Tan Yuxing and Ms. Su Lifen (the "Nominees"; Guangzhou Shun'an, Guangzhou Just Stay and Guangzhou Shunbang were held by the Nominees on behalf of Mr. Michael Chan) before reorganisation.

In preparation for the initial listing of the shares of the Company on The Main Board of The Stock Exchange of Hong Kong Limited (the "Listing"), the Group underwent the Reorganisation as follows:

(i) On 7 December 2017, Jingye Holdings acquired 100% equity interest in Jingye Health Industry Holdings from Mr. Michael Chan. As a result, Jingye Health Industry Holdings became a wholly-owned subsidiary of Jingye Holdings.

On 30 May 2018, Guangdong Jingye Health Industry Development Co., Ltd., ("Jingye Health") a wholly-owned subsidiary of Jingye Health Industry Holdings, acquired the entire equity interest in Guangzhou Shun'an from the Nominees. As a result, Guangzhou Shun'an became a wholly-owned subsidiary of Jingye Holdings.

(ii) On 23 April 2018, Shunbang Corporate Management (Guangzhou) Co., Ltd. ("Shunbang Corporate Management") was incorporated in the PRC by Shunbang Investment Management (HK) Limited ("Shunbang (HK)"), a wholly-owned subsidiary of Shunbang Holdings.

On 25 April 2018, Shunbang Corporate Management acquired 80% equity interest of Guangzhou Shunbang by capital injection of RMB40 million.

On 28 May 2018, Jingye Holdings acquired 100% equity interest in Shunbang Holdings from Mr. Michael Chan. As a result, Shunbang Holdings became a wholly-owned subsidiaries of Jingye Holdings.

On 27 July 2018, Shunbang Corporate Management acquired remaining 20% equity interest of Guangzhou Shunbang from the ultimate controlling shareholder through the Nominees by consideration of RMB10 million. Upon the acquisition, Guangzhou Shunbang became a wholly-owned subsidiary of Shunbang Holdings.

(iii) On 27 March 2018, Zhuosidao Hotel Management Holdings Limited ("Zhuosidao Hotel Management Holdings") was incorporated in the British Virgin Islands ("BVI"). On 20 April 2018, one share was issued and allotted to Jingye Holdings.

On 30 April 2018, Jingye Hotel Management (HK) Limited ("Jingye Hotel Management (HK)") was incorporated in Hong Kong. On the same date, 10 shares in Jingye Hotel Management (HK) were issued and allotted to Zhuosidao Hotel Management Holdings.

On 15 June 2018, Jingye Hotel Management (HK) acquired the entire equity interest in Guangzhou Just Stay from the Nominees. As a result, Guangzhou Just Stay became an indirect wholly-owned subsidiary of Jingye Holdings.

(iv) On 4 September 2018, Chan S. M. Michael Family Trust was setup in the BVI by Mr. Michael Chan who is the settlor and the protector, with IQ EQ (BVI) Limited acting as the trustee.

(v) On 14 September 2018, Sze Ming Limited (思銘有限公司) ("Sze Ming") was incorporated in the BVI. On the same date, Sze Ming issued and allotted 1,000 shares to IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust.

(vi) On 2 November 2018, the Company was incorporated in the Cayman Islands. On the same date, one share of Hong Kong Dollar ("HK$") 0.01 was allotted and issued to a third party initial subscriber and transfer to Sze Ming.

(vii) On 28 December 2018, Mr. Michael Chan and the Company entered into an agreement for the sale and purchase of the entire issued share capital and the assignment of the shareholder loan in the amount of HK$50 million (RMB43.8 million) due from Jingye Holdings, in consideration of the Company allotting and issuing two shares to Sze Ming. On the same date, Jingye Holdings and the Company entered into a deed of loan capitalisation, pursuant to which Jingye Holdings repaid the loan of HK$50 million (RMB43.8 million) owed by Jingye Holdings to the Company by allotment and issue of 100 shares of Jingye Holdings to the Company. Upon completion of the agreement and the deed, Jingye Holdings became a wholly-owned subsidiary of the Company.

(viii) On 12 November 2019, the Company repaid the loan in the approximately amount of HK$515.7 million (RMB453.9 million) owed by the Company to Mr. Michael Chan by the allotment and issue of one Share to Sze Ming as directed by Mr. Michael Chan.

Upon the completion of the Reorganisation, the Company became the holding company of the Operating Entities.

The subsidiaries in which the Company had direct or indirect interests upon completion of the Reorganisation and as at the date of this report are set out in Note 38.

1.3 ***Basis of presentation***

Immediately prior to and after the Reorganisation, the Listing Business, which is mainly conducted through the Operating Entities, were controlled by Mr. Michael Chan. Pursuant to the Reorganisation, the business of the Operating Entities, were transferred to and held by the Company. As the Company had not been involved in any other business prior to the Reorganisation and does not meet the definition of a business, the Reorganisation is regarded as a business combination under common control and the ultimate controlling shareholder of the Listing Business remains the same.

Accordingly, the Group resulting from the Reorganisation is regarded as a continuance of the Listing Business under the Operating Entities and, for the purpose of this report, the Historical Financial Information has been prepared and presented as a continuation of the consolidated financial statements of the operating entities, with the assets and liabilities of the Group recognised and measured as the carrying amount of the Listing Business under the consolidated financial statements of the Operating Entities for the years presented.

Inter-company transactions, balances and unrealised gains/losses on transactions between group companies are eliminated on consolidation.

2 **Summary of significant accounting policies**

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 ***Basis of preparation***

The Historical Financial Information has been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRS") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

The Historical Financial Information have been prepared under the historical cost convention, as modified by the revaluation of financial assets at fair value through profit or loss and investment properties, which are carried at fair value.

The preparation of Historical Financial Information in conformity with HKFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 4.

HKFRS 9, "Financial instruments" and HKFRS 15, "Revenue from contracts with customers" are effective for annual periods beginning on or after 1 January 2018. HKFRS 16 "Leases" is effective for annual/periods beginning on or after 1 January 2019 and early adopted by the Group. The Group has applied HKFRS 9, HKFRS 15 and HKFRS 16 consistently throughout the Track Record Period.

The following new standards, amendments to existing standards and interpretation to existing standards that have been published but are not effective for the Track Record Period and have not been early adopted.

		Effective for accounting periods beginning on or after
Amendments to HKFRS 10 and HKAS 28	Sale or contribution of assets between an investor and its associate and joint venture	effective date to be determined
Amendments to HKAS 1 and HKAS 8	Definition of material	1 January 2020
Amendments to HKFRS 3	Definition of a business	1 January 2020
Conceptual Framework for Financial Reporting 2018	Revised conceptual framework for financial reporting	1 January 2020
HKFRS 17	Insurance contracts	1 January 2021

The Group's assessment of these new standards did not identify a significant impact on the Group's financial performance and position.

2.2 ***Subsidiaries***

2.2.1 *Consolidation*

A subsidiary is an entity (including a structured entity) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

(a) Business combination

Business combinations not under common control

The Group applies the acquisition method to account for business combinations not under common control. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by acquisition basis. Non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation are measured at either fair value or the present ownership interests' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRS. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in profit or loss. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Intra-group transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

The Historical Financial Information incorporates the financial statement items of the combining entities or businesses in which the common control combination occurs as if they had been consolidated from the date when the combining entities or businesses first came under the control of the controlling party.

The net assets of the combining entities or businesses are consolidated using the existing book values from the controlling party's perspective. No amount is recognised in respect of goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of common control combination, to the extent of the continuation of the controlling party's interest.

The consolidated income statements and the consolidated statements of comprehensive income include the results of each of the combining entities or businesses from the earliest date presented or since the date when the combining entities or businesses first came under the common control, where this is a shorter period, regardless of the date of the common control consolidation.

A uniform set of accounting policies is adopted by those entities. All intra-group transactions, balances and unrealised gains on transactions between combining entities or business are eliminated on consolidation.

(b) Changes in ownership interests in subsidiaries without change of control

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions-that is, as transactions with the owners of the subsidiary in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(c) Disposal of subsidiaries

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss or transferred to another category if equity as specified/permitted by applicable HKFRSs.

2.2.2 *Separate financial statements*

Investment in subsidiaries are accounted for at cost less impairment. Cost includes direct attributable costs of investment. The results of subsidiaries are accounted for by the Company on the basis of dividend received and receivable.

Impairment testing of the investments in subsidiaries is required upon receiving a dividend from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the period the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the consolidated financial statements of the investee's net assets including goodwill.

2.3 ***Associates***

An associate is an entity over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting after initially being recognised at cost. Under the equity method, the investment is initially recognised at cost, and the carrying amount is increased or decreased to recognise the investor's share of the profit or loss of the investee after the date of acquisition. The Group's investment in associates includes goodwill identified on acquisition. Upon the acquisition of the ownership interest in an associate, any difference between the cost of the associate and the Group's share of the net fair value of the associate's identifiable assets and liabilities is accounted for as goodwill.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognised in other comprehensive income is reclassified to profit or loss where appropriate.

The Group's share of post-acquisition profit or loss is recognised in the profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognises the amount adjacent to 'share of results of an associate' in the statement of comprehensive income.

Profits and losses resulting from upstream and downstream transactions between the Group and its associate are recognised in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealised losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. Gains or losses on dilution of equity interest in associates are recognised in profit or loss.

2.4 ***Joint arrangements***

Investments in joint arrangements are classified as either joint operations or joint ventures. The classification depend on the contractual rights and obligations of each investor, rather than the legal structure of the joint arrangement. The Group has assessed the nature of its joint arrangements and determined them to be joint ventures. Joint ventures are accounted for using the equity method.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. The Group's investments in joint ventures include goodwill identified on acquisition. Upon the acquisition of the ownership interest in a joint venture, any difference between the cost of the joint venture and the Group's share of the net fair value of the joint venture's identifiable assets and liabilities is accounted for as goodwill. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint ventures.

The Group determines at each reporting date whether there is any objective evidence that the investment in the joint venture is impaired. If this is the case, the Group calculates the amount of impairment as the difference between the recoverable amount of the joint venture and its carrying value and recognise the amount adjacent to "share of results of a joint venture" in profit or loss.

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group.

2.5 ***Segment reporting***

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker ("CODM"). The CODM, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that makes strategic decisions.

2.6 ***Foreign currency translation***

(a) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements is presented in RMB, which is the Company's functional and the Group's presentation currency.

(b) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the profit or loss.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss, within 'finance cost — net'. All other foreign exchange gains and losses are presented in profit or loss on a net basis within 'Other gains — net'.

Changes in the fair value of debt securities denominated in foreign currency classified as fair value through other comprehensive income are analysed between translation differences resulting from changes in the amortised cost of the security and other changes in the carrying amount of the security. Translation differences related to changes in amortised cost are recognised in profit or loss, and other changes in carrying amount are recognised in other comprehensive income.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as fair value through other comprehensive income, are included in other comprehensive income.

(c) *Group entities*

The results and financial positions of some group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

— assets and liabilities for each statement of financial position of the group entities are translated at the closing rate at the date of that statement of financial position;

— income and expenses for each statement of comprehensive income are translated at average exchange rates (unless this is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

— all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at closing rate. Exchange differences arising are recognised in other comprehensive income.

2.7 ***Property, plant and equipment***

Property, plant and equipment are stated at historical cost less depreciation and any impairment loss. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

Depreciation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Buildings	20-70 years
Vehicles and machinery	3-5 years
Others	3-10 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'Other gains — net' in profit or loss.

Assets under construction are stated at historical cost less any impairment loss. Historical cost includes expenditure that is directly attributable to the development of the assets which comprises construction costs, amortisation of lands during the construction period, borrowing costs on qualifying assets and professional fees incurred during the development period. On completion, the assets are transferred to buildings within property, plant and equipment.

No depreciation is provided for assets under construction. The carrying amount of an asset under construction is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.10).

2.8 ***Intangible assets***

Intangible assets mainly comprised of computer software, which are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives of 2 to 5 years. Costs associated with maintaining computer software programs are recognised as an expense as incurred.

2.9 ***Investment properties***

Investment properties, principally comprising retail properties, are held for long-term rental yields or for capital appreciation or both, and that are not occupied by the Group. They also include properties that are being constructed or developed for future use as investment properties. Land held under leases are accounted for as investment properties when the rest of the definition of an investment property is met. Investment property is initially measured at cost, including related transaction costs and where applicable borrowing costs.

After initial recognition, investment property is carried at fair value, representing open market value determined at each statement of financial position date by external valuer. Property that is being constructed or developed for future use as investment property is classified as investment property under construction. If the fair value cannot be reliably determined, the investment property under construction will be measured at cost until such time as fair value can be determined. Fair value is based on active market prices, adjusted, if necessary, for any difference in the nature, location or condition of the specific asset. If this information is not available, the Group uses alternative valuation methods such as recent prices on less active markets or discounted cash flows projections. Investment property that is being redeveloped for continuing use as investment property, or for which the market has become less active, continues to be measured at fair value.

It may sometimes be difficult to determine reliably the fair value of the investment property under construction. In order to evaluate whether the fair value of an investment property under construction can be determined reliably, management considers the following factors, among others:

- The provisions of the construction contract.
- The stage of completion.
- Whether the project/property is standard (typical for the market) or non-standard.
- The level of reliability of cash inflows after completion.
- The development risk specific to the property.
- Past experience with similar constructions.
- Status of construction permits.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in light of current market conditions.

The fair value also reflects, on a similar basis, any cash outflows that could be expected in respect of the property. Some of those outflows are recognised as a liability, including finance lease liabilities in respect of land, if any, classified as investment property; others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed in the profit or loss during the financial period in which they are incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Changes in fair values of investment property are recognised as 'Other gains — net' in the consolidated statement of comprehensive income.

Completed properties held for sale are transferred to investment properties when it is evidenced by a change in use. Any difference between the fair value of the property at the date of transfer and its previous carrying amount shall be recognised in profit or loss.

If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment, and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of owner-occupied property becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer is treated in the same way as a revaluation under HKAS 16. Any resulting increase in the carrying amount of the property is recognised in the profit or loss to the extent that it reverses a previous impairment loss, with any remaining increase recognised in other comprehensive income and charged directly to revaluation reserves within equity. Any resulting decrease in the carrying amount of the property is charged to the profit or loss.

2.10 ***Impairment of non-financial assets***

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating unit). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.11 ***Inventories***

Inventories mainly comprise of hotel goods, which are stated at the lower of cost and net realisable value. Cost is determined using the weighted average costs method. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale.

2.12 ***Properties under development and completed properties held for sale***

2.12.1 *Properties under development*

Properties under development are stated at the lower of cost and net realisable value. Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses and the anticipated costs to completion, or by management estimates based on prevailing marketing conditions.

Development cost of property mainly comprises cost of land use rights, construction costs, borrowing costs capitalised for qualifying assets and professional fees incurred during the development period. On completion, the properties are transferred to completed properties held for sale.

Properties under development are classified as current assets when the construction of the relevant properties commences unless the construction period of the relevant property development project is expected to complete beyond normal operating cycle. The normal operating cycle is usually between 2 and 3 years.

2.12.2 *Completed properties held for sale*

Completed properties remaining unsold at reporting period end are stated at the lower of cost and net realisable value.

Cost comprises development costs attributable to the unsold properties.

Net realisable value is determined by reference to the sale proceeds of properties sold in the ordinary course of business, less applicable variable selling expenses, or by management estimates based on prevailing marketing conditions.

2.13 ***Financial assets***

2.13.1 *Classification*

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss); and

- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or other comprehensive income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income.

The Group reclassifies debt investments when and only when its business model for managing those assets changes.

2.13.2 *Recognition and measurement*

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

At initial recognition, the Group 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 that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the consolidated statement of comprehensive income.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are two measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. A gain or loss on a debt investment that is subsequently measured at amortised cost and is not part of a hedging relationship is recognised in the consolidated statement of comprehensive income when the asset is derecognised or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost is measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the consolidated statement of comprehensive income within 'other gains — net' in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in other comprehensive income, there is no subsequent reclassification of fair value gains and losses to the consolidated statement of comprehensive income. Dividends from such investments continue to be recognised in the consolidated statement of comprehensive income as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at fair value through profit or loss are recognised in 'other gains — net' in the consolidated statement of comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at financial assets at fair value through other comprehensive income are not reported separately from other changes in fair value.

2.14 ***Impairment of financial assets***

The Group assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost.

Expected credit losses are a probability-weighted estimate of credit losses (i.e. the present value of all cash shortfalls) over the expected life of the financial assets.

For trade receivables and contract assets, the Group applies the simplified approach permitted by HKFRS 9, which requires expected lifetime losses to be recognised from initial recognition of the assets. The provision matrix is determined based on historical observed default rates over the expected life of the contract assets and trade receivables with similar credit risk characteristics and is adjusted for forward-looking estimates. At every reporting date the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

Impairment on other receivables from third parties and related parties are measured as either 12-month expected credit losses or lifetime expected credit losses, depending on whether there has been a significant increase in credit risk since initial recognition. If a significant increase in credit risk of a receivable has occurred since initial recognition, then impairment is measured as lifetime expected credit losses.

2.15 ***Offsetting financial instruments***

Financial assets and liabilities are offset and the net amount reported in the consolidated balance sheets when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

2.16 ***Land use rights under properties under development and completed properties held for sale***

Land use rights acquired and held for development for sale are inventories and measured at lower of cost and net realisable value, of which those within normal operating cycle are included in properties under development or completed properties held for sale.

2.17 ***Trade and other receivables***

Trade receivables are amounts due from customers for properties sold or services performed in the ordinary course of business. If collection of trade and other receivables and prepayments is expected in one year or less (or in the normal operating cycle if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment. See Note 3.1 for a description of the Group's impairment policies.

2.18 ***Contract assets and liabilities and costs for obtaining contracts***

Upon entering into a contract with a customer, the Group obtains rights to receive consideration from the customer and assumes performance obligations to transfer goods or services to the customer. The combination of those rights and performance obligations gives rise to a net asset or a net liability depending on the relationship between the remaining rights and the performance obligations. The contract is an asset and recognised as contract assets if the measure of the remaining conditional rights to consideration exceeds the satisfied performance obligations. Conversely, the contract is a liability and recognised as contract liabilities if the measure of the remaining performance obligations exceeds the measure of the remaining rights.

The Group recognises the incremental costs of obtaining a contract with a customer within contract costs if the Group expects to recover these costs.

2.19 ***Cash and cash equivalents and restricted cash***

Cash and cash equivalents include cash in hand and at banks and deposits held at call with banks, other short-term highly liquid investment with original maturities of three months or less.

Bank deposits which are restricted to use are included in 'Restricted cash'. Restricted cash are excluded from cash and cash equivalents in the consolidated statement of cash flows.

2.20 ***Share capital***

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

2.21 ***Trade and other payables***

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

2.22 ***Borrowings***

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are removed from the statements of financial position when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.23 ***Borrowing costs***

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as 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 eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Borrowing costs include interest expense, finance charges in respect of finance lease and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. The exchange gains and losses that are an adjustment to interest costs include the interest rate differential between borrowing costs that would be incurred if the entity had borrowed funds in its functional currency, and the borrowing costs actually incurred on foreign currency borrowings. Such amounts are estimated based on forward currency rates at the inception of the borrowings.

When the construction of the qualifying assets takes more than one accounting period, the amount of foreign exchange differences eligible for capitalisation is determined on a cumulative basis based on the cumulative amounts of interest expenses that would have been incurred had the entity borrowed in its functional currency. The total amount of foreign exchange differences capitalised cannot exceed the amount of total net foreign exchange differences incurred on a cumulative basis at the end of the reporting period.

2.24 ***Current and deferred income tax***

The tax expense for the period comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

(a) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the consolidated statement of financial position date in the countries where the Group's entities operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(b) *Deferred income tax*

Inside basis differences

Deferred income tax is recognised, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognised if they arise from the initial recognition of goodwill. The deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax liabilities are provided on taxable temporary differences arising from investments in subsidiaries, associates and joint arrangements, except for deferred income tax liability where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Generally the Group is unable to control the reversal of the temporary difference for associates and joint ventures. Only when there is an agreement in place that gives the Group the ability to control the reversal of the temporary difference in the foreseeable future, deferred income tax liability in relation to taxable temporary differences arising from the joint venture's or associate's undistributed profits is not recognised.

Deferred income tax assets are recognised on deductible temporary differences arising from investments in subsidiaries only to the extent that it is probable the temporary difference will reverse in the future and there is sufficient taxable profit available against which the temporary difference can be utilised.

(c) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.25 ***Employee benefits***

(a) *Pension obligations*

The Group only operates defined contribution pension plans. In accordance with the rules and regulations in the PRC, the PRC based employees of the Group participate in various defined contribution retirement benefit plans organised by the relevant municipal and provincial governments in the PRC under which the Group and the PRC based employees are required to make monthly contributions to these plans calculated as a percentage of the employees' salaries. The municipal and provincial governments undertake to assume the retirement benefit obligations of all existing and future retired PRC based employees' payable under the plans described above. Other than the monthly contributions, the Group has no further obligation for the payment of retirement and other post-retirement benefits of its employees. The assets of these plans are held separately from those of the Group in independently administrated funds managed by the PRC government.

The Group's contributions to the defined contribution retirement scheme are expensed as incurred.

(b) *Housing funds, medical insurances and other social insurances*

PRC employees of the Group are entitled to participate in various government supervised housing funds, medical insurance and other social insurance plan. The Group contributes to these funds based on certain percentages of the salaries of these employees on a monthly basis. The Group's liability in respect of these funds is limited to the contribution payable in each period. Contributions to the housing funds, medical insurances and other social insurances are expensed as incurred.

(c) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(d) *Mandatory Provident Fund Scheme*

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employee make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

2.26 ***Provisions and contingent liabilities***

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the financial statements. When a change in the probability of an outflow occurs so that outflow is probable, it will then be recognised as a provision.

2.27 ***Revenue recognition***

Revenue is measured at the fair value of the consideration received or receivable for the sales of properties in the PRC and services in the ordinary course of the Group's activities. Revenue is shown net of discounts and after eliminating sales with the Group companies. The Group recognises revenue when specific criteria have been met for each of the Group's activities, as described below.

(a) *Sales 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 transfer over time or at a point in time. Control of the asset is transferred over time if the Group's performance:

- provides all of the benefits received and consumed simultaneously by the customer; or
- creates and enhances an asset that the customer controls as the Group performs; or
- do not create an asset with an alternative use to the Group and the Group has an enforceable right to payment for performance completed to date.

If control of the asset transfers over time, revenue is recognised over the period of the contract by reference to the progress towards complete satisfaction of that performance obligation. Otherwise, revenue is recognised at 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 determine the transaction price, the Group adjusts the promised amount of consideration for the effect of a financing component if it is significant. For property development and 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 or the legal title of the completed property and the Group has present right to payment and the collection of the consideration is probable.

(b) *Hotel operations*

Revenue from hotel operations is recognised in the accounting period in which the services are rendered.

(c) *Rental income*

Rental income from properties leasing under operating leases is recognised on a straight-line basis over the terms of lease.

(d) *Property management*

Revenue from rendering of property management services are recognised in the accounting period in which the related services are rendered.

(e) *Financial components*

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

2.28 ***Dividend income***

Dividends are recognised as revenue when the right to receive payment is established.

2.29 ***Leases***

The Group leases various lands, buildings and equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Leases are recognised as a right-of-use asset and corresponding liability at the date of which the leased asset is available for use by the Group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- Fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- Variable lease payments that are based on an index or a rate;
- Amounts expected to be payable by the lessee under residual value guarantees; and
- The exercise price of a purchase option if the lessee is reasonably certain to exercise that option.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liabilities
- any lease payments made at or before the commencement date less any lease incentive received
- any initial direct costs, and
- restoration costs

Payments associated with short-term leases and leases of low-value assets are recognised on a straight-line basis over the lease term as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise office equipment below USD5,000.

(a) *Variable lease payments*

Variable lease payments based on an index or a rate are initially measured using the index or the rate at the commencement date. The Group does not forecast future changes of the index/rate; these changes are taken into account when the lease payments change. Variable lease payments that are not based on an index or a rate are not part of the lease liabilities, but they are recognised in the consolidated statements of comprehensive income when the event or condition that triggers those payments occurs.

(b) *Extension and termination options*

Extension and termination options are included in a number of property and equipment leases across the Group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable upon fulfilment of certain notice period. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise such options. The assessment is reviewed if a significant event or a significant change in circumstances occurs which affects this assessment.

(c) *Residual value guarantees*

To optimise lease costs during the contract period, the Group sometimes provides residual value guarantees in relation to equipment leases. The Group initially estimates and recognises amounts expected to be payable under residual value guarantees as part of the lease liabilities. The amounts are reviewed, and adjusted if appropriate, at the end of each reporting period.

2.30 ***Dividend distribution***

Dividend distribution to the owners of the Company is recognised as a liability in the Group's financial statements in the period in which the dividends are approved by the owners or directors of the Company where appropriate.

2.31 ***Financial guarantee contracts***

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability initially measured at fair value and subsequently at the higher of:

- the amount determined in accordance with the expected credit loss model under HKFRS 9, 'Financial Instruments'; and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of HKFRS 15 'Revenue from Contracts with Customers'.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of associates are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

2.32 ***Earnings per share***

(a) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

The profit attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year, adjusted for bonus elements in ordinary shares issued during the year and excluding treasury shares.

(b) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

The after income tax effect of interest and other financing costs associated with dilutive potential ordinary shares, and the weighted average number of additional ordinary shares that would have been outstanding assuming the conversion of all dilutive potential ordinary shares.

3 **Financial risk management**

The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, cash flow and fair value interest rate risks), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

3.1 ***Financial risk factors***

3.1.1 *Foreign exchange risk*

The Group's businesses are principally conducted in RMB. As at 31 December 2016, 2017, 2018 and 30 June 2019, major non-RMB assets and liabilities are cash and cash equivalent, restricted cash, trade and other receivables and prepayments, amounts due from related parties, trade and other payables, amounts due to related parties and borrowings, which are denominated in HK$ or US Dollar ("USD"). Fluctuation of the exchange rate of RMB against HK$ or USD could affect the Group's results of operations. The Group has not entered into any forward exchange contracts to hedge its exposure to foreign exchange risk.

The carrying amount of the Group's foreign currency denominated monetary assets and liabilities at the respective dates of consolidated statements of financial position are as follows:

				As at
	As at 31 December			**30 June**
Financial assets	**2016**	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
HK$	4,895	7,033	97,656	68,375
USD	—	—	211,209	452,271
	4,895	7,033	308,865	520,646

				As at
	As at 31 December			**30 June**
Financial liabilities	**2016**	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
HK$	631,950	792,799	1,151,984	1,745,529

The following table shows the sensitivity analysis of a 5% change in RMB against the relevant foreign currencies. The sensitivity analysis includes only foreign currency denominated monetary items and adjusts their translation at the year-end for a 5% change in foreign currency rates. If there is a 5% strengthened/weakened in RMB against the relevant currencies, the effects of total comprehensive income for the periods are as follows:

	Change of total comprehensive income increase/(decrease)			
	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB against HK$:				
Strengthened by 5%	23,515	29,466	39,537	62,893
Weakened by 5%	(23,515)	(29,466)	(39,537)	(62,893)

	Change of total comprehensive income (decrease)/increase			
	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB against USD:				
Strengthened by 5%	—	—	(7,920)	(16,960)
Weakened by 5%	—	—	7,920	16,960

3.1.2 *Cash flow and fair value interest rate risks*

The Group's interest rate risks arise from long-term borrowings. Borrowings obtained at fixed rates expose the Group to fair value interest rate risk. Borrowings obtained at floating rates expose the Group to cash flow interest rate risk which is partially offset by cash held at floating rates.

As at 31 December 2016, 2017, 2018 and 30 June 2019, bank and other borrowings of the Group bearing floating interest rates amounted to approximately RMB732,788,000, RMB1,121,545,000, RMB558,092,000 and RMB1,268,002,000, respectively. As at 31 December 2016, 2017, 2018 and 30 June 2019, if interest rates on borrowings at floating rates had been 50 basis points higher/lower with all other variables held constant, interest charges for the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019 would increase/decrease by approximately RMB3,664,000, RMB5,608,000, RMB2,790,000 and RMB6,340,000, respectively, most of which would have been capitalised in qualified assets.

3.1.3 *Credit risk*

The Group has no concentrations on credit risk. The Group's maximum exposure to credit risk in relation to financial assets is the carrying amounts of cash and cash equivalents (excluding cash on hand), restricted cash, trade and other receivables, amounts due from related parties and financial assets at fair value through profit or loss shown in the consolidated balance sheets.

Cash transactions are limited to high credit quality institutions. Deposits are only placed with reputable banks.

For the trade receivables arising from sales of properties, the Group closely monitors repayment progress of the customers in accordance with the terms as specified in the enforceable contracts. The Group has set up policies to ensure follow-up action is taken to recover overdue debts. The Group typically provides guarantees to banks in connection with the customers' borrowing of mortgage loans to finance their purchase of properties for an amount up to 50% to 70% of the total purchase price of the properties. If a purchaser defaults on the payment of its mortgage during the term of the guarantee, the bank holding the mortgage may demand the Group to repay the outstanding amount under the loan and any accrued interest thereon. Under such circumstances, the Group is able to retain the property sales proceeds received from the customers and sell the property to recover any amounts paid by the Group to the bank.In this regard, the directors of the Company consider that the Group's credit risk is minimal. Detailed disclosure of these guarantees is made in Note 33. The Group managed the credit risk by fully receiving cash or properly arranging the purchasers' mortgage loans financing procedures before delivery of properties unless strong credit records of the customers could be established. The Group closely monitors the collection of progress payments from customers in accordance with payment schedule agreed with customers. The Group has policies in place to ensure that sales are made to purchasers with an appropriate financial strength and appropriate percentage of down payments.

For the trade receivables arising from hotel operating and commercial property, due to the aging of receivables is totally under 90 days, and no bad debt is found in history, the Group considers that the credit risk is immaterial.

For other receivables and amounts due from related parties, the Group assessed the credit quality of the counter parties by taking into account their financial position, credit history and other factors. Management also regularly reviews the recoverability of these receivables and follow up the disputes or amounts overdue, if any. The directors are of the opinion that the risk of default by counter parties is low.

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forward-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating

- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations

- actual or expected significant changes in the operating results of the borrower

- significant increases in credit risk on other financial instruments of the same borrower

- significant changes in the expected performance and behaviour of the borrower, including changes in the payment status of borrowers in the Group and changes in the operating results of the borrower.

The Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of receivables and adjusts for forward looking macroeconomic data. The loss allowance provision for the Group's financial assets were not material during the Track Record Period.

(i) *Trade receivables*

The Group applies the simplified approach to providing for expected credit losses prescribed by HKFRS 9, which permits the use of the lifetime expected loss provision for all trade receivables from third parties and related parties.

To measure the expected credit losses of trade receivables, trade receivables have been grouped based on shared credit risk characteristics and the days of initial recognition.

Management has closely monitored the credit qualities and the collectability of trade receivables and considers that the expected credit loss is immaterial with the expected credit loss rate being close to zero. No loss allowance provision is made for trade receivables during the Track Record Period.

(ii) *Other receivables and amounts due from related parties*

Other financial assets at amortised cost include other receivables from third parties and amounts due from related parties.

For amounts due from related parties that are receivable on demand, expected credit losses are based on the assumption that repayment of the loan is demanded at the reporting date. As the borrower has sufficient accessible highly liquid assets in order to repay the loan if demanded at the reporting dates, the expected credit loss is likely to be immaterial. For other categories of other receivables have a low risk of default and the counterparty has a strong capacity to meet its contractual cash flow obligations in the near term, the Group considered them to have low credit risk, and thus the loss allowance is immaterial.

The loss allowance provision for other receivables from third parties as at 31 December 2016, 2017, 2018 and 30 June 2019 reconcile to the opening loss allowance for that provision as follows:

	Other receivables *RMB'000*
Year ended 31 December 2016	
At 1 January 2016	107
Provision for loss allowance recognised in profit or loss	34
At 31 December 2016	141
Year ended 31 December 2017	
At 1 January 2017	141
Provision for loss allowance recognised in profit or loss	336
At 31 December 2017	477
Year ended 31 December 2018	
At 1 January 2018	477
Provision for loss allowance recognised in profit or loss	170
At 31 December 2018	647
Period ended 30 June 2019	
At 1 January 2019	647
Provision for loss allowance recognised in profit or loss	(78)
At 30 June 2019	569

For the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019, the provision for loss allowance were recognised in profit or loss in administrative expenses in relation to the impaired other receivables.

For the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019, the average expected loss rate on the gross carrying amount of other receivables excluding deposits for acquisitions of land use rights and property development projects was 1%, 3%, 2% and 1% respectively. Expected loss of deposits for acquisitions of land use rights and property development projects was not material during the Track Record Period as there was no recent history of default and management considered the credit risk is low.

As at 31 December 2016, 2017, 2018 and 30 June 2019, the maximum exposure to loss of other receivables from third parties and related parties were the carrying amount.

3.1.4 *Liquidity risk*

Management of the Group aims to maintain sufficient cash and cash equivalents or have available funding through contract liabilities and an adequate amount of available financing including short-term and long-term borrowings and obtaining additional funding from shareholder and related parties. Due to the dynamic nature of the underlying businesses, the Group maintains flexibility in funding by maintaining adequate amount of cash and cash equivalents and through having available sources of financing.

The Group has a number of alternative plans to mitigate the potential impacts on anticipated cash flows should there be significant adverse changes in economic environment. These include reducing land acquisition, adjusting project development timetable to adapt the changing local real estate market environment, implementing cost control measures, promotion of sales of completed properties, accelerating sales with more flexible pricing and seeking joint venture partners to develop projects. The Group will pursue such options basing on its assessment of relevant future costs and benefits. The directors consider that the Group will be able to maintain sufficient financial resources to meet its operation needs.

The table below sets out the Group's financial liabilities by relevant maturity grouping at each statement of financial position date. The amounts disclosed in the table are the contractual undiscounted cash flows:

	Within 1 year	**Between 1 and 2 years**	**Between 2 and 5 years**	**More than 5 years**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2016					
Bank and other borrowings	159,026	176,849	235,653	313,165	884,693
Trade and other payables, excluding salaries payable, other taxes payable and contract liabilities	502,878	—	—	—	502,878
Amounts due to related parties	538,409	—	—	—	538,409
Lease liabilities	4,668	3,203	6,333	2,005	16,209
Guarantee in respect of mortgage facilities for certain purchasers	331,417	—	—	—	331,417
	1,536,398	180,052	241,986	315,170	2,273,606

	Within 1 year	Between 1 and 2 years	Between 2 and 5 years	More than 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
As at 31 December 2017					
Bank and other borrowings	493,828	303,081	255,638	219,913	1,272,460
Trade and other payables, excluding salaries payable, other taxes payable and contract liabilities	753,446	—	—	—	753,446
Amounts due to related parties	629,293	—	—	—	629,293
Lease liabilities	6,479	6,029	10,849	142,472	165,829
Guarantee in respect of mortgage facilities for certain purchasers	638,253	—	—	—	638,253
	2,521,299	309,110	266,487	362,385	3,459,281
As at 31 December 2018					
Bank and other borrowings	481,533	68,148	162,199	160,931	872,811
Trade and other payables, excluding salaries payable, other taxes payable and contract liabilities	1,611,300	—	—	—	1,611,300
Amounts due to related parties	1,120,133	—	—	—	1,120,133
Lease liabilities	5,029	4,166	9,975	139,217	158,387
Guarantee in respect of mortgage facilities for certain purchasers	894,058	—	—	—	894,058
	4,112,053	72,314	172,174	300,148	4,656,689
As at 30 June 2019					
Bank and other borrowings	848,230	289,638	235,821	542,186	1,915,875
Trade and other payables, excluding salaries payable, other taxes payable and contract liabilities	1,334,117	—	—	—	1,334,117
Amounts due to related parties	1,363,338	—	—	—	1,363,338
Lease liabilities	4,871	3,327	9,976	137,548	155,722
Guarantee in respect of mortgage facilities for certain purchasers	994,507	—	—	—	994,507
	4,545,063	292,965	245,797	679,734	5,763,559

3.2 ***Capital management***

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for the owner and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to the owner or sell assets to reduce debt.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net borrowings divided by total capital. Net borrowings are calculated as total borrowings (excluding non-interest bearing items) less total of cash and cash equivalents and restricted cash. Total capital is calculated as "equity" as shown in the consolidated statements of financial position plus net borrowings.

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Borrowings	732,788	1,121,545	758,092	1,668,002
Lease liabilities	14,473	64,373	59,973	58,784
Less: cash and cash equivalents	(255,950)	(297,662)	(218,881)	(497,358)
restricted cash	(54,694)	(112,868)	(264,546)	(499,468)
Net borrowings	436,617	775,388	334,638	729,960
Total equity	68,713	366,251	653,279	830,960
Total capital	505,330	1,141,639	987,917	1,560,920
Gearing ratio	86%	68%	34%	47%

The decrease in the gearing ratio from 31 December 2016 to 31 December 2018 mainly resulted from the net increase of capital injection and retained earnings. The increase in the gearing ratio from 31 December 2018 to 30 June 2019 mainly resulted from the increase of borrowings.

3.3 ***Fair value estimation***

The table below analyses the Group's financial instruments carried at fair value as at 31 December 2016, 2017, 2018 and 30 June 2019 by level of the inputs to valuation techniques used to measure fair value. Such inputs are categorised into three levels within a fair value hierarchy as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).

Level 3: Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

See Note 20 for disclosures of the investment properties that are measured at fair value.

The following table presents the Group's financial assets that are measured at fair value as at 31 December 2016, 2017, 2018 and 30 June 2019 by level of the inputs to valuation techniques used to measure fair value:

	Level 1	**Level 2**	**Level 3**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2016				
Financial assets at fair value through profit or loss	—	—	14,000	14,000
At 31 December 2017				
Financial assets at fair value through profit or loss	—	—	50,800	50,800
At 31 December 2018				
Financial assets at fair value through profit or loss	—	—	600	600
At 30 June 2019				
Financial assets at fair value through profit or loss	—	—	—	—

(i) *Financial instruments in level 3*

The fair value of financial assets at fair value through profit or loss in level 3 is estimated by discounted cash flows at rates that reflect management's best estimation of the expected risk level. The significant unobservable inputs of the valuation techniques include expected future cash flow, expected recovery date and discount rates that correspond to the expected risk level.

The fair value of financial instruments included in level 3 is disclosed in Note 25.

Financial assets	**Fair value hierarchy**	**Valuation techniques and key inputs**	**Significant unobservable inputs**	**Relationship of unobservable inputs to fair value**
Financial assets at fair value through profit or loss	level 3	Discounted cash flows that are estimated based on expected future cash flows, discounted at rates that reflect management's best estimation of the expected risk level.	Expected future cash flow. Discount rates that correspond to the expected risk level.	The higher the future cash flow, the higher the fair value. The lower the discount rate, the higher the fair value.

If the fair values of the financial assets at fair value through profit or loss held by the Group had been 10% higher/lower, the profit before income tax for the years ended 31 December 2016, 2017 and 2018 would have been approximately RMB1,400,000 higher/lower, RMB5,080,000 higher/lower and RMB60,000 higher/lower, respectively. As at 30 June 2019, there is no financial assets at fair value through profit or loss held by the Group.

3.4 ***Financial instruments by category***

	At 31 December 2016		
	Assets at fair value through profit or loss	**Assets at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Assets as per consolidated statements of financial position			
Trade and other receivables (excluding prepayments)	—	72,020	72,020
Amounts due from related parties	—	89,900	89,900
Restricted cash	—	54,694	54,694
Cash and cash equivalents	—	255,950	255,950
Financial assets at fair value through profit or loss	14,000	—	14,000
Total	14,000	472,564	486,564

	At 31 December 2017		
	Assets at fair value through profit or loss	**Assets at amortised cost**	**Total**
	RMB'000	*RMB'000*	*RMB'000*
Assets as per consolidated statements of financial position			
Trade and other receivables (excluding prepayments)	—	181,675	181,675
Amounts due from related parties	—	162,696	162,696
Restricted cash	—	112,868	112,868
Cash and cash equivalents	—	297,662	297,662
Financial assets at fair value through profit or loss	50,800	—	50,800
Total	50,800	754,901	805,701

	At 31 December 2018		
	Assets at fair value through profit or loss	Assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Assets as per consolidated statements of financial position			
Trade and other receivables (excluding prepayments)	—	99,245	99,245
Amounts due from related parties	—	980,702	980,702
Restricted cash	—	264,546	264,546
Cash and cash equivalents	—	218,881	218,881
Financial assets at fair value through profit or loss	600	—	600
Total	600	1,563,374	1,563,974

	At 30 June 2019		
	Assets at fair value through profit or loss	Assets at amortised cost	Total
	RMB'000	*RMB'000*	*RMB'000*
Assets as per consolidated statements of financial position			
Trade and other receivables (excluding prepayments)	—	100,454	100,454
Amounts due from related parties	—	67,951	67,951
Restricted cash	—	499,468	499,468
Cash and cash equivalents	—	497,358	497,358
Total	—	1,165,231	1,165,231

	At 31 December 2016	
	Liabilities at amortised cost	**Total**
	RMB'000	*RMB'000*
Liabilities as per consolidated statements of financial position		
Bank and other borrowings	732,788	732,788
Amounts due to related parties	538,409	538,409
Lease liabilities	14,473	14,473
Trade and other payables (excluding salaries payable, other taxes payable and contract liabilities)	502,878	502,878
Total	1,788,548	1,788,548

	At 31 December 2017	
	Liabilities at amortised cost	**Total**
	RMB'000	*RMB'000*
Liabilities as per consolidated statements of financial position		
Bank and other borrowings	1,121,545	1,121,545
Amounts due to related parties	629,293	629,293
Lease liabilities	64,373	64,373
Trade and other payables (excluding salaries payable, other taxes payable and contract liabilities)	753,446	753,446
Total	2,568,657	2,568,657

	At 31 December 2018	
	Liabilities at amortised cost	**Total**
	RMB'000	*RMB'000*
Liabilities as per consolidated statements of financial position		
Bank and other borrowings	758,092	758,092
Amounts due to related parties	1,120,133	1,120,133
Lease liabilities	59,973	59,973
Trade and other payables (excluding salaries payable, other taxes payable and contract liabilities)	1,611,300	1,611,300
Total	3,549,498	3,549,498

	At 30 June 2019	
	Liabilities at amortised cost	Total
	RMB'000	*RMB'000*
Liabilities as per consolidated statements of financial position		
Bank and other borrowings	1,668,002	1,668,002
Amounts due to related parties	1,363,338	1,363,338
Lease liabilities	58,784	58,784
Trade and other payables (excluding salaries payable, other taxes payable and contract liabilities)	1,334,117	1,334,117
Total	4,424,241	4,424,241

4 Critical accounting estimates and judgements

(a) *Estimates for net realisable value of properties under development and completed properties held for sale*

The Group assesses the carrying amounts of properties under development and completed properties held for sale according to their net realisable value based on the realisability of these properties. Net realisable value for properties under development is determined by reference to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses and the anticipated costs to completion (including land costs). Net realisable value for completed properties held for sale is determined by reference, to management's estimates of the selling price based on prevailing market conditions, less applicable variable selling expenses. Based on management's best estimates, there was no material impairment for properties under development and completed properties held for sale as at 31 December 2016, 2017, 2018 and 30 June 2019.

(b) *Fair value of investment properties*

The Group assesses the fair value of its completed investment properties based on assessments determined by an independent and professional qualified valuer.

The best evidence of fair value of completed investment properties is current prices in an active market for the properties with similar lease and other contracts. In the absence of such information, the Group determines the amount within a range of reasonable fair value estimates. In making its judgement, the Group considers information from a variety of sources including:

(i) current prices in an active market for properties of different nature, condition or location (or subject to different lease or other contracts), adjusted to reflect those differences;

(ii) recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and

(iii) discounted cash flows projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The fair value gains from investment properties are disclosed in Note 20.

(c) ***Income taxes and deferred taxation***

The Group is subject to income taxes in the PRC. Significant judgement is required in determining the provision for income taxes. There are many transactions and calculations for which the ultimate determination is uncertain during the ordinary course of business. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such difference will impact the income tax and deferred tax provision in the year in which such determination is made.

Deferred income tax assets relating to certain temporary differences and tax losses are recognised when management considers to be probable that future taxable profit will be available against which the temporary differences or tax losses can be utilised. The outcome of their actual utilisation may be different.

(d) ***PRC land appreciation tax ("LAT")***

The Group is subject to LAT in the PRC. However, the implementation and settlement of LAT varies among various tax jurisdictions in cities of the PRC, and the Group has not finalised its LAT calculation and payments with local tax authorities in the PRC for most of its properties projects. Accordingly, judgement is required in determining the amount of the land appreciation taxes. The Group recognised LAT based on management's best estimates according to the interpretation of the tax rules. The final tax outcome could be different from the amounts that were initially recorded, and these differences will impact the income tax expense and tax provisions in the periods in which such taxes have been finalised with local tax authorities.

5 Revenue and segment information

(a) ***Description of segments and principal activities***

The executive directors, as the CODM of the Group, review the Group's internal reporting in order to assess performance and allocate resources. Management has determined the operating segments based on these reports.

The Group is organised into four business segments: property development and sales, commercial property investment, hotel operations and property management.

As the CODM considers most of the Group's consolidated revenue and results are attributable to the market in the PRC, and only an immaterial part (less than 10%) of the Group's assets are located outside the PRC, no geographical information is presented.

(b) ***Segment performance***

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2016 is as follows:

	Property development and sales *RMB'000*	**Commercial property investment** *RMB'000*	**Hotel operations** *RMB'000*	**Property management** *RMB'000*	**Total** *RMB'000*
Segment revenue	624,669	—	13,623	316	638,608
Recognised at a point in time	624,669	—	—	—	624,669
Recognised over time	—	—	13,623	316	13,939
Revenue from other sources: rental income	—	2,875	—	—	2,875
Inter-segment revenue	—	(808)	—	—	(808)
Revenue from external customers	624,669	2,067	13,623	316	640,675
Gross profit	162,187	1,477	1,524	(743)	164,445
Selling and marketing expenses					(39,180)
Administrative expenses					(41,509)
Other income					670
Other expenses					(2,746)
Other gains — net					60,379
Finance income — net					672
Share of results of an associate (Note 17)	(228)	—	—	—	(228)
Profit before income tax					142,503
Income tax expense					(57,996)
Profit for the year					84,507
Depreciation and amortisation	3,654	—	3,458	4	7,116
Fair value gains on investment properties — net (Note 20)	—	58,972	—	—	58,972
Segment assets	1,797,685	159,959	350,202	6,982	2,314,828
Segment assets include:					
Interests in an associate (Note 17)	37,400	—	—	—	37,400
Addition to non-current assets (other than financial instruments and deferred income tax assets)	35,160	81,071	183,423	56	299,710
Segment liabilities	1,475,408	5,930	8,264	21,491	1,511,093

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2017 is as follows:

	Property development and sales *RMB'000*	Commercial property investment *RMB'000*	Hotel operations *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue	783,406	—	46,400	3,143	832,949
Recognised at a point in time	783,406	—	—	—	783,406
Recognised over time	—	—	46,400	3,143	49,543
Revenue from other sources: rental income	—	8,412	—	—	8,412
Inter-segment revenue	—	(2,786)	(316)	—	(3,102)
Revenue from external customers	783,406	5,626	46,084	3,143	838,259
Gross profit	285,486	4,442	(18,892)	(866)	270,170
Selling and marketing expenses					(44,499)
Administrative expenses					(66,386)
Other income					721
Other expenses					(2,858)
Other gains — net					36,618
Finance costs — net					(9,566)
Share of results of an associate (Note 17)	(792)	—	—	—	(792)
Profit before income tax					183,408
Income tax expense					(97,330)
Profit for the year					86,078
Depreciation and amortisation	7,720	—	16,180	15	23,915
Fair value gains on investment properties — net (Note 20)	—	33,135	—	—	33,135
Segment assets	3,803,135	180,274	346,058	1,341	4,330,808
Segment assets include:					
Interests in an associate (Note 17)	36,608	—	—	—	36,608
Addition to non-current assets (other than financial instruments and deferred income tax assets)	248,880	—	10,542	—	259,422
Segment liabilities	2,846,237	3,375	17,446	16,306	2,883,364

The segment information provided to the executive directors for the reportable segments for the year ended 31 December 2018 is as follows:

	Property development and sales *RMB'000*	**Commercial property investment** *RMB'000*	**Hotel operations** *RMB'000*	**Property management** *RMB'000*	**Total** *RMB'000*
Segment revenue	1,245,754	—	66,903	7,942	1,320,599
Recognised at a point in time	1,245,754	—	—	—	1,245,754
Recognised over time	—	—	66,903	7,942	74,845
Revenue from other sources: rental income	—	15,434	—	—	15,434
Inter-segment revenue	—	(5,413)	(314)	(1,419)	(7,146)
Revenue from external customers	1,245,754	10,021	66,589	6,523	1,328,887
Gross profit	503,733	8,953	421	(517)	512,590
Selling and marketing expenses					(74,225)
Administrative expenses					(124,768)
Other income					1,276
Other expenses					(2,759)
Other gains — net					230,570
Finance income — net					649
Share of results of a joint venture (Note 16)	(2,781)	—	—	—	(2,781)
Share of results of an associate (Note 17)	(1,282)	—	—	—	(1,282)
Profit before income tax					539,270
Income tax expense					(157,511)
Profit for the year					381,759
Depreciation and amortisation	9,477	—	16,071	38	25,586
Fair value gains on investment properties — net (Note 20)	—	11,097	—	—	11,097
Segment assets	5,742,952	396,045	334,903	10,772	6,484,672
Segment assets include:					
Interests in a joint venture (Note 16)	20,559	—	—	—	20,559
Interests in an associate (Note 17)	35,326	—	—	—	35,326
Addition to non-current assets (other than financial instruments and deferred income tax assets)	10,847	—	3,839	132	14,818
Segment liabilities	5,050,188	1,816	20,318	7,930	5,080,252

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2019 is as follows:

	Property development and sales *RMB'000*	Commercial property investment *RMB'000*	Hotel operations *RMB'000*	Property management *RMB'000*	Total *RMB'000*
Segment revenue	712,535	—	37,077	5,592	755,204
Recognised at a point in time	712,535	—	—	—	712,535
Recognised over time	—	—	37,077	5,592	42,669
Revenue from other sources: rental income	—	11,789	—	—	11,789
Inter-segment revenue	—	(4,071)	(518)	—	(4,589)
Revenue from external customers	712,535	7,718	36,559	5,592	762,404
Gross profit	390,252	7,262	200	(1,356)	396,358
Selling and marketing expenses					(40,787)
Administrative expenses					(71,912)
Other income					638
Other expenses					(1,204)
Other gains — net					61,865
Finance income — net					452
Share of results of a joint venture (Note 16)	(158)	—	—	—	(158)
Share of results of an associate (Note 17)	(650)	—	—	—	(650)
Profit before income tax					344,602
Income tax expense					(163,427)
Profit for the year					181,175
Depreciation and amortisation	6,176	—	7,881	19	14,076
Fair value gains on investment properties — net (Note 20)	—	1,298	—	—	1,298
Segment assets	7,084,233	188,030	325,446	5,556	7,603,265
Segment assets include:					
Interests in an associate (Note 17)	31,090	—	—	—	31,090
Addition to non-current assets (other than financial instruments and deferred income tax assets)	5,127	—	389	103	5,619
Segment liabilities	4,967,760	1,386	15,935	7,529	4,992,610

Sales between segments are carried out at arm's length. The revenue from external parties reported to the CODM is measured in a manner consistent with that in the statements of comprehensive income.

The segment information provided to the executive directors for the reportable segments for the six months ended 30 June 2018 is as follows:

	Property development and sales *RMB'000*	**Commercial property investment** *RMB'000*	**Hotel operations** *RMB'000*	**Property management** *RMB'000*	**Total** *RMB'000*
(Unaudited)					
Segment revenue	84,576	—	33,806	2,006	120,388
Recognised at a point in time	84,576	—	—	—	84,576
Recognised over time	—	—	33,806	2,006	35,812
Revenue from other sources: rental income	—	6,452	—	—	6,452
Inter-segment revenue	—	(1,657)	(230)	—	(1,887)
Revenue from external customers	84,576	4,795	33,576	2,006	124,953
Gross profit	36,359	4,249	293	(457)	40,444
Selling and marketing expenses					(19,530)
Administrative expenses					(54,866)
Other income					491
Other expenses					(1,211)
Other gains — net					22,926
Finance income — net					388
Share of results of an associate (Note 17)	(559)	—	—	—	(559)
Profit before income tax					(11,917)
Income tax expense					(7,211)
Profit for the year					(19,128)
Depreciation and amortisation	5,377	—	7,510	19	12,906
Fair value gains on investment properties — net (Note 20)	—	8,842	—	—	8,842
Segment assets	4,737,031	208,341	331,520	3,459	5,280,351
Segment assets include:					
Interests in an associate	36,049	—	—	—	36,049
Addition to non-current assets (other than financial instruments and deferred income tax assets)	6,734	—	628	—	7,362
Segment liabilities	4,331,090	5,461	65,175	2,301	4,404,027

Segment assets are reconciled to total assets as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment assets	2,314,828	4,330,808	6,484,672	7,603,265
Unallocated:				
- Deferred income tax assets	18,901	78,260	128,899	157,188
- Financial assets at fair value through profit or loss	14,000	50,800	600	—
Total assets	2,347,729	4,459,868	6,614,171	7,760,453

Segment liabilities are reconciled to total liabilities as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Segment liabilities	1,511,093	2,883,364	5,080,252	4,992,610
Unallocated:				
- Current income tax liabilities	14,496	58,542	85,466	91,682
- Deferred income tax liabilities	20,639	30,166	37,082	177,199
- Short-term borrowings and current portion of long-term borrowings	120,909	437,414	439,436	776,607
- Long-term borrowings	611,879	684,131	318,656	891,395
Total liabilities	2,279,016	4,093,617	5,960,892	6,929,493

(c) ***Assets and liabilities related to contracts with customers***

(i) The Group has recognised the following assets related to contracts with customers:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Sale commissions	29,158	36,620	47,745	55,301

Management expects the incremental costs, only including sale commissions, as a result of obtaining the property sale contracts are recoverable. The Group has capitalised the amounts and amortised when the related revenue are recognised. For the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2018 and 2019, the amounts of amortisation were RMB18,933,000, RMB25,727,000, RMB35,900,000, RMB3,482,000 and RMB18,265,000, respectively. There was no impairment loss in relation to the costs capitalised.

(ii) The Group has recognised the following liabilities related to contracts with customers:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contract liabilities related to sales of properties	423,715	1,283,515	2,046,730	2,008,856
Contract liabilities related to others	1,312	5,420	6,865	4,205
	425,027	1,288,935	2,053,595	2,013,061

The Group receives payments from customers based on billing schedule as established in contracts. Payments are usually received in advance of the performance under the contracts which are mainly from sales of properties.

The following table shows how much of the revenue recognised during the Track Record Period related to carried-forward contract liabilities.

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Revenue recognised that was included in the contract liabilities balance at the beginning of the year/period					
Sales of properties	179,928	332,556	1,104,522	45,432	607,110
Others	—	1,312	5,420	5,420	6,865
	179,928	333,868	1,109,942	50,852	613,975

(iii) Unsatisfied contracts related to property development and sales:

	Year ended 31 December			Six months ended 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Expected to be recognised within one year	396,518	1,190,473	1,790,239	2,157,817
Expected to be recognised after one year	113,328	358,988	369,390	201,554
	509,846	1,549,461	2,159,629	2,359,371

6 Expenses by nature

Expenses included in cost of sales, selling and marketing expenses and administrative expenses are analysed as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (Unaudited)	*RMB'000*
Cost of properties sold — including construction cost, land cost and interest cost	426,486	467,088	708,998	45,692	304,957
Employee benefit expenses (including directors' emoluments) (Note 10)	35,269	69,542	111,531	38,390	67,665
Employee benefit expenditure — including directors' emoluments	46,397	89,313	136,027	59,292	77,863
Less: capitalised in properties under development	(11,128)	(19,771)	(24,496)	(20,902)	(10,198)
Commission fees	18,933	25,727	35,900	3,482	18,265
Hotel operations expenses	4,496	29,623	28,785	15,144	15,702
Business taxes and other levies (Note (i))	29,551	21,113	26,050	4,914	9,098
Advertising costs	14,405	11,348	25,523	11,635	15,754
Entertainment expenses	10,704	15,227	20,232	9,656	7,523
Depreciation and amortisation of intangible assets and right-of-use assets	7,116	23,915	25,586	12,906	14,076
Listing expenses	—	—	10,840	6,223	10,602
Office and travelling expenses	3,203	7,398	8,086	3,825	4,691
Auditor's remuneration	229	593	934	450	195
Assets impairment loss/(reversal)	34	336	170	253	(78)
Others	6,493	7,064	12,655	6,335	10,295
Total	556,919	678,974	1,015,290	158,905	478,745

(i) Pursuant to the "Circular on the Overall Promotion of Pilot Program of Levying VAT in place of Business Tax" ("Cai Shui 2016 No. 36") jointly issued by the Ministry of Finance and the State Administration of Taxation, the PRC subsidiaries of the Group are subject to value added tax ("VAT") on their revenues instead of business tax since 1 May 2016, while the business tax was 5% before then.

According to the Circular Cai Shui 2016 No. 36, VAT for sales of properties and income from property investment is calculated at a tax rate of 5% based on a simple method in the case that the construction of properties commenced or the investment property was acquired before 1 May 2016. Otherwise, the VAT is calculated at a tax rate of 10% or 11%.

According to the Circular Cai Shui 2016 No. 36, VAT rate for property management services, hotel management are 6% or 3% for general VAT payer and small-scale VAT payer respectively.

According to the Announcement on Policies for Deepening the VAT Reform (Announcement 2019 No. 39 of the Ministry of Finance, the State Taxation Administration and the General Administration of Customs) which was promulgated on 20 March 2019 and came into force as of 1 April 2019, the VAT rates was further adjusted, for general VAT payers' sales activities or imports that are subject to VAT at an existing applicable rate of 16% or 10%, the applicable VAT rate is adjusted to 13% or 9% respectively.

7 Other income

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Forfeited customer deposits	412	506	800	370	350
Others	258	215	476	121	288
	670	721	1,276	491	638

8 Other expenses

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Donations	2,020	2,000	2,443	1,203	41
Others	726	858	316	8	1,163
	2,746	2,858	2,759	1,211	1,204

9 Other gains — net

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Interest on financial assets at fair value through profit or loss	1,409	3,593	9,123	6,760	870
Losses on disposals of property, plant and equipment	(2)	(110)	(8)	(2)	(9)
Fair value gains on investment properties (Note 20)	58,972	33,135	11,097	8,842	1,298
Gains on disposal of subsidiaries (Note 39)	—	—	210,358	7,326	59,706
	60,379	36,618	230,570	22,926	61,865

10 **Employee benefit expenses**

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, salaries and bonuses and other benefits	43,592	84,553	128,028	55,858	72,649
Pension costs — statutory pension	2,805	4,760	7,999	3,434	5,214
	46,397	89,313	136,027	59,292	77,863
Less: capitalised in properties under development	(11,128)	(19,771)	(24,496)	(20,902)	(10,198)
	35,269	69,542	111,531	38,390	67,665

(a) ***Pensions scheme — defined contribution plans***

Employees in the Group's PRC subsidiaries are required to participate in a defined contribution retirement scheme administrated and operated by the local municipal governments. The Group's PRC subsidiaries contribute funds which are calculated on certain percentage of the employee salary to the scheme to fund the retirement benefits of the employees.

The Group has arranged for its Hong Kong employees to join the Mandatory Provident Fund Scheme (the "MPF Scheme"), a defined contribution scheme managed by independent trustee. Under the MPF Scheme, the group companies in Hong Kong (the employer) and its employee make monthly contributions to the scheme at certain percentage of the employee's earnings as defined under the Mandatory Provident Fund Legislation.

(b) ***Five highest paid individuals***

For the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2018 and 2019, the five individuals whose emoluments were the highest in the Group included 1, 2, 3, 3 and 4 directors, respectively, whose emoluments are reflected in the analysis in Note 41. The emoluments payable to the remaining 4, 3, 2, 2 and 1 individuals during the years ended 31 December 2016, 2017, 2018 and during the six months ended 30 June 2018 and 2019 are as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Wages, salaries and bonuses and other benefits	3,992	4,289	3,619	1,742	886
Pension costs — statutory pension	46	30	20	10	5
	4,038	4,319	3,639	1,752	891

The emoluments payable to these individuals during the years ended 31 December 2016, 2017, 2018 and during the six months ended 30 June 2018 and 2019 are within the following bands:

	Number of individuals Year ended 31 December			Number of individuals Six months ended 30 June	
	2016	2017	2018	2018	2019
				(Unaudited)	
Nil — HK$1,000,000	2	—	—	—	—
HK$1,000,000 — HK$1,500,000	1	—	—	2	1
HK$1,500,000 — HK$2,000,000	1	3	—	—	—
HK$2,000,000 — HK$2,500,000	—	—	2	—	—
	4	3	2	2	1

During the years ended 31 December 2016, 2017, 2018 and during the six months ended 30 June 2018 and 2019, no emolument was paid by the Group to any of the directors or the five highest paid individuals as an inducement to join or upon joining the Group or as compensation for loss of office.

11 **Finance (income)/costs — net**

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(Unaudited)	
Finance costs					
- Interest expense on bank and other borrowings	40,799	57,768	62,546	33,908	56,489
- Interest expense on leases	482	603	444	235	1,473
Less:					
- Interest capitalised	(41,281)	(47,834)	(62,990)	(34,143)	(57,962)
	—	10,537	—	—	—
Finance income					
- Interest income from bank deposits	(672)	(971)	(649)	(388)	(452)
Finance (income)/costs — net	(672)	9,566	(649)	(388)	(452)

12 **Income tax expense**

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Current income tax:					
- Corporate income tax	28,894	89,439	119,717	3,825	90,859
- Land appreciation tax	19,867	56,887	85,637	7,821	93,102
	48,761	146,326	205,354	11,646	183,961
Deferred income tax:					
- Corporate income tax	9,235	(48,996)	(47,843)	(4,435)	(19,752)
- Land appreciation tax	—	—	—	—	(782)
	9,235	(48,996)	(47,843)	(4,435)	(20,534)
	57,996	97,330	157,511	7,211	163,427

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to profit/loss of the group entities as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* (*Unaudited*)	*RMB'000*
Profit/(loss) before income tax	142,503	183,408	539,270	(11,917)	344,602
Calculated at tax rate of 25%	35,626	45,852	134,818	(2,979)	86,151
Effects of:					
- Different tax rates available to different subsidiaries of the Group	946	1,131	(16,035)	1,050	1,689
- Land appreciation tax deductible for PRC corporate income tax purposes	(4,967)	(14,222)	(21,409)	(1,955)	(23,080)
- Expenses and development costs not deductible for tax purposes	4,688	5,484	5,624	1,387	2,487
- Tax losses for which no deferred tax assets was recognised	1,836	2,198	3,356	1,887	3,860
- Land appreciation tax	19,867	56,887	85,637	7,821	92,320
- Income not subject to tax	—	—	(34,480)	—	—
Income tax expense	57,996	97,330	157,511	7,211	163,427

(i) ***PRC corporate income tax***

The income tax provision of the Group in respect of operations in Mainland China has been calculated at the applicable tax rate on the estimated assessable profits for the year, based on the existing legislation, interpretations and practices in respect thereof. The corporate income tax rate applicable to the Group entities located in Mainland China is 25%.

Pursuant to the Detailed Implementation Regulations for implementation of the Corporate Income Tax Law issued on 6 December 2007, dividends distributed from the profits generated by the PRC companies after 1 January 2008 to their foreign investors shall be subject to this withholding income tax of 10%, a lower 5% withholding tax rate can be applied when the immediate holding companies of the PRC subsidiaries are incorporated in Hong Kong and fulfil the requirements to the tax treaty arrangements between the PRC and Hong Kong. The Group has not accrued any withholding income tax for the undistributed earnings of its PRC subsidiaries as the Group does not have a plan to distribute these earnings out of the Mainland China in the foreseeable future.

(ii) ***PRC land appreciation tax ("LAT")***

Pursuant to the requirements of the Provisional Regulations of the PRC on LAT effective 1 January 1994, and the Detailed Implementation Rules on the Provisional Regulations of the PRC on LAT effective on 27 January 1995, all income from the sale or transfer of state-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has made provision of LAT for sales of properties according to the aforementioned progressive rate, except for certain group companies which calculate the LAT based on deemed tax rates in accordance with the approved taxation method obtained from tax authorities.

(iii) ***Overseas income tax***

The Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Companies Law, Cap 22 of Cayman Islands and accordingly, is exempted from Cayman Islands income tax. The Company's subsidiaries in the British Virgin Islands were incorporated under the BVI Business Companies Act of the British Virgin Islands and, accordingly, are exempted from British Virgin Islands income tax.

(iv) ***Hong Kong profits tax***

No provision for Hong Kong profits tax has been made in these consolidated financial statements as the group companies did not have assessable profit in Hong Kong during the Track Record Period.

13 **Earnings per share**

	As at 31 December			**As at 30 June**	
	2016	**2017**	**2018**	**2018**	**2019**
				(Unaudited)	
Profit attribute to owners of the Company (RMB'000)	84,507	89,789	386,486	(18,113)	185,003
Weighted average number of ordinary shares in issue	3	3	3	3	3
Earnings per share — basic (RMB'000 per share)	28,169	29,930	128,829	(6,038)	61,668
Earnings per share — diluted (RMB'000 per share)	28,169	29,930	128,829	(6,038)	61,668

The Company had no dilutive potential shares in issue, thus the diluted earnings per share equals the basic earnings per share.

The earnings per share presented above has not been taken into account the proposed capitalisation issue pursuant to the resolution passed on 13 November 2019 (Note 42(ii)) as the proposed capitalisation issue has not become effective as at the date of this report.

14 Dividend

No dividend has been paid or declared by the Company or the companies now comprising the Group during the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2018 and 2019.

15 Deferred income tax

The analysis of deferred income tax assets and liabilities is as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deferred income tax assets				
- to be realised within 12 months	12,300	52,942	91,601	114,850
- to be realised after more than 12 months	6,601	25,318	37,298	42,338
	18,901	78,260	128,899	157,188
Deferred income tax liabilities				
- to be realised within 12 months	—	—	—	—
- to be realised after more than 12 months	20,639	30,166	37,082	177,199
	(1,738)	48,094	91,817	(20,011)

(i) *Deferred income tax assets*

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beginning of the year/period	10,449	19,448	80,315	132,350
Recognised in profit or loss	8,999	60,031	56,155	28,792
Acquisition of subsidiaries	—	836	—	—
Disposal of subsidiaries	—	—	(4,120)	(50)
End of year/period	19,448	80,315	132,350	161,092
Offsetting with deferred income tax liabilities	(547)	(2,055)	(3,451)	(3,904)
Net deferred income tax assets	18,901	78,260	128,899	157,188

Movement of deferred income tax assets without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Tax losses	Deductible temporary differences of expenses and cost of sales	Temporary difference in sales recognition and related cost of sales	Elimination of unrealised profits	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	6,511	154	3,784	—	10,449
Recognised in profit or loss	(2,449)	2,172	9,276	—	8,999
At 31 December 2016	4,062	2,326	13,060	—	19,448
Recognised in profit or loss	13,645	414	45,972	—	60,031
Acquisition of subsidiaries	836	—	—	—	836
At 31 December 2017	18,543	2,740	59,032	—	80,315
Recognised in profit or loss	15,492	712	27,539	12,412	56,155
Disposal of subsidiaries	(4,120)	—	—	—	(4,120)
At 31 December 2018	29,915	3,452	86,571	12,412	132,350
Recognised in profit or loss	20,579	11,770	(1,885)	(1,672)	28,792
Disposal of a subsidiary	(50)	—	—	—	(50)
At 30 June 2019	50,444	15,222	84,686	10,740	161,092

Deferred tax assets are recognised for tax losses carried forward to the extent that the realisation of the related tax benefits through future taxable profits is probable.

At 31 December 2016 and 2017, 2018 and 30 June 2019, the Group did not recognise deferred income tax assets of RMB1,836,000, RMB2,198,000, RMB3,356,000 and RMB3,860,000, in respect of losses amounting to RMB11,129,000, RMB13,324,000, RMB20,337,000 and RMB23,393,000 that can be carried forward against future taxable income.

(ii) ***Deferred income tax liabilities***

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Beginning of the year/period	2,952	21,186	32,221	40,533
Acquisition of subsidiaries	—	—	—	132,312
Recognised in profit or loss	18,234	11,035	8,312	8,258
End of the year/period	21,186	32,221	40,533	181,103
Offsetting with deferred income tax assets	(547)	(2,055)	(3,451)	(3,904)
Net deferred income tax liabilities	20,639	30,166	37,082	177,199

Movement of deferred income tax liabilities without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Fair value gains on investment properties	Excess of carrying amounts of completed properties held for sale over the tax bases	Interest capitalisation	Revaluation surplus arising from business combinations	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2016	–	–	2,952	–	2,952
Recognised in profit or loss	14,742	–	3,492	–	18,234
At 31 December 2016	14,742	–	6,444	–	21,186
Recognised in profit or loss	8,284	–	2,751	–	11,035
At 31 December 2017	23,026	–	9,195	–	32,221
Recognised in profit or loss	2,775	–	5,537	–	8,312
At 31 December 2018	25,801	–	14,732	–	40,533
Acquisition of a subsidiary	–	6,715	–	125,597	132,312
Recognised in profit or loss	325	–	8,715	(782)	8,258
At 30 June 2019	26,126	6,715	23,447	124,815	181,103

As at 31 December 2016, 2017, 2018 and 30 June 2019, deferred income tax liabilities of RMB12,686,000, RMB22,143,000, RMB52,082,000 and RMB73,222,000 have not been recognised for the withholding tax and other taxes that would be payable on the unremitted earnings of certain subsidiaries incorporated in the PRC. Unremitted earnings totalled RMB126,862,000, RMB221,432,000, RMB520,817,000 and RMB732,220,000 as at 31 December 2016, 2017, 2018 and 30 June 2019, respectively as the Group does not have a plan to distribute these earnings out of the PRC in the foreseeable future.

16 Investment in a joint venture

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening balances	—	—	—	20,559
Additions	—	—	23,340	—
Share of results	—	—	(2,781)	(158)
Disposals	—	—	—	(20,401)
Ending balances	—	—	20,559	—

(a) As at 31 December 2018 and 30 June 2019, the Group's interest in a joint venture is accounted using equity method. The aggregate amount of the Group's share of loss from joint venture for the year ended 31 December 2018 and six months ended 30 June 2019 were RMB 2,781,000 and RMB158,000, respectively.

(b) Nature of investment in a joint venture as at 31 December 2016 and 2017, 2018 and 30 June 2019:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest As at 31 December 2016	2017	2018	As at 30 June 2019	Measurement method
Guangzhou Wanjing Property Development Co., Ltd. (the "Wanjing") 廣州市萬景房地產有限公司	PRC	Property development	N/A	N/A	77.8%	N/A	Equity

(c) As at 31 December 2018 and 30 June 2019, there were no significant contingencies relating to the Group's interests in the joint venture.

(d) The Group disposed its subsidiary, Guangzhou Jinghong investment Co., Ltd, the holding company of Wanjing, to a third party on 11 June 2019 at a consideration of RMB74,893,000. The joint venture was disposed accordingly.

(e) Summarised financial information for a joint venture.

Set out below is the summarised financial information for Wanjing:

Summarised balance sheets

	As at 31 December 2018	**As at 30 June 2019**
	RMB'000	*RMB'000*
Non-current assets	3,057	—
Current assets		
Cash and cash equivalents	46	—
Trade and other receivables	2,434,092	—
Total assets	2,437,195	—
Non-current liabilities		
Bank borrowings	1,300,000	—
Current liabilities	1,110,770	—
Total liabilities	2,410,770	—
Net assets	26,425	—
The Group's share in %	77.8%	—
Carrying amount	20,559	—

Summarised statements of comprehensive income

	Year ended 31 December 2018	Six months ended 30 June 2019
	RMB'000	*RMB'000*
Administrative expenses	(3,440)	(270)
Finance costs	(135)	(1)
Income tax expenses	—	68
Loss for the year/period	(3,575)	(203)
Total comprehensive loss for the year/period	(3,575)	(203)

17 **Investments in associates**

The movement of investments in associates are as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Opening balances	—	37,400	36,608	35,326
Addition	37,628	—	24,500	—
Share of results	(228)	(792)	(1,282)	(650)
Disposal	—	—	(24,500)	—
Elimination of unrealised profits	—	—	—	(3,586)
Ending balances	37,400	36,608	35,326	31,090

(a) Nature of investment in an associate as at 31 December 2016 and 2017, 2018 and 30 June 2019:

Name of entity	Place of business/ country of incorporation	Principal activities	% of ownership interest As at 31 December 2016	2017	2018	As at 30 June 2019	Measurement method
Guangzhou Nansha Donghuzhou Real Estate Development Co., Ltd. (the "Donghuzhou") 廣州市南沙東湖洲房地產有限公司	PRC	Property development	30%	30%	30%	30%	Equity

(b) As at 31 December 2016, 2017, 2018 and 30 June 2019, there were no significant contingencies relating to the Group's interests in the associate.

(c) Summarised financial information for an associate

Set out below is the summarised financial information for Donghuzhou:

Summarised balance sheets

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Non-current assets	283	492	3,337	16,150
Properties under development	136,844	186,397	360,510	405,940
Cash and cash equivalents	958	14,841	36,013	106,141
Other current assets	591	10,639	33,448	51,256
Current assets	138,393	211,877	429,971	563,337
Total assets	138,676	212,369	433,308	579,487
Current liabilities	14,009	90,344	315,556	475,854
Total liabilities	14,009	90,344	315,556	475,854
Net assets	124,667	122,025	117,752	103,633
The Group's share in%	30%	30%	30%	30%
Carrying amount	37,400	36,608	35,326	31,090

Summarised statements of comprehensive income

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Administrative expenses	(764)	(2,439)	(1,585)	(1,028)	(514)
Selling expenses	—	(1)	(2,727)	(881)	(817)
Finance income/(costs)	4	55	89	48	(934)
Other income	—	30	21	—	97
Other expenses	—	(285)	(72)	(1)	—
Loss for the year/period	(760)	(2,640)	(4,274)	(1,862)	(2,168)
Total comprehensive loss for the year/period	(760)	(2,640)	(4,274)	(1,862)	(2,168)

18 **Property, plant and equipment**

	Buildings *RMB'000*	Vehicles and machinery *RMB'000*	Assets under construction *RMB'000*	Others *RMB'000*	Total *RMB'000*
At 1 January 2016					
Cost	—	423	136,348	1,710	138,481
Accumulated depreciation	—	(111)	—	(384)	(495)
Net book amount	—	312	136,348	1,326	137,986
Year ended 31 December 2016					
Opening net book amount	—	312	136,348	1,326	137,986
Acquisition of subsidiaries	30,485	1,207	—	—	31,692
Additions	89,711	652	83,437	3,096	176,896
Disposals	—	(2)	—	—	(2)
Depreciation	(3,061)	(300)	—	(1,073)	(4,434)
Exchange difference	—	25	—	2	27
Closing net book amount	117,135	1,894	219,785	3,351	342,165
At 31 December 2016					
Cost	120,196	2,305	219,785	4,808	347,094
Accumulated depreciation	(3,061)	(411)	—	(1,457)	(4,929)
Net book amount	117,135	1,894	219,785	3,351	342,165
Year ended 31 December 2017					
Opening net book amount	117,135	1,894	219,785	3,351	342,165
Acquisition of subsidiaries	—	24	—	150	174
Additions	5,912	3,407	88	3,569	12,976
Assets under construction transferred to buildings	219,873	—	(219,873)	—	—
Disposals	—	—	—	(275)	(275)
Depreciation	(13,004)	(812)	—	(2,093)	(15,909)
Exchange difference	—	1	—	1	2
Closing net book amount	329,916	4,514	—	4,703	339,133
At 31 December 2017					
Cost	345,981	5,737	—	8,253	359,971
Accumulated depreciation	(16,065)	(1,223)	—	(3,550)	(20,838)
Net book amount	329,916	4,514	—	4,703	339,133

	Buildings	Vehicles and machinery	Assets under construction	Others	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Year ended 31 December 2018					
Opening net book amount	329,916	4,514	—	4,703	339,133
Additions	1,681	4,901	—	2,365	8,947
Disposals of subsidiaries	—	—	—	(224)	(224)
Disposals	—	(73)	—	(178)	(251)
Depreciation	(13,022)	(1,849)	—	(1,933)	(16,804)
Exchange difference	—	52	—	(16)	36
Closing net book amount	318,575	7,545	—	4,717	330,837
At 31 December 2018					
Cost	347,662	10,617	—	10,200	368,479
Accumulated depreciation	(29,087)	(3,072)	—	(5,483)	(37,642)
Net book amount	318,575	7,545	—	4,717	330,837
Six months ended 30 June 2019					
Opening net book amount	318,575	7,545	—	4,717	330,837
Additions	—	3,336	—	1,282	4,618
Disposals	—	—	—	(9)	(9)
Depreciation	(6,511)	(1,072)	—	(1,667)	(9,250)
Exchange difference	—	9	—	1	10
Closing net book amount	312,064	9,818	—	4,324	326,206
At 30 June 2019					
Cost	347,662	13,962	—	11,474	373,098
Accumulated depreciation	(35,598)	(4,144)	—	(7,150)	(46,892)
Net book amount	312,064	9,818	—	4,324	326,206
Six months ended 30 June 2018 (Unaudited)					
Opening net book amount	329,916	4,514	—	4,703	339,133
Additions	—	1,631	—	1,238	2,869
Disposals of subsidiaries	—	—	—	(224)	(224)
Disposals	—	(50)	—	(4)	(54)
Depreciation	(6,502)	(785)	—	(1,125)	(8,412)
Closing net book amount	323,414	5,310	—	4,588	333,312
At 30 June 2018					
Cost	345,981	7,318	—	9,263	362,562
Accumulated depreciation	(22,567)	(2,008)	—	(4,675)	(29,250)
Net book amount	323,414	5,310	—	4,588	333,312

Depreciation of the property, plant and equipment has been charged to profit or loss or capitalised in properties under development as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Selling and marketing expenses	46	162	166	81	113
Administrative expenses	1,133	1,631	2,700	1,156	1,614
Cost of sales	3,235	14,032	13,791	7,146	7,410
	4,414	15,825	16,657	8,383	9,137
Properties under development	20	84	147	29	113
	4,434	15,909	16,804	8,412	9,250

As at 31 December 2016, 2017, 2018 and 30 June 2019, the following net book amount of buildings and assets under construction were pledged as collateral for the Group's bank and other borrowings:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Buildings	—	212,075	284,728	278,739
Assets under construction	219,785	—	—	—
	219,785	212,075	284,728	278,739

As at 31 December 2016 and 2017, title certificates of buildings with net book value of RMB11,056,000 and RMB10,635,000, respectively were still in the process of being obtained.

As at 31 December 2018 and 30 June 2019, no title certificates of buildings were in the process of being obtained.

As at 31 December 2016, 2017, 2018 and 30 June 2019, included in buildings and assets under construction mainly comprised of the hotels of RMB307,595,000, RMB296,494,000, RMB285,440,000 and RMB278,739,000 which are located in the PRC.

19 Right-of-use assets

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lands (Note (a))	14,325	256,835	255,778	252,978
Buildings	13,889	9,412	6,925	5,237
	28,214	266,247	262,703	258,215

(a) The amounts mainly comprise the prepaid leases of land contracting fee on agricultural land and forest land, which are amortised under the contracting terms.

(b) The movement of right-of-use assets is shown in the table below during the Track Record Period:

	Lands	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 1 January 2016			
Cost	14,998	7,535	22,533
Accumulated amortisation	(181)	—	(181)
Net book amount	14,817	7,535	22,352
Year ended 31 December 2016			
Opening net book amount	14,817	7,535	22,352
Additions	140	8,429	8,569
Amortisation	(632)	(2,510)	(3,142)
Exchange difference	—	435	435
Closing net book amount	14,325	13,889	28,214
At 31 December 2016			
Cost	15,138	16,399	31,537
Accumulated amortisation	(813)	(2,510)	(3,323)
Net book amount	14,325	13,889	28,214
Year ended 31 December 2017			
Opening net book amount	14,325	13,889	28,214
Acquisition of subsidiaries	174,562	—	174,562
Additions	71,502	—	71,502
Amortisation	(3,554)	(4,130)	(7,684)
Exchange difference	—	(347)	(347)
Closing net book amount	256,835	9,412	266,247

	Lands	Buildings	Total
	RMB'000	*RMB'000*	*RMB'000*
At 31 December 2017			
Cost	261,202	16,052	277,254
Accumulated amortisation	(4,367)	(6,640)	(11,007)
Net book amount	256,835	9,412	266,247
Year ended 31 December 2018			
Opening net book amount	256,835	9,412	266,247
Additions	3,667	1,110	4,777
Amortisation	(4,724)	(3,735)	(8,459)
Exchange difference	—	138	138
Closing net book amount	255,778	6,925	262,703
At 31 December 2018			
Cost	264,869	17,300	282,169
Accumulated amortisation	(9,091)	(10,375)	(19,466)
Net book amount	255,778	6,925	262,703
Six months ended 30 June 2019			
Opening net book amount	255,778	6,925	262,703
Additions	195	—	195
Amortisation	(2,995)	(1,658)	(4,653)
Exchange difference	—	(30)	(30)
Closing net book amount	252,978	5,237	258,215
At 30 June 2019			
Cost	265,064	17,270	282,334
Accumulated amortisation	(12,086)	(12,033)	(24,119)
Net book amount	252,978	5,237	258,215
Six months ended 30 June 2018 (Unaudited)			
Opening net book amount	256,835	9,412	266,247
Additions	3,338	1,110	4,448
Amortisation	(2,297)	(1,998)	(4,295)
Exchange difference	—	6	6
Closing net book amount	257,876	8,530	266,406
At 30 June 2018			
Cost	264,540	17,168	281,708
Accumulated amortisation	(6,664)	(8,638)	(15,302)
Net book amount	257,876	8,530	266,406

(c) As at 31 December 2016, 2017, 2018 and 30 June 2019, lands with net book value of RMB14,194,000, RMB15,040,000, RMB14,409,000 and RMB14,137,000 respectively, were pledged as collateral for the Group's bank and other borrowings (Note 30).

(d) Amortisation of the right-of-use assets has been charged to profit or loss or capitalised in assets under construction as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Administrative expenses	2,360	6,767	7,663	3,853	4,299
Cost of sales	239	917	796	442	354
	2,599	7,684	8,459	4,295	4,653
Assets under construction	543	—	—	—	—
	3,142	7,684	8,459	4,295	4,653

20 Investment properties

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Opening net book value	—	140,043	173,178	173,178	184,275
Additions	81,071	—	—	—	—
Fair value changes	58,972	33,135	11,097	8,842	1,298
Closing net book value	140,043	173,178	184,275	182,020	185,573

As at 31 December 2016, 2017, 2018 and 30 June 2019, investment properties mainly comprise three retail properties.

As at 31 December 2016 and 2017, one certificate for the retail properties of RMB78,343,000 and RMB92,978,000, respectively was still to be obtained. Such certificate has been obtained in 2018.

As at 31 December 2016 and 2017, no retail property was pledged as collateral for the Group's bank and other borrowings.

As at 31 December 2018 and 30 June 2019, three retail properties of RMB184,275,000 and 185,573,000 were pledged as collateral for the Group's bank and other borrowings (Note 30).

Amounts recognised in profit or loss for investment properties

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Rental income	1,302	4,805	8,542	4,094	4,899
Direct operating expenses	(175)	(601)	(848)	(235)	(679)
	1,127	4,204	7,694	3,859	4,220

The investment properties are located in the PRC and are held on leases of between 40 to 50 years.

(i) ***Fair value hierarchy***

An independent valuation of the Group's completed investment properties was performed by the independent and professionally qualified valuer, Cushman & Wakefield Limited, to determine the fair value of the investment properties as at 31 December 2016, 2017, 2018 and 30 June 2019. The revaluation gains or losses are included in 'Other gains — net' in the statements of comprehensive income.

As at 31 December 2016, 2017, 2018 and 30 June 2019, as certain of significant inputs used in the determination of fair value of investment properties are arrived at by reference to certain significant unobservable market data, the fair value of all investment properties of the Group are included in level 3 of the fair value measurement hierarchy (Note 2.9).

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer. No transfers in or out of fair value hierarchy levels during the Track Record Period.

(ii) ***Valuation processes of the Group***

The Group's investment properties were valued at 31 December 2016, 2017, 2018 and 30 June 2019 by independent and professionally qualified valuer who holds a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use.

The Group's finance department includes a team that review the valuations performed by the independent valuer for financial reporting purposes. This team reports to the senior management of the Group. Discussions of valuation processes and results are held between the management and valuer at least once every six months during the Track Record Period.

At each financial year end, the financial department:

- Verifies all major inputs to the independent valuation report;
- Assesses property valuation movements when compared to the prior year valuation report; and
- Holds discussions with the independent valuer.

(iii) ***Valuation techniques***

Completed investment properties comprise of retail properties. For retail properties, fair values are generally derived using the term and reversionary method. This method is based on the tenancy agreements as at the respective valuation dates. The rental income derived within the tenancy agreements are discounted by adopting term yields and the potential reversionary income are discounted by adopting appropriate reversionary yields for the period beyond the rental period in the tenancy agreements. Potential reversionary income and the reversionary yields are derived from analysis of prevailing market rents and valuer's interpretation of prevailing investor requirements or expectations. The prevailing market rents adopted in the valuation have reference to recent lettings, within the subject properties and other comparable properties.

The Group has also used the sale comparison approach by making reference to the sales transactions or asking price evidences of comparable properties as available in the market to cross check the valuation result.

There were no changes to the valuation techniques during the Track Record Period.

	Property category	**Fair value at 31 December 2016**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs (probability)**	**Relationship of unobservable inputs to fair value**
Completed investment properties	Retail properties	140,043,000	Term and reversionary method	Market price (RMB/square metre)	92-184	The higher the market price, the higher the fair value
				Term yields	5.50%-6.00%	The higher the term yields, the lower the fair value

	Property category	**Fair value at 31 December 2017**	**Valuation techniques**	**Unobservable inputs**	**Range of unobservable inputs (probability)**	**Relationship of unobservable inputs to fair value**
Completed investment properties	Retail properties	173,178,000	Term and reversionary method	Market price (RMB/square metre)	105-210	The higher the market price, the higher the fair value
				Term yields	4.25%-4.75%	The higher the term yields, the lower the fair value

	Property category	Fair value at 31 December 2018	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	184,275,000	Term and reversionary method	Market price (RMB/square metre)	110-221	The higher the market price, the higher the fair value
				Term yields	4.00%-4.50%	The higher the term yields, the lower the fair value

	Property category	Fair value at 30 June 2019	Valuation techniques	Unobservable inputs	Range of unobservable inputs (probability)	Relationship of unobservable inputs to fair value
Completed investment properties	Retail properties	185,573,000	Term and reversionary method	Market price (RMB/square metre)	112-223	The higher the market price, the higher the fair value
				Term yields	4.00%-4.50%	The higher the term yields, the lower the fair value

As at 31 December 2016, 2017, 2018 and 30 June 2019, the period of leases whereby the Group leases out its investment properties held in the PRC were between 2 to 8 years.

21 Intangible assets

	Computer software
	RMB'000
Year ended 31 December 2016	
Opening net book amount	60
Additions	1,482
Amortisation	(103)
Closing net book amount	1,439
At 31 December 2016	
Cost	1,570
Accumulated amortisation	(131)
Net book amount	1,439
Year ended 31 December 2017	
Opening net book amount	1,439
Acquisition of subsidiaries	9
Additions	207
Amortisation	(406)
Closing net book amount	1,249

	Computer software *RMB'000*
At 31 December 2017	
Cost	1,786
Accumulated amortisation	(537)
Net book amount	1,249
Year ended 31 December 2018	
Opening net book amount	1,249
Additions	1,096
Disposal	(21)
Amortisation	(470)
Closing net book amount	1,854
At 31 December 2018	
Cost	2,861
Accumulated amortisation	(1,007)
Net book amount	1,854
Six months ended 30 June 2019	
Opening net book amount	1,854
Additions	806
Amortisation	(286)
Closing net book amount	2,374
At 30 June 2019	
Cost	3,667
Accumulated amortisation	(1,293)
Net book amount	2,374
Six months ended 30 June 2018 (Unaudited)	
Opening net book amount	1,249
Additions	45
Amortisation	(228)
Closing net book amount	1,066
At 30 June 2018	
Cost	1,831
Accumulated amortisation	(765)
Net book amount	1,066

22 **Properties under development**

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Properties under development expected to be completed:				
- Land use rights	400,289	1,154,255	2,153,042	2,440,129
- Contractual rights of land (Note (a))	—	190,560	236,999	241,622
- Construction costs	337,544	722,729	759,376	1,022,797
- Interests capitalised	46,035	82,502	71,856	110,426
	783,868	2,150,046	3,221,273	3,814,974

(a) Contractual rights of land mainly represents the agricultural land and forest land acquired from the collective economic organisations in 2017, which will be transferred the usage to land use rights in near future.

(b) Properties under development are located in the PRC and HK and expected to be completed, and available for sale within normal operating cycle.

(c) The capitalisation rates of borrowings are 7.95%, 6.25%, 5.74% and 7.45% for the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019, respectively.

(d) As at 31 December 2016, 2017, 2018 and 30 June 2019, properties under development with net book value of RMB284,145,000, RMB844,237,000, RMB221,985,000 and RMB216,649,000 respectively, were pledged as collateral for the Group's bank and other borrowings (Note 30).

23 **Completed properties held for sale**

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Completed properties held for sale developed by the Group:				
Land use rights	133,689	57,715	128,006	93,498
Construction costs	230,413	148,348	374,447	428,548
Interest capitalised	28,123	14,975	32,848	36,767
	392,225	221,038	535,301	558,813
Completed properties held for sale acquired	–	–	–	885,768
	392,225	221,038	535,301	1,444,581

The completed properties held for sale are all located in the PRC.

As at 31 December 2016, 2017, 2018 and 30 June 2019, completed properties held for sale with net book value of RMB106,098,000, RMB65,465,000, RMB288,832,000 and RMB837,711,000 respectively, were pledged as collateral for the Group's bank and other borrowings (Note 30).

24 **Trade and other receivables and prepayments**

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Included in current assets:				
Trade receivables — third parties (Note (a))	11,932	6,917	6,645	6,658
Other receivables — third parties (Note (b))	60,229	175,235	93,247	94,365
Prepayments for acquisition of land use rights (Note (c))	—	—	100,330	124,534
Other prepayments (Note (d))	57,295	212,496	31,677	47,706
	129,456	394,648	231,899	273,263
Less: non-current portion	(1,050)	(13,155)	(12,969)	(12,998)
Less: impairment	(141)	(477)	(647)	(569)
	128,265	381,016	218,283	259,696

As at 31 December 2016, 2017, 2018 and 30 June 2019, the fair value of trade and other receivables approximated their carrying amounts.

As at 31 December 2017, 2018 and 30 June 2019, trade receivables with net book value of RMB5,829,000, RMB6,122,000 and RMB4,156,000 were pledged as collateral for the Group's bank and other borrowings (Note 30).

(a) Details of trade receivables are as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade receivables — third parties	11,932	6,917	6,645	6,658
Less: allowance for impairment	—	—	—	—
Trade receivables — net	11,932	6,917	6,645	6,658

Aging analysis of trade receivables based on invoice date is as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	11,932	6,917	6,645	6,658

Trade receivables mainly arise from sales of properties and hotel operations. Proceeds from sale of properties are generally received in accordance with the terms stipulated in the sale and purchase agreements. There is generally no credit period granted to the property purchasers.

The Group's trade receivables are denominated in RMB.

(b) Details of other receivables are as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Deposits for acquisition of land use rights	—	132,955	42,969	42,998
Cash advances to third parties	33,807	24,537	16,150	11,583
Receivables from disposal of a subsidiary	—	—	3,000	—
Others	26,422	17,743	31,128	39,784
	60,229	175,235	93,247	94,365
Less: allowance for impairment	(141)	(477)	(647)	(569)
Other receivables — net	60,088	174,758	92,600	93,796

(c) Amounts represent up-front payments for acquiring land use rights for property development. The amounts will be transferred to properties under development in the balance sheet when the Group obtains contractual usage rights of the relevant lands.

(d) Details of other prepayments are as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Prepayments for property development projects	25,442	175,185	14,080	22,316
Prepaid business taxes and other taxes	15,471	7,951	1,974	7,570
Others	16,382	29,360	15,623	17,820
Other prepayment	57,295	212,496	31,677	47,706

(e) Details of prepaid taxes are as follow:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Corporate income taxes	339	339	1,981	10,042
Land appreciation taxes	29,080	55,189	64,778	37,588
Value added taxes	666	82,051	80,843	98,105
	30,085	137,579	147,602	145,735

25 Financial assets at fair value through profit or loss

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Wealth management products (Note (a))	14,000	50,800	600	—

(a) Wealth management products mainly are investments in financial instruments issued by banks, which have no guaranteed returns. They have initial terms ranging from 4 to 121 days.

During the year ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019, the average return rates of these products were 2.58%, 2.64%, 3.06% and 3.43%.

(b) Changes in fair values of financial assets at fair value through profit or loss are recorded in "other gains — net" in the consolidated statements of comprehensive income.

(c) For information about the methods and assumptions used in determining fair value please refer to Note 3.3.

26 Restricted cash

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee deposits for construction of pre-sold properties (Note (a))	54,694	112,868	55,985	68,967
Guarantee deposits for borrowings (Note (b))	—	—	208,561	430,012
Others	—	—	—	489
	54,694	112,868	264,546	499,468
Denominated in:				
- RMB	54,694	112,868	55,985	69,456
- USD	—	—	208,561	430,012
	54,694	112,868	264,546	499,468

(a) In accordance with relevant documents, certain property development companies of the Group are required to place at designated bank accounts the pre-sale proceeds of properties received as the guarantee deposits for the constructions of related properties. The deposits can only be used for payments of construction costs of related property projects upon the approval of the local State-Owned Land and Resource Bureau. Such guarantee deposits will be released according to the completion stage of the related properties.

(b) Pursuant to certain bank loan agreements, the Group is required to place certain cash deposits as securities for borrowings. Such guarantee deposits will only be released after full repayment of relevant borrowings.

As at 31 December 2018 and 30 June 2019, the Group has placed cash deposits of approximately RMB208,561,000 and RMB430,012,000 with designated banks as security for bank borrowings (Note 30).

27 **Cash and cash equivalents**

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Cash at bank and in hand	310,644	410,530	483,427	996,826
Less: restricted cash	(54,694)	(112,868)	(264,546)	(499,468)
Cash and cash equivalents	255,950	297,662	218,881	497,358

Cash and cash equivalents are denominated in the following currencies:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Denominated in RMB	252,303	292,980	120,667	411,208
Denominated in HK$	3,647	4,682	95,566	63,891
Denominated in USD	—	—	2,648	22,259
	255,950	297,662	218,881	497,358

The conversion of RMB denominated balances into foreign currencies and the remittance of such foreign currencies denominated bank balances and cash out of the PRC are subject to relevant rules and regulations of foreign exchange control promulgated by the PRC government.

28 **Share capital**

	Number of ordinary shares	Nominal value of ordinary shares	Equivalent nominal value of ordinary shares	Total
Authorized				
Ordinary share of HK$0.01 each upon incorporation	38,000,000	HK$380,000	RMB336,000	RMB336,000
Issued and fully paid				
At 2 November 2018 (date of incorporation)	1	HK$0.01	RMB0.01	RMB0.01
Issue of shares of HK$0.01 each	2	HK$0.02	RMB0.02	RMB0.02
At 31 December 2018	3	HK$0.03	RMB0.03	RMB0.03
Issue of shares of HK$0.01 each	—	—	—	—
At 30 June 2019	3	HK$0.03	RMB0.03	RMB0.03

29 **Other reserves and retained earnings**

	Combined reserves *RMB'000*	Statutory reserve *RMB'000*	Exchange difference *RMB'000*	Total reserves *RMB'000*	(Accumulated losses)/ retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2016	200	8,531	(13,867)	(5,136)	(31,635)	(36,771)
Profit for the year	—	—	—	—	84,507	84,507
Transfer to statutory reserves	—	10,184	—	10,184	(10,184)	—
Capital injection from controlling shareholder (Note (a))	50,100	—	—	50,100	—	50,100
Other comprehensive income	—	—	(29,123)	(29,123)	—	(29,123)
Balance at 31 December 2016	50,300	18,715	(42,990)	26,025	42,688	68,713
Balance at 1 January 2017	50,300	18,715	(42,990)	26,025	42,688	68,713
Profit for the year	—	—	—	—	89,789	89,789
Transfer to statutory reserves	—	13,476	—	13,476	(13,476)	—
Other comprehensive income	—	—	35,356	35,356	—	35,356
Balance at 31 December 2017	50,300	32,191	(7,634)	74,857	119,001	193,858
Balance at 1 January 2018	50,300	32,191	(7,634)	74,857	119,001	193,858
Profit for the year	—	—	—	—	386,486	386,486
Transfer to statutory reserves	—	18,826	—	18,826	(18,826)	—
Capital injection from controlling shareholder (Note (b))	9,800	—	—	9,800	—	9,800
Deemed distribution to controlling shareholder (Note (b))	(60,100)	—	—	(60,100)	—	(60,100)
Capitalisation of shareholder's loan (Note (c))	43,810	—	—	43,810	—	43,810
Other comprehensive income	—	—	(24,550)	(24,550)	—	(24,550)
Balance at 31 December 2018	43,810	51,017	(32,184)	62,643	486,661	549,304

	Combined reserves *RMB'000*	Statutory reserve *RMB'000*	Exchange difference *RMB'000*	Total reserves *RMB'000*	(Accumulated losses)/ retained earnings *RMB'000*	Total *RMB'000*
Balance at 1 January 2019	43,810	51,017	(32,184)	62,643	486,661	549,304
Profit for the period	—	—	—	—	185,003	185,003
Other comprehensive income	—	—	(6,574)	(6,574)	—	(6,574)
Balance at 30 June 2019	43,810	51,017	(38,758)	56,069	671,664	727,733
Balance at 1 January 2018 (Unaudited)	50,300	32,191	(7,634)	74,857	119,001	193,858
Loss for the period	—	—	—	—	(18,113)	(18,113)
Capital injection from controlling shareholder (Note (b))	9,800	—	—	9,800	—	9,800
Deemed distribution to controlling shareholder (Note (b))	(50,100)	—	—	(50,100)	—	(50,100)
Other comprehensive income	—	—	(7,168)	(7,168)	—	(7,168)
Balance at 30 June 2018	10,000	32,191	(14,802)	27,389	100,888	128,277

(a) In 2016, RMB50,000,000 and RMB100,000 were injected to Guangzhou Just Stay and Guangzhou Shun'an respectively as paid-in capital from the ultimate controlling shareholder through the Nominees pursuant to the nomination agreement.

(b) In April 2018, RMB9,800,000 was injected to Guangzhou Shunbang as paid-in capital from the ultimate controlling shareholder through the Nominees pursuant to the nomination agreement. After the capital injection, the paid-in capital of Guangzhou Shunbang increased to RMB10,000,000.

In July 2018, Shunbang Corporate Management, one of the subsidiaries of Jingye Holdings, acquired the entire equity interest of Guangzhou Shunbang from the ultimate controlling shareholder with a total amount of RMB10,000,000. As a result, Guangzhou Shunbang became an indirect subsidiary of Jingye Holdings.

In June 2018, Jingye Hotel Management (HK), one of the subsidiaries of Jingye Holdings, acquired 100% equity interest of Guangzhou Just Stay from the ultimate controlling shareholder with a total amount of RMB50,000,000. As a result, Guangzhou Shunbang became an indirect subsidiary of Jingye Holdings.

In May 2018, Jingye Health, one of the subsidiaries of Jingye Holdings, acquired the 100% equity of Guangzhou Shun'an from the ultimate controlling shareholder with a total amount of RMB100,000. As a result, Guangzhou Shun'an became an indirect subsidiary of Jingye Holdings.

(c) On 28 December 2018, Mr. Michael Chan and the Company entered into an agreement for the sale and purchase of the entire issued share capital in and the assignment of part of the shareholder loan in the amount of HK$50,000,000 (RMB43,810,000) due from Jingye Holdings, in consideration of the Company allotting and issuing two shares to Mr. Michael Chan.

(d) Movement of the Company's other reserves is as follows:

	Other reserves *RMB'000*	Accumulated losses *RMB'000*
At 2 November 2018 (date of incorporation)	—	—
Deemed contribution (Note)	549,382	—
Loss for the period	—	(78)
At 31 December 2018	549,382	(78)
Profit for the period	—	192,814
At 30 June 2019	549,382	192,736

Note:

Deemed contribution represented mainly the excess of the aggregate net asset values of the Listing Business over the par value of the Company's shares issued in exchange pursuant to the Reorganisation.

30 Bank and other borrowings

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Bank borrowings	485,288	904,045	758,092	1,668,002
Loans from a third party (Note (a))	247,500	217,500	—	—
	732,788	1,121,545	758,092	1,668,002
Included in non-current liabilities:				
- Secured (Note (c) & (d))	405,288	835,473	500,949	1,124,934
- Unsecured (Note (d))	327,500	286,072	57,143	—
Less: current portion of non-current liabilities	(120,909)	(437,414)	(239,436)	(233,539)
	611,879	684,131	318,656	891,395
Included in current liabilities:				
- Secured (Note (c) & (d))	—	—	200,000	200,000
- Unsecured (Note (d))	—	—	—	343,068
Add: Current portion of non-current liabilities	120,909	437,414	239,436	233,539
	120,909	437,414	439,436	776,607
Total borrowings	732,788	1,121,545	758,092	1,668,002

(a) On 31 March 2015, a third party named Zhongshan Agile Changjiang Hotel Co., Ltd offered a facility of RMB300,000,000 to the Group. The Group withdrew a principal of RMB292,500,000 with the interest rate of 5.88% per annum. In 2018, the loan was early repaid by the Group.

(b) As at 31 December 2016, 2017, 2018 and 30 June 2019, the Group's borrowings are denominated in following currencies:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	657,650	972,755	758,092	1,324,934
HK$	75,138	148,790	—	343,068
	732,788	1,121,545	758,092	1,668,002

(c) As at 31 December 2016, 2017, 2018 and 30 June 2019, bank and other borrowings totalling RMB405,288,000, RMB835,473,000, RMB700,949,000 and RMB1,324,934,000 of the Group were secured by the following assets together with the Group's shares of certain subsidiaries:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lands	14,194	15,040	14,409	14,137
Property, plant and equipment	—	212,075	284,728	278,739
Assets under construction	219,785	—	—	—
Investment properties	—	—	184,275	185,573
Properties under development	284,145	844,237	221,985	216,649
Completed properties held for sale	106,098	65,465	288,832	837,711
Trade receivables	—	5,829	6,122	4,156
Restricted cash	—	—	208,561	430,012
	624,222	1,142,646	1,208,912	1,966,977

(d) The Group's unsecured bank borrowings of RMB80,000,000, RMB68,571,000, RMB57,143,000 and RMB343,068,000 as at 31 December 2016, 2017, 2018 and 30 June 2019 were guaranteed by the Company and certain subsidiaries of the Group, ultimate controlling shareholder and the ultimate controlling shareholder's relative's company.

The Group's secured bank borrowings of RMB340,138,000, RMB399,460,000, RMB483,468,000 and RMB1,187,004,000 as at 31 December 2016, 2017, 2018 and 30 June 2019 were guaranteed by certain subsidiaries, ultimate controlling shareholder, Ms. Su Lifen, Ms. Tan Yuxing and the ultimate controlling shareholder's relative.

All the guarantees provided by ultimate controlling shareholders, Ms. Su Lifen, Ms. Tan Yuxing, the ultimate controlling shareholder's relative and the ultimate controlling shareholder's relative's company on the Group's bank borrowing will be fully released upon Listing.

(e) The exposure of borrowings to interest-rate changes and the contractual repricing dates or maturity date whichever is earlier are as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
6 months or less	161,002	54,745	59,458	718,937
6-12 months	35,044	382,669	379,978	57,670
1-2 years	70,089	265,272	51,256	236,640
Over 2 years	466,653	418,859	267,400	654,755
	732,788	1,121,545	758,092	1,668,002

(f) The repayment terms of the borrowings are as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 1 year	120,909	437,414	439,436	776,607
1 to 2 years	145,226	265,271	51,256	236,640
2 to 5 years	210,266	232,573	148,066	196,327
Over 5 years	256,387	186,287	119,334	458,428
	732,788	1,121,545	758,092	1,668,002

(g) The annual weighted average effective interest rates were as follows:

	As at 31 December			As at 30 June
	2016	2017	2018	2019
Bank and other borrowings	7.95%	6.26%	5.74%	7.45%

(h) The carrying amounts of the borrowings approximate their fair values as at 31 December 2016, 2017, 2018 and 30 June 2019 as the impact of discounting of borrowing with fixed interest rate is not significant or the borrowings carry floating interest rate.

(i) The amounts of unused uncommitted bank facilities as at 31 December 2016, 2017, 2018 and 30 June 2019 are RMB493,000,000, RMB268,002,000, RMB322,502,000 and RMB39,500,000.

31 Trade and other payables

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Trade payables (Note (a))	228,831	305,617	489,454	888,792
Notes payable	—	—	135,505	158,183
Amounts due to non-controlling interests of acquired subsidiaries (Note (b))	—	19,027	303,172	55,273
Amounts due to original shareholder of a subsidiary acquired (Note (b))	—	—	449,410	—
Outstanding consideration payables for acquisitions (Note (c))	14,000	163,120	96,760	75,672
Contract liabilities (Note 5)	425,027	1,288,935	2,053,595	2,013,061
Deposits payables (Note (d))	163,633	164,354	61,622	54,203
Accrued expenses	9,513	12,865	40,613	43,435
Salaries payable	15,796	25,796	45,985	34,676
Other taxes payable	14,510	121,521	189,266	188,634
Interest payable	862	2,293	2,280	4,118
Other payables (Note (e))	86,039	86,170	32,484	54,441
	958,211	2,189,698	3,900,146	3,570,488

(a) Aging analysis of the trade payables based on invoice dates is as follows:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Within 90 days	155,813	176,697	223,831	601,937
Over 90 days and within 365 days	25,947	45,108	181,705	207,583
Over 365 days	47,071	83,812	83,918	79,272
	228,831	305,617	489,454	888,792

The Group's trade payables as at 31 December 2016, 2017, 2018 and 30 June 2019 are denominated in RMB and HK$.

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
RMB	211,351	291,661	489,454	888,792
HK$	17,480	13,956	—	—
	228,831	305,617	489,454	888,792

(b) During the year ended 31 December 2018, Guangzhou Yinong Enterprise Co., Ltd. ("Guangzhou Yinong"), one of the subsidiaries of the Group, acquired 50.1% equity interest of Guangzhou Jinghong Investment Co., Ltd ("Guangzhou Jinghong") from Guangzhou Jinghengyue Investment Co., Ltd ("Guangzhou Jinghengyue"). Prior to the acquisition, Guangzhou Jinghengyue and the non-controlling interest advanced total amount of RMB449,410,000 and RMB265,742,000, respectively to Guangzhou Jinghong, which was further advanced to a joint venture for the purpose of acquisition of land use rights. The amounts due to the original shareholder and the non-controlling interest had been fully paid in 2019. The remaining balance represents advances from the non-controlling interests of certain subsidiaries of the Group in the original course of business, which are interest-free, unsecured and repayable on demand.

(c) The amounts mainly comprise the consideration payables for the acquisitions, which are repayable according to the terms and conditions agreed with the original shareholders.

(d) The deposits payables mainly include: (i) the deposits from property purchasers of the Group; and (ii) quality guarantee and bidding deposit from constructors. The deposits are unsecured, interest free and repayable according to terms and conditions mutually agreed with the counter parties.

(e) Other payables mainly represent payables to third parties and maintenance funds, which are unsecured, interest free and repayable on demand.

32 **Cash flow information**

(a) ***Cash generated from/(used in) operations***

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Profit/(loss) for the year/period	84,507	86,078	381,759	(19,128)	181,175
Adjustments for:					
Income tax expense	57,996	97,330	157,511	7,211	163,427
Finance income	(672)	(971)	(649)	(388)	(452)
Finance costs	—	10,537	—	—	—
Depreciation and amortisation of intangible assets and right-of-use assets (Note 6)	7,116	23,915	25,586	12,906	14,076
Share of results of an associate	228	792	1,282	559	650
Share of results of a joint venture	—	—	2,781	—	158
Fair value gains on investment properties	(58,972)	(33,135)	(11,097)	(8,842)	(1,298)
Interest on financial assets at fair value through profit or loss (Note 9)	(1,409)	(3,593)	(9,123)	(6,760)	(870)
Gains on disposal of subsidiaries	—	—	(210,358)	(7,326)	(59,706)
Provision for impairment of other receivables	34	336	170	253	(78)
Losses on disposals of property, plant and equipment	2	110	8	2	9
Elimination of unrealised profits	—	—	—	—	3,586
	88,830	181,399	337,870	(21,513)	300,677
Changes in working capital:					
Properties under development and completed properties held for sale	(181,683)	(728,751)	(1,485,739)	(131,051)	(551,556)
Restricted cash	(26,296)	(58,174)	56,883	(34,860)	(13,471)
Trade and other receivables and prepayments	257,958	(242,810)	(771,272)	(543,134)	(188,955)
Prepaid taxes (excluding prepaid income taxes)	(5,682)	(70,302)	2,771	(64,963)	(17,262)
Contract costs	(23,004)	(7,462)	(11,125)	(18,529)	(7,556)
Trade and other payables	223,003	840,859	1,913,460	1,246,360	329,844
	244,296	(266,640)	(295,022)	453,823	(448,956)
Cash generated from/(used in) operations	333,126	(85,241)	42,848	432,310	(148,279)

(b) In the consolidated statements of cash flows, proceeds from disposals of property, plant and equipment comprise:

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Property, plant and equipment					
Net book amount (Note 18)	2	275	251	54	9
Losses on disposals (Note 9)	(2)	(110)	(8)	(2)	(9)
Proceeds	—	165	243	52	—

(c) ***Reconciliation of liabilities arising from financing activities***

	Borrowings due within 1 year	Borrowings due after 1 year	Amounts due to related parties	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2016	101,350	340,338	490,205	7,535	939,428
Cash flows — operating activities	—	—	(150)	(482)	(632)
Cash flows — financing activities	(101,350)	392,450	48,354	(2,078)	337,376
Reclassification	120,909	(120,909)	—	—	—
Currency translation differences	—	—	—	447	447
Other non-cash movements (Note (i))	—	—	—	9,051	9,051
Balance as at 31 December 2016	120,909	611,879	538,409	14,473	1,285,670
Balance as at 1 January 2017	120,909	611,879	538,409	14,473	1,285,670
Cash flows — operating activities	—	—	100	(603)	(503)
Cash flows — financing activities	(120,909)	463,366	90,784	(21,232)	412,009
Reclassification	437,414	(437,414)	—	—	—
Currency translation differences	—	—	—	(370)	(370)
Other non-cash movements (Note (i))	—	46,300	—	72,105	118,405
Balance as at 31 December 2017	437,414	684,131	629,293	64,373	1,815,211
Balance as at 1 January 2018	437,414	684,131	629,293	64,373	1,815,211
Cash flows — operating activities	—	—	4,773	(444)	4,329
Cash flows — financing activities	(237,414)	(190,819)	529,877	(9,327)	92,317
Reclassification	239,436	(239,436)	—	—	—
Currency translation differences	—	—	—	150	150
Other non-cash movements (Note (i))	—	64,780	(43,810)	5,221	26,191
Balance as at 31 December 2018	439,436	318,656	1,120,133	59,973	1,938,198

	Borrowings due within 1 year	Borrowings due after 1 year	Amounts due to related parties	Lease liabilities	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Balance as at 1 January 2019	439,436	318,656	1,120,133	59,973	1,938,198
Cash flows — operating activities	—	—	—	(1,473)	(1,473)
Cash flows — financing activities	103,632	395,338	248,108	(1,352)	745,726
Reclassification	233,539	(233,539)	—	—	—
Currency translation differences	—	—	—	(32)	(32)
Other non-cash movements (Note (i))	—	410,940	(4,903)	1,668	407,705
Balance as at 30 June 2019	776,607	891,395	1,363,338	58,784	3,090,124
Balance as at 1 January 2018 (Unaudited)	437,414	684,131	629,293	64,373	1,815,211
Cash flows — operating activities	—	—	(30)	(235)	(265)
Cash flows — financing activities	(220,067)	—	143,684	(6,725)	(83,108)
Reclassification	139,350	(139,350)	—	—	—
Currency translation differences	—	—	—	8	8
Other non-cash movements (Note (i))	—	(174,100)	(286,531)	4,683	(455,948)
Balance at 30 June 2018	356,697	370,681	486,416	62,104	1,275,898

(i) Other non-cash movements mainly comprise: (i) the acquisition of subsidiaries with loans, (ii) accrued interest expense and lease liabilities, (iii) the capitalisation of amounts due to controlling shareholder, (iv) the loans and amounts due to related parties were transferred to held for sale liabilities for disposal of subsidiaries, and (v) the amounts due to related parties were settled with corresponding receivables arising from rendering of management consultancy services.

(d) For the year ended 31 December 2018, non-cash movements of RMB566,632,000 from investing activities of amounts due from related parties mainly comprise the receivables from the joint venture, Wanjing, prior to the acquisition of Guangzhou Jinghong from the third party.

33 Guarantee

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Guarantee in respect of mortgage facilities for certain purchasers (Note (a))	331,417	638,253	894,058	994,507

(a) The Group has arranged bank financing for certain purchasers of the Group's property units and provided guarantees to secure obligations of such purchasers for repayments. Such guarantees terminate upon the earlier of (i) issuance of the real estate ownership certificate, which will generally be available within an average period of two to three years upon the completion of guarantee registration; or (ii) the satisfaction of mortgaged loan by the purchasers of properties.

Pursuant to the terms of the guarantees, upon default in mortgage payments by these purchasers, the Group is responsible to repay the outstanding mortgage principals together with accrued interest and penalty owed by the defaulted purchasers to the banks and the Group is entitled to take over the legal title and possession of the related properties. The Group's guarantee period starts from the dates of grant of the mortgages. The directors consider that the likelihood of default in payments by purchasers is minimal and therefore the financial guarantee measured at fair value is immaterial.

34 **Commitments**

Commitments for capital and property development expenditure:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Contracted but not provided for:				
Property development activities	683,260	776,898	2,170,163	1,662,827

35 **Lease liabilities**

(a) ***Amounts recognised in the consolidated statements of financial position***

The consolidated statements of financial position show the following amounts relating to lease liabilities:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Right-of-use assets	28,214	266,247	262,703	258,215

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Lease liabilities				
Current	4,055	3,431	2,120	2,039
Non-current	10,418	60,942	57,853	56,745
	14,473	64,373	59,973	58,784

(b) ***Amounts recognised in the consolidated statements of comprehensive income***

The consolidated statements of comprehensive income show the following amounts relating to lease:

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amortisation charge of right-of-use assets	3,142	7,684	8,459	4,653
Interest expense (included in finance expenses)	482	603	444	1,473

The total cash outflow for lease for the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2019 were RMB2,560,000, RMB21,835,000, RMB9,771,000 and RMB2,825,000, respectively.

(c) ***Commitments and present value of lease liabilities are shown in the table below during the Track Record Period:***

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Commitments in relation to lease liabilities are payable as follows:				
Within 1 year	4,668	6,479	5,029	4,871
1 to 2 years	3,203	6,029	4,166	3,327
2 to 5 years	6,333	10,849	9,975	9,976
Over 5 years	2,005	142,472	139,217	137,548
Minimum lease payments	16,209	165,829	158,387	155,722
Future finance charge	(1,736)	(101,456)	(98,414)	(96,938)
Total lease liabilities	14,473	64,373	59,973	58,784

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
The present value of lease liabilities is as follows:				
Within 1 year	4,055	3,431	2,120	2,039
1 to 2 years	2,748	3,125	1,383	568
2 to 5 years	5,778	2,602	1,823	1,867
Over 5 years	1,892	55,215	54,647	54,310
	14,473	64,373	59,973	58,784

(d) ***The development of lease liabilities is shown in the table below during the Track Record Period:***

	Lease liabilities-current	Lease liabilities-non-current
	RMB'000	*RMB'000*
At 1 January 2016	1,417	6,118
Lease payment	(2,560)	—
Accrued interest	482	—
Increase in right-of-use assets	788	7,781
Exchange difference	105	342
Reclassification between current and non-current	3,823	(3,823)
As at 31 December 2016	4,055	10,418

	Lease liabilities-current	Lease liabilities-non-current
	RMB'000	*RMB'000*
At 1 January 2017	4,055	10,418
Lease payment	(21,835)	—
Accrued interest	603	—
Increase in right-of-use assets	18,345	53,157
Exchange difference	(120)	(250)
Reclassification between current and non-current	2,383	(2,383)
As at 31 December 2017	3,431	60,942

	Lease liabilities-current	Lease liabilities-non-current
	RMB'000	*RMB'000*
At 1 January 2018	3,431	60,942
Lease payment	(9,771)	—
Accrued interest	444	—
Increase in right-of-use assets	4,777	—
Exchange difference	90	60
Reclassification between current and non-current	3,149	(3,149)
As at 31 December 2018	2,120	57,853

	Lease liabilities-current	Lease liabilities-non-current
	RMB'000	*RMB'000*
At 1 January 2019	2,120	57,853
Lease payment	(2,825)	—
Accrued interest	1,473	—
Increase in right-of-use-assets	195	—
Exchange difference	(3)	(29)
Reclassification between current and non-current	1,079	(1,079)
As at 30 June 2019	2,039	56,745

	Lease liabilities-current	Lease liabilities-non-current
	RMB'000	*RMB'000*
At 1 January 2018 (Unaudited)	3,431	60,942
Lease payment	(6,960)	—
Accrued interest	235	—
Increase in right-of-use assets	4,448	—
Exchange difference	4	4
Reclassification between current and non-current	1,609	(1,609)
As at 30 June 2018	2,767	59,337

36 Capital injection from non-controlling interests

(a) During the year ended 31 December 2017, Guangdong Hengyue Investment Co., Ltd. ("Guangdong Hengyue") and Guangzhou Yikun Investment Co., Ltd. ("Guangzhou Yikun"), the non-controlling interests of Guangzhou Chongyu Investment Co., Ltd. ("Guangzhou Chongyu"), one of the Group's non-wholly owned subsidiary, contributed RMB40,490,000 and RMB63,760,000 respectively, while the Group also contributed RMB240,000,000 according to its proportion of the equity interest.

During the year ended 31 December 2017, Guangdong Hengyue, the non-controlling interests of Guangzhou Jinghengyue Investment Co., Ltd. ("Guangzhou Jinghengyue"), one of the Group's non-wholly owned subsidiary, contributed RMB71,460,000, while the Group also contributed RMB110,000,000 according to its proportion of the equity interest.

(b) During the year ended 31 December 2018, Guangdong Hengyue and Guangzhou Yikun contributed RMB1,660,000 and RMB2,745,000 to Guangzhou Chongyu and Guangzhou Jinghengyue, respectively.

(c) During the six months ended 30 June 2019, Guangdong Hengyue and Zhongshan Yuelai Real Estate Investment Group Co., Ltd. contributed RMB526,000 and RMB2,500,000 to Guangzhou Chongyu and Zhongshan Jingyue Investment Co., Ltd., respectively.

37 Related party transactions

The ultimate holding company of the Company is Sze Ming, and the ultimate controlling shareholder of the Company is Mr. Michael Chan.

(a) ***Name and relationship with related parties***

Name	**Relationship**
Mr. Michael Chan	Ultimate controlling shareholder
Guangdong Zhuosidao Education Investment Management Co., Ltd ("Zhuosidao Education") 廣東卓思道教育投資管理有限公司	Controlled by ultimate controlling shareholder
Sino Kingdom Development Limited ("Sino Kingdom") 世基發展有限公司	Controlled by ultimate controlling shareholder
Golden United Development Limited ("Golden United") 嘉源發展有限公司	Controlled by ultimate controlling shareholder
Donghuzhou 廣州市南沙東湖洲房地產有限公司	Associate of the Group
Wanjing 廣州市萬景房地產有限公司	Joint Venture of the Group
Sze Ming 思銘有限公司	Ultimate holding company of the Company

(b) ***Transactions with related parties***

The Group had the following transactions with related parties during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
(i) Sales of properties					
- ultimate controlling shareholder	—	—	496	—	—
Total	—	—	496	—	—
(ii) Provision of guarantee in respect of borrowings outstanding					
- ultimate controlling shareholder	265,000	250,670	222,010	236,340	543,067
Total	265,000	250,670	222,010	236,340	543,067
(iii) Rendering of property management services					
- Donghuzhou	—	—	707	60	324
Total	—	—	707	60	324
(iv) Rendering of management consultancy services					
- Donghuzhou	—	—	—	—	11,950
Total	—	—	—	—	11,950

The prices for the above transactions were determined in accordance with the terms of the underlying agreements.

(c) ***Balances with related parties***

	As at 31 December			As at 30 June
	2016	**2017**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due from an associate and a joint venture				
Trade balances				
- Donghuzhou	—	—	333	1,571
	—	—	333	1,571
Non-trade balances				
- Donghuzhou	—	35,143	51,857	51,869
- Wanjing	—	—	851,186	—
	—	35,143	903,043	51,869
Amounts due from ultimate controlling shareholder and entities controlled by ultimate controlling shareholder				
Non-trade balances				
- Golden United	—	125	—	—
- Zhuosidao Education	13,200	53,728	39,826	—
- Sze Ming	—	—	—	11
- Ultimate controlling shareholder *(Note (i))*	76,700	73,700	37,500	14,500
	89,900	127,553	77,326	14,511
Amounts due to an associate				
Prepayments from				
Trade balance				
- Donghuzhou	—	—	4,903	—
	—	—	4,903	—

Note (i):

Changes in amount due from ultimate controlling shareholder are included as cash flows from financing activities in consolidated statement of cash flows.

	As at 31 December			As at 30 June
	2016	2017	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Amounts due to ultimate controlling shareholder and an entity controlled by ultimate controlling shareholder				
Trade balances				
- Ultimate controlling shareholder	30	130	—	—
	30	130	—	—
Non-trade balances				
- Sino Kingdom	216,901	291,966	—	—
- Ultimate controlling shareholder	321,478	337,197	1,115,230	1,363,338
	538,379	629,163	1,115,230	1,363,338

Amounts due from/to related parties mainly represent the cash advances which are unsecured, interest-free and repayable on demand.

Out of the amounts due to ultimate controlling shareholder, an amount of HK$515.7 million (RMB453.9 million) were capitalised on 12 November 2019 by the issue of one Share (Note 42(i)). The remaining amounts due from and due to ultimate controlling shareholder will be settled in cash before Listing.

(d) ***Key management compensation***

Key management compensation for the years ended 31 December 2016, 2017, 2018 and the six months ended 30 June 2018 and 2019 are set out below:

	Year ended 31 December			Six months ended 30 June	
	2016	2017	2018	2018	2019
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Key management compensation					
- Salaries and other employee benefits	4,454	8,814	19,145	8,167	10,397
- Pension costs	57	76	101	51	50
	4,511	8,890	19,246	8,218	10,447

38 **Particulars of subsidiaries**

(a) Particulars of the subsidiaries of the Group as at 31 December 2016, 2017, 2018 and 30 June 2019 are set out as below:

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
Direct interests:												
景業控股有限公司 Jingye Holdings Limited	13/12/2013	Limited liability company	BVI	Investment holding	USD101	USD101	100%	100%	100%	100%	100%	ix
Indirect interests:												
廣州意濃實業有限公司 Guangzhou Yinong Enterprise Co., Ltd.("Guangzhou Yinong")	01/07/2002	Limited liability company	Mainland China	Property development	RMB500,000,000	RMB500,000,000	100%	100%	100%	100%	100%	i, ii, iii
廣州市景業房地產開發有限公司 Guangzhou Jingye Real Estate Development Co., Ltd.	18/06/2008	Limited liability company	Mainland China	Property development	RMB301,000,000	RMB301,000,000	100%	100%	100%	100%	100%	i, v, vi
海南景業房地產開發有限公司 Hainan Jingye Real Estate Development Co., Ltd.	25/12/2013	Limited liability company	Mainland China	Property development	RMB100,000,000	RMB100,000,000	100%	100%	100%	100%	100%	i ii, iii
廣州卓都物業管理有限公司 Guangzhou Zhuodu Property Management Co., Ltd. ("Guangzhou Zhuodu")	30/07/2014	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB1,000,000	100%	100%	100%	100%	100%	i, ii, iii

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest: As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
海南卓都物業服務有限公司 Hainan Zhuodu Property Services Co., Ltd.	31/10/2014	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB1,000,000	100%	100%	100%	100%	100%	xi
中山市景雅裝飾工程有限公司 Zhongshan Jingya Decoration Engineering Co., Ltd.	25/03/2005	Limited liability company	Mainland China	Building decoration	RMB500,000	RMB500,000	100%	100%	100%	100%	100%	i, ii, iii
廣州廣澤房地產開發有限公司 Guangzhou Guangze Real Estate Development Co., Ltd. ("Guangzhou Guangze")	05/11/2010	Limited liability company	Mainland China	Property development	RMB10,000,000	RMB10,000,000	100%	100%	100%	100%	100%	i, ii, iii
廣州市江河水泥製品有限公司 Guangzhou Jianghe Cement Products Co., Ltd.	14/03/2001	Limited liability company	Mainland China	Property development	RMB10,500,000	RMB10,500,000	100%	100%	100%	100%	100%	i, ii, iii
景業控股(香港)有限公司 Jingye Holdings (HK) Limited ("Jingye Holdings (HK)")	02/01/2014	Limited liability company	Hong Kong	Investment holding	HK$1	HK$1	100%	100%	100%	100%	100%	vii, viii, xiv
景業健康產業控股有限公司 Jingye Health Industry Holdings Limited	19/11/2015	Limited liability company	BVI	Health management	USD1	USD1	100%	100%	100%	100%	100%	ix
景業健康產業有限公司 Jingye Health Industry Limited	30/11/2015	Limited liability company	Hong Kong	Health management	HK$1	HK$1	100%	100%	100%	100%	100%	vii, viii, xiv

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
廣州卓思道酒店管理有限公司 Guangzhou Zhuosidao Hotel Management Co., Ltd.	22/07/2015	Limited liability company	Mainland China	Hotel management	RMB50,000,000	RMB50,000,000	N/A	N/A	100%	100%	100%	iv, v, vi
廣州市舜邦投資管理有限公司 Guangzhou Shunbang Investment Management Co., Ltd.	21/08/2015	Limited liability company	Mainland China	Property investment	RMB50,000,000	RMB50,000,000	N/A	N/A	100%	100%	100%	i, ii, iii
廣東景業健康產業發展有限公司 Guangdong Jingye Health Industry Development Co., Ltd.	05/12/2016	Limited liability company	Mainland China	Business management	RMB10,000,000	RMB1,016,000	100%	100%	100%	100%	100%	xi
廣州市舜安健康產業管理有限公司 Guangzhou Shun'an Health Industry Management Co., Ltd.	05/01/2016	Limited liability company	Mainland China	Health management	RMB1,000,000	RMB1,000,000	N/A	N/A	100%	100%	100%	i, ii, iii
廣州景譽健康管理發展有限公司 Guangzhou Jingyu Health Industry Development Co., Ltd.	10/03/2016	Limited liability company	Mainland China	Health management	RMB10,000,000	RMB200,000	100%	100%	100%	100%	100%	i, ii, iii
廣州崇譽投資有限公司 Guangzhou Chongyu Investment Co., Ltd.	18/01/2017	Limited liability company	Mainland China	Business management	RMB400,000,000	RMB345,910,000	N/A	60%	60%	60%	60%	i, ii
廣州新芳實業有限公司 Guangzhou Xinfang Enterprise Co., Ltd.	08/06/2000	Limited liability company	Mainland China	Property development	RMB399,000,000	RMB344,010,000	N/A	60%	60%	60%	60%	i, ii

							Proportion of ownership interest					
Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
廣州顥邦投資有限公司 Guangzhou Haobang Investment Co., Ltd.	31/05/2010	Limited liability company	Mainland China	Property development	RMB10,000,000	RMB10,000,000	N/A	60%	60%	60%	60%	i, ii
英德景業房地產有限公司 Yingde Jingye Real Estate Co., Ltd.	12/09/2017	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	N/A	100%	100%	100%	100%	i, ii
廣州創藝裝飾工程有限公司 Guangzhou Chuangyi Decoration Engineering Co., Ltd.	24/04/2017	Limited liability company	Mainland China	Building decoration	RMB50,000,000	RMB50,000,000	N/A	100%	100%	100%	100%	i, ii
英德桑緣農業發展有限公司 Yingde Sangyuan Agriculture Development Co., Ltd.	11/04/2014	Limited liability company	Mainland China	Property development	RMB52,000,000	RMB52,000,000	N/A	80%	80%	80%	80%	i, ii
英德市山湖居房地產開發有限公司 Yingde Shanhuju Real Estate Development Co., Ltd.	22/07/2011	Limited liability company	Mainland China	Property development	RMB25,000,000	RMB25,000,000	N/A	60%	80%	100%	100%	i, ii
英德景創房地產開發有限公司 Yingde Jingchuang Real Estate Development Co., Ltd.	19/09/2017	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB35,000,000	N/A	70%	70%	70%	70%	i, ii
英德金雄水泥有限公司 Yingde Jinxiong Cement Co., Ltd.	19/05/1994	Limited liability company	Mainland China	Property development	RMB24,120,000	RMB24,120,000	N/A	70%	100%	100%	100%	i, ii

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest: As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
廣州市番禺區德誠銅業有限公司 Guangzhou Panyu Decheng Copper Co., Ltd.	08/06/1999	Limited liability company	Mainland China	Property development	RMB2,000,000	RMB2,000,000	N/A	100%	100%	100%	100%	i, ii
舜邦投資管理(香港)有限公司 Shunbang Investment Management (HK) Limited	22/11/2017	Limited liability company	Hong Kong	Investment holding	HK$10	HK$10	N/A	100%	100%	100%	100%	xiv
舜邦投資管理控股有限公司 Shunbang Investment Management Holdings Limited	01/11/2017	Limited liability company	BVI	Investment holding	USD10	USD10	N/A	100%	100%	100%	100%	ix
舜邦商務管理(廣州)有限公司 Shunbang Corporate Management (Guangzhou) Co., Ltd.	23/04/2018	Limited liability company	Mainland China	Business management	RMB100,000,000	RMB50,000,000	N/A	N/A	100%	100%	100%	xi
景業名邦控股(廣州)有限公司 Jingye Mingbang Holdings (Guangzhou) Co., Ltd.	27/03/2018	Limited liability company	Mainland China	Business management	RMB10,000,000	RMB0	N/A	N/A	100%	100%	100%	i
騰衝景業房地產開發有限公司 Tengchong Jingye Real Estate Development Co., Ltd.	24/01/2018	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	N/A	N/A	100%	100%	100%	i

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest: As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
卓思道酒店管理控股有限公司 Zhuosidao Hotel Management Holdings Limited	27/03/2018	Limited liability company	BVI	Investment holding	USD10	USD10	N/A	N/A	100%	100%	100%	ix
景業酒店管理(香港)有限公司 Jingye Hotel Management (HK) Limited	30/04/2018	Limited liability company	Hong Kong	Investment holding	HK$10	HK$10	N/A	N/A	100%	100%	100%	xiv
株洲景業房地產開發有限公司 Zhuzhou Jingye Real Estate Development Co., Ltd.	25/07/2018	Limited liability company	Mainland China	Property development	RMB300,000,000	RMB90,000,000	N/A	N/A	100%	100%	100%	i
廣州市景悅房地產有限公司 Guangzhou Jingyue Real Estate Co., Ltd.	20/08/2018	Limited liability company	Mainland China	Property development	RMB10,000,000	RMB0	N/A	N/A	90%	90%	90%	xi
肇慶市景悅科技發展有限公司 Zhaoqing Jingyue Technology Development Co., Ltd.	28/08/2018	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB30,000,000	N/A	N/A	90%	90%	90%	i
廣州市普盛房地產開發有限公司 Guangzhou Pusheng Real Estate Development Co., Ltd.	22/12/2015	Limited liability company	Mainland China	Property development	RMB5,000,000	RMB5,000,000	N/A	N/A	80%	80%	80%	i
海南烜煜房地產開發有限公司 Hainan Xuanyu Real Estate Development Co., Ltd.	16/10/2017	Limited liability company	Mainland China	Property development	RMB50,000,000	RMB50,000,000	N/A	N/A	80%	80%	80%	i

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
雅安景業健康產業發展有限公司 Ya'an Jingye Health Industry Development Co., Ltd.	27/07/2018	Limited liability company	Mainland China	Health management	RMB100,000,000	RMB0	N/A	N/A	100%	100%	100%	xi
英德市錦坤實業投資有限公司 Yingde Jinkun Enterprise Investment Co., Ltd.	11/09/2014	Limited liability company	Mainland China	Property development	RMB1,000,000	RMB1,000,000	N/A	N/A	100%	100%	100%	i
英德市卓都物業管理有限公司 Yingde Zhuodu Property Management Co., Ltd.	24/08/2018	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB0	N/A	N/A	100%	100%	100%	xi
雲南卓都物業管理有限公司 Yunnan Zhuodu Property Management Co., Ltd.	20/09/2018	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB1,000,000	N/A	N/A	100%	100%	100%	xi
創藝控股有限公司 Chuangyi Holdings Limited	05/07/2018	Limited liability company	BVI	Investment holding	USD10	USD10	N/A	N/A	100%	100%	100%	ix
創藝控股(香港)有限公司 Chuangyi Holdings (HK) Limited	30/08/2018	Limited liability company	Hong Kong	Investment holding	HK$10	HK$10	N/A	N/A	100%	100%	100%	xi
廣州景弘投資有限公司 Guangzhou Jinghong Investment Co., Ltd.	05/06/2018	Limited liability company	Mainland China	Investment holding	RMB12,195,200	RMB0	N/A	N/A	50.1%	N/A	N/A	xi
泓創控股(廣州)有限公司 Hongchuang Holdings (Guangzhou) Co., Ltd.	25/10/2018	Limited liability company	Mainland China	Investment holding	RMB5,000,000	RMB5,000,000	N/A	N/A	100%	100%	100%	xi

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
廣州市泓創建設有限公司 Guangzhou Hongchuang Construction Co., Ltd.	07/11/2018	Limited liability company	Mainland China	Construction Development	RMB50,000,000	RMB5,000,000	N/A	N/A	100%	100%	100%	xi
定佳有限公司 Sure Fine Limited ("Sure Fine")	30/07/2014	Limited liability company	BVI	Investment holding	USD1	USD1	100%	100%	N/A	N/A	N/A	ix
佳力電子有限公司 Well Power Electronics Limited ("Well Power")	26/05/2011	Limited liability company	Hong Kong	Property development	HK$1	HK$1	100%	100%	N/A	N/A	N/A	vii, viii
廣州景恒悦投資有限公司 Guangzhou Jinghengyue Investment Co., Ltd. ("Guangzhou Jinghengyue")	16/12/2016	Limited liability company	Mainland China	Property development	RMB200,000,000	RMB184,205,000	55%	55%	N/A	N/A	N/A	xi
廣州聚信股權投資基金管理有限公司 Guangzhou Juxin Equity Interest Investment Fund Management Co., Ltd. ("Guangzhou Juxin")	02/03/2017	Limited liability company	Mainland China	Investment	RMB10,000,000	RMB3,000,000	N/A	100%	N/A	N/A	N/A	xi
廣州天悦城改投資有限公司 Guangzhou Tianyue Chenggai Investment Co., Ltd.	21/06/2017	Limited liability company	Mainland China	Property development	RMB100,000,000	RMB16,450,000	N/A	55%	N/A	N/A	N/A	xi
中山市景悦投資有限公司 Zhongshan Jingyue Investment Co., Ltd.	12/04/2019	Limited liability company	Mainland China	Property investment	RMB50,000,000	RMB0	N/A	N/A	N/A	95%	95%	xiii

Name of companies	Date of incorporation/ establishment	Type of legal status	Place of operation/ establishment	Principal activities	Registered/ Issued capital	Paid-up capital	Proportion of ownership interest: As at 31 December 2016	2017	2018	As at 30 June 2019	Upon completion of the Reorganisation and as at the date of this report	*Notes*
中山市悦恒商業管理有限公司 Zhongshan Yueheng Corporate Management Co., Ltd. ("Zhongshan Yueheng")	20/09/2010	Limited liability company	Mainland China	Property management	RMB500,000	RMB500,000	N/A	N/A	N/A	95%	95%	xii
湖南卓都物業服務有限公司 Hunan Zhuodu Property Services Co., Ltd.	08/01/2019	Limited liability company	Mainland China	Property management	RMB3,000,000	RMB0	N/A	N/A	N/A	100%	100%	xiii
景業名邦投資(威海)有限公司 Jingye Mingbang Investment (Weihai) Co., Ltd.	24/06/2019	Limited liability company	Mainland China	Investment holding	RMB350,000,000	RMB130,000,000	N/A	N/A	N/A	100%	100%	xiii
威海景隆投資發展有限公司 Weihai Jinglong Investment Development Co., Ltd.	04/07/2019	Limited liability company	Mainland China	Investment holding	RMB130,000,000	RMB0	N/A	N/A	N/A	N/A	100%	xiii
廣州景隆投資發展有限公司 Guangzhou Jinglong Investment Development Co., Ltd.	15/07/2019	Limited liability company	Mainland China	Investment holding	RMB130,000,000	RMB0	N/A	N/A	N/A	N/A	100%	xiii
肇慶卓都物業管理有限公司 Zhaoqing Zhuodu Property Management Co., Ltd.	16/08/2019	Limited liability company	Mainland China	Property management	RMB1,000,000	RMB0	N/A	N/A	N/A	N/A	100%	xiii

The English names of the companies in Mainland China referred to above in this note represent management's best efforts in translating the Chinese names of those companies, as no English names have been registered or available.

i *The statutory financial statements of these companies for the year ended 31 December 2018 were audited by Guangdong Hongjian CPA Limited (廣東宏建會計師事務所有限公司).*

ii *The statutory financial statements of these companies for the year ended 31 December 2017 were audited by Guangdong Hongjian CPA Limited (廣東宏建會計師事務所有限公司).*

iii *The statutory financial statements of these companies for the year ended 31 December 2016 were audited by Guangdong Hongjian CPA Limited (廣東宏建會計師事務所有限公司).*

iv *The statutory financial statements of these companies for the year ended 31 December 2018 were audited by Guangdong Link CPA Limited (廣東智合會計師事務所有限公司).*

v *The statutory financial statements of these companies for the year ended 31 December 2017 were audited by Guangdong Link CPA Limited (廣東智合會計師事務所有限公司).*

vi *The statutory financial statements of these companies for the year ended 31 December 2016 were audited by Guangdong Link CPA Limited (廣東智合會計師事務所有限公司).*

vii *The statutory financial statements of these companies for the year ended 31 December 2017 were audited by Fung&Pang C.P.A Limited(馮彭會計師有限公司).*

viii *The statutory financial statements of these companies for the year ended 31 December 2016 were audited by Fung&Pang C.P.A Limited(馮彭會計師有限公司).*

ix *Not applicable as there are no statutory audit requirement in BVI and Cayman.*

x *No statutory financial statements have been prepared by these companies for the year ended 31 December 2018.*

xi *No statutory financial statements have been prepared by these companies.*

xii *As the acquisition took place after 31 December 2018, no statutory financial statements for the years ended 31 December 2016, 2017 and 2018 have been obtained.*

xiii *Hunan Zhuodu Property Services Co., Ltd., Zhongshan Jingyue Investment Co., Ltd, Jingye Mingbang Investment (Weihai) Co., Ltd., Weihai Jinglong Investment Development Co., Ltd, Guangzhou Jinglong Investment Development Co., Ltd. and Zhaoqing Zhuodu Property Management Co., Ltd. were incorporated in 2019, no statutory financial statements for the years ended 31 December 2016, 2017 and 2018 have been prepared.*

xiv *The statutory financial statements of these companies for the year ended 31 December 2018 were audited by Fung&Pang C.P.A Limited (馮彭會計師有限公司).*

39 **Disposal of subsidiaries**

(i) ***Description***

(a) On 11 May 2018, Guangzhou Zhuodu entered into an equity transfer agreement with Juxin Business Management (Guangzhou) Co., Ltd. ("Juxin Business Management"), pursuant to which, Juxin Business Management acquired 100% equity interest of Guangzhou Juxin at a consideration of RMB3 million, based on the equity interest of Guangzhou Juxin, which is approximately to its fair value. The disposal was completed on 11 May 2018. On 28 June 2019, Guangzhou Zhuodu received the disposal consideration of Guangzhou Juxin.

(b) On 15 June 2018, Guangzhou Guangze and Guangdong Hengyue entered into an equity transfer agreement with Jinghengyue Holdings (HK) Limited ("Jinghengyue HK"), pursuant to which, Jinghengyue HK acquired 55% equity interest of Guangzhou Jinghengyue at a consideration of RMB110 million from Guangzhou Guangze. The consideration was based on the equity interest of Guangzhou Jinghengyue, which is approximately to its fair value. The transfer was completed on 15 June 2018.

(c) On 30 June 2018, Jingye Holdings (HK) Limited entered into an agreement with Asia Perfect Development Limited to dispose of Sure Fine together with its wholly-owned subsidiary, Well Power at a consideration of HK$600 million, based on the fair value of Sure Fine. The transfer was completed on 18 October 2018.

(d) On 11 June 2019, Guangzhou Yinong entered into an equity transfer agreement with Guangzhou Henghui Investment Co., Ltd. (the "Guangzhou Henghui"), pursuant to which, Guangzhou Henghui acquired the 50.1% equity interest of Guangzhou Jinghong from Guangzhou Yinong at a consideration of RMB74.9 million, based on the equity interest of Guangzhou Jinghong, which is approximately to its fair value. The disposal was completed on 11 June 2019.

(ii) ***Details of the disposal of the subsidiaries***

During the year ended 31 December 2018 and six months ended 30 June 2019, the Group disposed of interests in the subsidiaries mentioned above to third parties. Details of the disposals are as follows:

	Year ended 31 December 2018	**Six months ended 30 June 2019**
	RMB'000	*RMB'000*
Disposal consideration		
- Cash to be received	3,000	—
- Cash received	642,620	74,893
Property, plant and equipment	224	—
Investment in an associate/a joint venture	24,500	20,401
Deferred income tax assets	4,120	50
Properties under development	313,823	—
Trade and other receivables and prepayments	466,845	163,697
Financial assets at fair value through profit or loss	13,000	—
Cash and cash equivalents	7,420	40
Trade and other payables	(325,574)	(169,055)
Non-controlling interests	(69,096)	54
Total net assets	435,262	15,187
Gains on disposal before income tax	210,358	59,706
Income tax expense	(1,832)	(14,217)
Gains on disposal	208,526	45,489
Cash proceeds	642,620	77,893
- Cash and cash equivalents of the subsidiaries disposed of	(7,420)	(40)
Net cash inflow on disposal	635,200	77,853

40 **Business combination**

(a) ***Summary of acquisition***

During the Track Record Period, the Group acquired three companies, including a property management company in 2016, a construction company in 2017 and a property holding company in 2019, which has been accounted for under business combination.

The financial information of these acquired companies on the acquisition date is listed as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Purchase consideration (refer to (b) below):					
- Cash paid	864	—	—	—	100,000
- Cash consideration outstanding and included in other payables	132	90	—	—	18,482
Total purchase consideration	996	90	—	—	118,482
Recognised amounts of identifiable assets acquired and liabilities assumed					
Cash and cash equivalents	136	10,805	—	—	—
Trade receivables, prepayments and other receivables	860	5,669	—	—	847
Completed properties held for sale	—	74	—	—	893,279
Bank and other borrowings	—	—	—	—	(410,940)
Trade and other payables	—	(16,458)	—	—	(232,392)
Deferred income tax liabilities	—	—	—	—	(132,312)
Net assets acquired	996	90	—	—	118,482

(b) ***Purchase consideration — cash outflow***

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
				(Unaudited)	
Outflow of cash to acquire subsidiaries, net of cash acquired					
Total cash consideration	996	90	—	—	118,482
Total cash paid in current year	864	—	—	—	100,000
Less: cash in the subsidiaries acquired	(136)	(10,805)	—	—	—
Net outflow/(inflow) of cash	728	(10,805)	—	—	100,000

(c) ***Acquired receivables***

The fair value of other receivables for the acquisition in 2016 was RMB860,000.

The fair value of trade receivables and other receivables for the acquisition in 2017 was RMB5,553,000 and RMB116,000 respectively.

The fair value of trade receivables for the acquisition in 2019 was RMB847,000.

(d) ***Revenue and profit contribution***

The acquired business in 2016 contributed revenues of RMB315,000 and net loss of RMB253,000 to the Group for the period from the respective acquisition dates to 31 December 2016.

If the acquisition had occurred on 1 January 2016, consolidated pro-forma revenue and profit for the year ended 31 December 2016 would have been RMB640,675,000 and RMB84,507,000 respectively.

The acquired business in 2017 contributed no revenue or profit to the Group for the period from the respective acquisition dates to 31 December 2017.

If the acquisition had occurred on 1 January 2017, consolidated pro-forma revenue and profit for the year ended 31 December 2017 would have been RMB838,259,000 and RMB86,078,000 respectively.

The acquired business in 2019 contributed revenues of RMB9,326,000 and net loss of RMB4,195,000 to the Group for the period from the respective acquisition dates to 30 June 2019.

If the acquisition had occurred on 1 January 2019, consolidated pro-forma revenue and profit for the six months ended 30 June 2019 would have been RMB785,616,000 and RMB179,766,000 respectively.

(e) ***Acquisition related cost***

Acquisition-related costs of RMB20,000, RMB23,000 and RMB255,000 have been charged to administrative expenses in the consolidated statement of comprehensive income for the years ended 31 December 2016, 2017 and six months ended 30 June 2019.

(f) Apart from the business combination as described above, payments for acquisition of subsidiaries treated as assets deal by the Group, net of cash acquired, amounted to RMB4,836,000, RMB163,744,000, RMB86,583,000 and RMB57,594,000 for the years ended 31 December 2016, 2017, 2018 and six months ended 30 June 2019.

41 **Benefits and interests of directors**

(a) ***Directors' emoluments***

The directors' emoluments paid/payable by the companies now comprising the Group during the Track Record Period are as follows:

	Year ended 31 December			Six months ended 30 June	
	2016	**2017**	**2018**	**2018**	**2019**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000* *(Unaudited)*	*RMB'000*
Fees, Salaries and other benefits	3,040	5,994	13,385	5,631	7,335
Pension costs	37	50	55	30	25
Total	3,077	6,044	13,440	5,661	7,360

(i) *For the year ended 31 December 2016*

Name of Directors	**Salaries and other benefits**	**Contribution to retirement scheme**	**Fees**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Executive Directors				
Mr. CHAN Sze Ming Michael *(Chairman)*	752	15	—	767
Ms. ZHENG Catherine Wei Hong *(President)*	1,704	13	—	1,717
Ms. WEI Miaochang	584	9	—	593
	3,040	37	—	3,077

(ii) *For the year ended 31 December 2017*

Name of Directors	**Salaries and other benefits** *RMB'000*	**Contribution to retirement scheme** *RMB'000*	**Fees** *RMB'000*	**Total** *RMB'000*
Executive Directors				
Mr. CHAN Sze Ming Michael *(Chairman)*	1,090	16	—	1,106
Ms. ZHENG Catherine Wei Hong *(President)*	2,010	15	—	2,025
Mr. WU Xinping	1,269	8	—	1,277
Mr. XUE Shuangyou	599	2	—	601
Ms. WEI Miaochang	1,026	9	—	1,035
	5,994	50	—	6,044

(iii) *For the year ended 31 December 2018*

Name of Directors	**Salaries and other benefits** *RMB'000*	**Contribution to retirement scheme** *RMB'000*	**Fees** *RMB'000*	**Total** *RMB'000*
Executive Directors				
Mr. CHAN Sze Ming Michael *(Chairman)*	1,634	15	—	1,649
Ms. ZHENG Catherine Wei Hong *(President)*	3,695	15	—	3,710
Mr. XUE Shuangyou	3,285	10	—	3,295
Mr. WU Xinping	3,090	10	—	3,100
Ms. WEI Miaochang	1,681	5	—	1,686
	13,385	55	—	13,440

(iv) *For the six months ended 30 June 2019*

Name of Directors	**Salaries and other benefits** *RMB'000*	**Contribution to retirement scheme** *RMB'000*	**Fees** *RMB'000*	**Total** *RMB'000*
Executive Directors				
Mr. CHAN Sze Ming Michael *(Chairman)*	881	8	—	889
Ms. ZHENG Catherine Wei Hong *(President)*	1,919	5	—	1,924
Mr. LIU Huaxi	388	2	—	390
Mr. XUE Shuangyou	1,648	5	—	1,653
Mr. WU Xinping	1,641	5	—	1,646
Ms. WEI Miaochang	858	—	—	858
	7,335	25	—	7,360

(v) *For the six months ended 30 June 2018 (Unaudited)*

Name of Directors	**Salaries and other benefits**	**Contribution to retirement scheme**	**Fees**	**Total**
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
(Unaudited)				
Executive Directors				
Mr. CHAN Sze Ming Michael *(Chairman)*	603	7	—	610
Ms. ZHENG Catherine Wei Hong *(President)*	1,773	8	—	1,781
Mr. XUE Shuangyou	1,404	5	—	1,409
Mr. WU Xinping	1,023	5	—	1,028
Ms. WEI Miaochang	828	5	—	833
	5,631	30	—	5,661

Note:

Mr. Michael Chan, Ms. ZHENG, Mr. WU, and Mr. XUE were appointed as the Company's executive directors on 2 November 2018.

Mr. LIU and Ms. WEI were appointed as the Company's executive directors on 24 May 2019.

Mr. MA Ching Nam, Mr. LEONG Chong and Mr. WU William Wai Leung were appointed as the Company's independent non-executive directors on 13 November 2019. During the Track Record Period, the independent non-executive directors have not yet been appointed and did not receive any directors' remuneration in the capacity of independent non-executive directors.

No remunerations are paid or receivables in respect of accepting offices as director during the Track Record Period.

No emoluments are paid or receivable in respect of directors' other services in connection with the management of the affairs of the Company or its subsidiaries undertaking during the Track Record Period.

No director waived or agreed to waive any emoluments during the Track Record Period.

(b) ***Directors' retirement benefits***

During the Track Record Period, no retirement benefits were paid to the directors of the Company by the Group in respect of the director's services as a director of the Company and its subsidiaries or other services in connection with the management of the affairs of the Company or its subsidiaries.

(c) ***Directors' termination benefits***

During the Track Record Period, no payments to the directors of the Company as compensation for the early termination of the appointment.

(d) ***Consideration provided to third parties for making available directors' services***

During the Track Record Period, the Company didn't pay to any third party for making available directors' services.

(e) ***Information about loans, quasi-loans and other dealings in favor of directors, controlled bodies corporate by and connected entities with such directors***

During the Track Record Period, there were no loans, quasi-loans or other dealings in favor of directors of the Company, controlled bodies corporate and connected entities with such directors.

(f) ***Directors' material interests in transactions, arrangements or contracts***

Save as disclosed in Note 37, no significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the year or at any time during the Track Record Period.

42 **Events after the statement of financial position date**

(i) ***Capitalisation of amounts due to ultimate controlling shareholder***

On 12 November 2019, the Company and Mr. Michael Chan entered into a deed of loan capitalisation, pursuant to which the Company repaid an approximate amount of HK$515.7 million (RMB453.9 million), being part of the amounts due to ultimate controlling shareholder, owned by the Group to Mr. Michael Chan by the allotment and issue of one Share to Sze Ming as directed by Mr. Michael Chan. After such loan capitalisation, the Group owed Mr. Michael Chan an amount that was equivalent to the amounts due to ultimate controlling shareholder less HK$515.7 million (RMB453.9 million) and Sze Ming owed Mr. Michael Chan HK$515.7 million (RMB453.9 million) as consideration for Mr. Michael Chan directing the Company to issue the one Share to Sze Ming.

(ii) ***Capitalisation issue***

Pursuant to a shareholder's resolution passed on 13 November 2019, conditional on the share premium amount of the Company being credited as a result of the Global Offering, the Directors are authorised to and will issue a total of 1,199,999,996 Shares by way of capitalisation of the sum of HK$11,999,999.96 standing to the credit of the share premium amount of the Company upon the Global Offering.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2019. No dividend or distribution has been declared or made by the Company or any of companies now comprising the Group in respect of any period subsequent to 30 June 2019.

The information set out in this Appendix II does not form part of the Accountant's Report from the reporting accountant of the Company, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I to this prospectus, and is included herein for illustrative purposes only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" of this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules and on the basis of the notes set out below for the purpose of illustrating the effect of the Global Offering on the consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 as if the Global Offering had taken place on 30 June 2019.

This unaudited pro forma statement of adjusted 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 had the Global Offering been completed as at 30 June 2019 or at any future dates.

	Consolidated net tangible assets of the Group attributable to owners of the Company as at 30 June 2019 (Note 1)	Capitalisation of amount due to ultimate controlling shareholder (Note 2)	Estimated net proceeds from the Global Offering (Note 3)	Unaudited pro forma adjusted net tangible assets attributable to owners of the Company as at 30 June 2019	Unaudited pro forma adjusted net tangible assets per Share (Note 4)	(Note 6)
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB*	*HK$*
Based on an Offer Price of HK$2.62 per Share after a Downward Offer Price Adjustment of 10%	725,359	453,856	873,869	2,053,084	1.28	1.46
Based on an Offer Price of HK$2.91 per share	725,359	453,856	972,879	2,152,094	1.35	1.53
Based on an Offer Price of HK$3.63 per share	725,359	453,856	1,218,696	2,397,911	1.50	1.70

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as at 30 June 2019 is arrived at after deducting the intangible asset of RMB2,374,000 from the audited consolidated net assets attributable to owners of the Company of RMB727,733,000 as at 30 June 2019, as extracted from the accountant's report set forth in Appendix I to this prospectus.

(2) As part of the Reorganisation, on 12 November 2019, the Company repaid the loan in the approximately amount of HK$515,746,000 (equivalent to RMB453,856,000) owed by the Company to Mr. Michael Chan by the allotment and issue of one Share to Sze Ming as directed by Mr. Michael Chan.

(3) The estimated net proceeds from the Global Offering are based on the indicative Offer Price of HK$3.63 (equivalent to RMB3.19) and HK$2.91 (equivalent to RMB2.56), respectively, and also based on an Offer Price of HK$2.62 (equivalent to RMB2.31) per Offer Share after making a Downward Offer Price Adjustment of 10%, after deduction of the estimated underwriting fees and other related expenses (excluding listing expenses of approximately RMB21,442,000 which have been accounted for in the consolidated statements of comprehensive income prior to 30 June 2019) payable by the Company and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, or options granted under the Share Option Scheme, or any Shares which may be issued and allotted or repurchased by the Company pursuant to the general mandate to issue shares or the general mandate to repurchase shares.

(4) The unaudited pro forma adjusted net tangible assets per Share is arrived at after the adjustments referred to above and on the basis of 1,600,000,000 Shares were in issue (assuming that the Global Offering and the Capitalisation Issue have been completed on 30 June 2019), and taking no account of any Shares which may be issued upon the exercise of the Over-allotment Option, or options granted under the Share Option Scheme, or any Shares which may be issued and allotted or repurchased by the Company pursuant to the general mandate to issue shares or the general mandate to repurchase shares.

(5) Save as disclosed above, no adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2019.

(6) In connection with the preparation of this unaudited pro forma adjusted net tangible assets, the translation of Renminbi to Hong Kong dollars has been made at a rate of RMB0.88 to HK$1.00.

B. REPORT FROM THE REPORTING ACCOUNTANT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE GROUP

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.

pwc 羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of JY Grandmark Holdings Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of JY Grandmark Holdings Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 June 2019, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 25 November 2019, in connection with the proposed global offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed global offering on the Group's financial position as at 30 June 2019 as if the proposed global offering had taken place at 30 June 2019. As part of this process, information about the Group's consolidated financial position has been extracted by the directors from the Group's consolidated financial information as at and for the six months ended 30 June 2019, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

PricewaterhouseCoopers, 22/F, Prince's Building, Central, Hong Kong
T: +852 2289 8888, F: +852 2810 9888, www.pwchk.com

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420, *Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed global offering at 30 June 2019 would have been as presented.

A reasonable assurance engagement to report on whether the unaudited pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the directors in the compilation of the unaudited pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and
- The unaudited pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion:

(a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 25 November 2019

The following is the text of a letter, summary of valuations and valuation report prepared for the purpose of incorporation in this Prospectus received from Cushman & Wakefield Limited, an independent property valuer, in connection with its opinion of value of the property interests of the Group as at 30 September 2019.

CUSHMAN & WAKEFIELD
戴德梁行

25 November 2019

The Directors
JY Grandmark Holdings Limited
Suites 3008-01, 30/F
Tower One, Times Square
1 Matheson Street
Causeway Bay
Hong Kong

Dear Sirs,

Instructions, Purpose & Valuation Date

In accordance with the instructions from JY Grandmark Holdings Limited (the "Company") for us to value the properties in which the Company or its subsidiaries (collectively the "Group") have interests in the People's Republic of China (the "PRC") (as more particularly described in the attached valuation report), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the values of such properties as at 30 September 2019.

Valuation Basis

Our valuation of each of the properties represents its market value which in accordance with the HKIS Valuation Standards 2017 Edition issued by The Hong Kong Institute of Surveyors 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 confirm that the valuations are undertaken in accordance with the requirements set out in Chapter 5 and Practice Note 12 of the Main Board Listing Rules Governing the Listing of Securities published by The Stock Exchange of the Hong Kong Limited and the HKIS Valuation Standards 2017 Edition issued by the Hong Kong Institute of Surveyors.

Our valuation of each of the properties is on an entirety interest basis.

Valuation Assumptions

Our valuation of each of the properties excludes an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangements, special considerations or concessions granted by anyone associated with the sale, or any element of value available only to a specific owner or purchaser.

In the course of our valuation of the properties, we have relied on the information and advice given by the Company's legal adviser, Jingtian & Gongcheng, regarding the titles to the properties and the interests of the Company in the properties in the PRC. Unless otherwise stated in the respective legal opinion, in valuing the properties, we have assumed that the Group has an enforceable title to each of the properties and has free and uninterrupted rights to use, occupy or assign the properties for the whole of the respective unexpired land use term as granted and that any premium payable has already been fully paid.

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licenses, in accordance with the information provided by the Company are set out in the notes of the respective valuation report. We have assumed that all consents, approvals and licences from relevant government authorities for the developments have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the properties are in compliance with the local planning regulations and have been approved by the relevant authorities.

No allowance has been made in our valuations for any charges, mortgages or amounts owing on the properties nor any expenses or taxation which may be incurred in effecting sales. Unless otherwise stated, it is assumed that the properties are free from encumbrances, restrictions and outgoings of any onerous nature which could affect their values.

Methods of Valuation

The key methods of valuation are summarized below:

Property Nos.	**Method of Valuation**
Nos. 1 to 7 in Group I	Market Comparison Method
Nos. 8 in Group II	Investment Method
Nos. 9 and 10 in Group III	Discounted Cash Flow Method
Nos. 11 to 14 in Group IV	Market Comparison Method taken into account the expended development costs and the estimated development costs that will be expended to complete the development
Nos. 18, 19, 21, 22 in Group V	Market Comparison Method
Nos. 15, 16, 17, 20 in Group V	Depreciated Replacement Cost Method

In valuing property nos. 1 to 7 in Group I: which are held for sale, we have mainly used Market Comparison Method assuming sale of each property in its existing state by making reference to comparable sales evidence as available in the relevant market because the properties are held for the purpose of sale and comparables sales evidences in the relevant market are adequate.

In valuing property no. 8 in Group II, which is held for investment, we have mainly used Investment Method by capitalizing the rental income derived from the existing tenancies, if any, with due provision for the reversionary potential of each constituent portion of the property at appropriate capitalisation rates. When using Investment Method, we have mainly made reference to lettings within the relevant localities because the property is held for the purpose of investment and comparables letting evidences in the relevant market are adequate.

In valuing property nos. 9 to 10 in Group III, which are held for operation, we have used Discounted Cash Flow ("DCF") Method. DCF Method involves discounting future net cash flow after deducting operation-related and property-related capital taxes (i.e. net operating income) of each property for a certain forecast period and the anticipated net operating income receivable thereafter being capitalised at an appropriate terminal capitalisation rate until the end of the unexpired land use term to its present value by using an appropriate discount rate that reflects the rate of return required by a third party investor for an investment of this type. We have prepared the cash flow forecast for 10 years with reference to the current and anticipated market conditions.

The discount rates adopted in DCF Method reflect the rates of return required by a third party investor for an investment of each similar use type. In determining the discount rate which reflects the inherent risks associated with investment in the property, we take into consideration compensation for risks inherent in future cash flows, inflation, revenue growth, our understanding of the return expected by investors for similar properties as well as the level of discount rates used in valuations of similar types of properties. The discount rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

In determining the terminal capitalisation rates for assessing the terminal value, we have had due regard, among other things, to (i) our analyses of known sales transactions of properties of similar use types, or (ii) where transactions of properties of similar use types are not available, the discount rates we have adopted, our forecasted change in revenue over the 10-year forecast period, and the duration of the remaining land use term of the property. The terminal capitalisation rates adopted are reasonable and in line with the market norm having regard to the relevant analyses.

In valuing property nos. 11 to 14 in Group IV, which are held under construction, we have valued them on the basis that they will be developed and completed in accordance with the latest respective development proposal provided to us. We have assumed that approvals for the proposals have been obtained. In arriving at our opinion of the value of the properties on full completion basis, we have adopted Market Comparison Method, assuming sale of each of these properties in its existing state by making reference to comparable sales evidence as available in the relevant market. This method is in line with the market practice. We have also taken into account the expended development costs and the estimated development costs that will be expended to complete the development to reflect the quality of the completed development.

In valuing property nos. 18, 19, 21, 22 in Group V, which are held for future development, we have mainly used Market Comparison Method, assuming sale of each of these properties in its existing state by making reference to comparable land sales evidence as available in the relevant market because the properties are held for the purpose of future development and comparable land sales evidences in the relevant market are adequate.

For property nos. 15, 16, 17, 20 in Group V, due to the specific nature of the properties and a lack of sales transactions of properties of the same characteristics in the vicinity, we have adopted the Depreciated Replacement Costs ("DRC") Method. DRC Method is based on an estimate of the market value of the land in its existing use, plus the current cost of replacement of the improvements, less allowance for physical deterioration and all relevant forms of obsolescence and optimisation. For the land portion, we have made reference to comparable land sales evidence as available in the relevant market. DRC Method is subject to service potential of the entity from the use of assets as a whole. The market value arrived at using DRC Method applies to the whole of the complex or development as a unique interest, and no piecemeal transaction of the complex or development is assumed.

Source of Information

We have relied to a very considerable extent on the information given by the Company and have accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenures, identification of land and buildings, completion date of buildings, particulars of occupancy, tenancy details, site and floor areas, site and floor plans, number of parking spaces, total and expended development costs, pre-sale status and details, interests attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation report are based on the copies of documents or other information provided to us by the Company and are therefore only approximations. No on-site measurement has been carried out. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

We would point out that the copies of documents of the properties in the PRC provided to us are mainly compiled in Chinese characters and the transliteration into English represents our understanding of the contents. We would therefore advise you to make reference to the original Chinese editions of the documents and consult your legal adviser regarding the legality and interpretation of these documents.

Title Investigation

We have been provided with copies of the title documents relating to the properties. We have not carried out any land title searches in the PRC. Moreover, we have not inspected the original documents to verify ownership or to ascertain any amendments which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Company or the Company's legal adviser regarding the interests of the Company in the properties.

Site Inspection

Desmond Leung (Senior Associate Director, 19 years of experience) of our Hong Kong Office, Victor Lai (Manager, 5 years of experience) of our Guangzhou Office, Jenny Ye (Valuer, 1 year of experience) of our Shenzhen Office, Yeezi Zhu (Manager, 4 years of experience) and Frank Zhang (Senior Valuer, 2 years of experience) of our Chengdu Office and Ada Liu (Assistant Manager, 2 years of experience) of our Changsha Office inspected the exterior and, wherever possible, the interior of the properties in between January and April 2019. No structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are, however, not able to report that the properties are free of rot, infestation or any other structural defects. No tests were carried out to any of the services. We have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. of the properties for any development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no unexpected extraordinary expenses or delays will be incurred during the construction period.

Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor areas of the properties and we have assumed that the areas shown on the documents handed to us are correct.

Currency

Unless otherwise stated, all monetary sums stated in our valuations are in Renminbi ("RMB"), the lawful currency of the PRC.

Other Disclosure

We hereby confirm that Cushman & Wakefield Limited and the valuers conducting the valuations have no pecuniary or other interests that could conflict with the proper valuations of the properties or could reasonably be regarded as being capable of affecting our ability to give an unbiased opinion. We confirm that we are an independent qualified valuer, as referred to Chapter 5 of the Main Board Listing Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

We enclose herewith a summary of valuations and valuation report for your attention.

Yours faithfully,
For and on behalf of
Cushman & Wakefield Limited

Andrew K.F. Chan
MSc, MRICS, FHKIS, MCIREA, RPS(GP)
Managing Director
Valuation & Advisory Services, Greater China

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor who has over 30 years' experience in the valuation of properties in the PRC, Hong Kong and other Asian countries. Mr. Chan has sufficient current national knowledge of the market, and the skills and understanding to undertake the valuations competently.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at 30 September 2019	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2019
		(RMB)	*(%)*	*(RMB)*
Group I — Completed properties held by the Group for sale in the PRC				
1.	The unsold portions of "JY Lychee Town Phase I", located at Xuanxing Village, Wenquan Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區溫泉鎮宣星村"景業荔都第一期"未售部分)	84,000,000	100	84,000,000
2.	The unsold portions of "JY Clearwater Bay No. 3 Phases I and II", located at Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC (中華人民共和國海南省陵水縣英州鎮清水灣景區"景業清水灣3號第一、二期"未售部分)	19,460,000	100	19,460,000
3.	Various units of "JY Hot Spring Villas", located at 105 National Road, Reshui County, Liangkou Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區良口鎮熱水村105國道"景業瓏泉灣"多個單元)	622,000,000	100	622,000,000

	Property	Market value in existing state as at 30 September 2019 *(RMB)*	Interest attributable to the Group *(%)*	Market value in existing state attributable to the Group as at 30 September 2019 *(RMB)*
4.	The unsold portions of “JY Lychee Town Phase II”, Wenquan Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區溫泉鎮“景業荔都二期”未售部分)	686,000,000	100	686,000,000
5.	The unsold portions of “JY Clearwater Bay No. 3 Phase VI”, located at Land Plot No. A06-3 of Qingshui Bay Tourist and Resort Area, Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC (中華人民共和國海南省陵水縣英州鎮清水灣景區陵水清水灣旅遊度假區A06-3地塊“景業清水灣3號第六期”未售部分)	148,930,000	100	148,930,000
6.	The unsold portions of “JY Clearwater Bay No. 3 Phase VII”, located at Land Plot No. A03-2 of Qingshui Bay Tourist and Resort Area, Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, The PRC (中華人民共和國海南省陵水縣英州鎮清水灣景區陵水清水灣旅遊度假區A03-2地塊“景業清水灣3號第七期”未售部分)	627,970,000	100	627,970,000

	Property	Market value in existing state as at 30 September 2019	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2019
		(RMB)	*(%)*	*(RMB)*
7.	Various retail units of “Yarra City”, No. 9 Yong’an First Road, Nan District, Zhongshan, Guangdong Province, the PRC (中華人民共和國廣東省中山市南區永安一路9號“悅盈新城花園”多個商舖單元)	1,033,000,000	95	981,350,000
	Sub-Total:	3,221,360,000		3,169,710,000

Group II — Completed property held by the Group for investment in the PRC

	Property	Market value in existing state as at 30 September 2019	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2019
8.	“廣雅公建物業” located at Nos. 192, 194 and 196 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市番禺區南村鎮興南大道觀景路192、194及196號“廣雅公建物業”)	204,400,000	100	204,400,000
	Sub-Total:	204,400,000		204,400,000

	Property	Market value in existing state as at 30 September 2019	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2019
		(RMB)	*(%)*	*(RMB)*
Group III — Completed properties held by the Group for operation in the PRC				
9.	The hotel unit of "JY Hot Spring Villas", located at 105 National Road, Reshui County, Liangkou Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區良口鎮熱水村105國道"景業瓏泉灣"酒店單元)	238,000,000	100	238,000,000
10.	"Just Stay Hotel" located at No. 190 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市番禺區南村鎮興南大道觀景路190號"卓思道酒店")	125,000,000	100	125,000,000
	Sub-Total:	363,000,000		363,000,000

	Property	Market value in existing state as at 30 September 2019 *(RMB)*	Interest attributable to the Group *(%)*	Market value in existing state attributable to the Group as at 30 September 2019 *(RMB)*
Group IV — Properties held by the Group under construction in the PRC				
11.	"JY Donghuzhou Haoyuan", south of Huanshi Avenue, Nanheng County, Nansha Street, Nansha District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市南沙區南沙街南横村環市大道南"景業東湖洲豪園")	1,844,000,000	30	553,200,000
12.	"JY Grand Garden", located at Lot A and Lot B of Yingzhou Avenue, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市英州大道A地塊及B地塊"景業雍景園")	1,883,000,000	100	1,883,000,000
13.	"JY Gaoligong Town" being erected on 4 parcels of lands, located at Qushi Community, Qushi Town, Tengchong City, Yunnan Province, the PRC (中華人民共和國雲南省騰衝市曲石鎮曲石社區建於4宗土地上的"景業高黎貢小鎮")	1,711,000,000	100	1,711,000,000

	Property	Market value in existing state as at 30 September 2019	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2019
		(RMB)	*(%)*	*(RMB)*
14.	"JY Mountain Lake Gulf" being erected on 3 parcels of lands, located at He Tang District, Jin Shan Xin Cheng, Zhuzhou, Hunan Province, the PRC (中華人民共和國湖南省株州市荷塘區建於3宗土地上的"景業山湖灣")	1,975,000,000	100	1,975,000,000
	Sub-Total:	7,413,000,000		6,122,200,000

Group V — Properties held by the Group for future development in the PRC

15.	"JY Guangzhou Asian Games City Area Project", located at Fulian Road, Lianhuashan Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市番禺區蓮花山鎮浮蓮路"景業廣州亞運城板塊項目")	32,000,000	100	32,000,000
16.	"JY Grandmark Building (德誠1號地)", located at south of Nanda Road, Yuangang County, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市番禺區南村鎮員崗村南大公路南側"景業名邦大廈(德誠1號地)")	5,000,000	100	5,000,000

	Property	Market value in existing state as at 30 September 2019	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2019
		(RMB)	*(%)*	*(RMB)*
17.	"JY Grandmark Building (德誠2號地)", located at south of Nanda Road, Yuangang County, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國 廣東省廣州市番禺區南村鎮員崗村南大公路南側"景業名邦大廈(德誠2號地)")	16,000,000	100	16,000,000
18.	"JY Canglong Bay Project", located at Lot A and Lot B of North of Jiaoyu Road, East of Hongyun Avenue, Yinghong Town, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市英紅鎮紅雲大道以東、教育路以北A地塊及B地塊"景業藏龍灣項目")	385,000,000	80	308,000,000
19.	"JY Yonghua Shijia Project", north of Lingnan Road, Yinghong Town, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市英紅鎮嶺南路以北"景業雍華世家項目")	331,000,000	100	331,000,000

	Property	Market value in existing state as at 30 September 2019	Interest attributable to the Group	Market value in existing state attributable to the Group as at 30 September 2019
		(RMB)	*(%)*	*(RMB)*
20.	"JY Qingyuan City Jinxiong Project", located at Baojing Road, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市寶晶路"景業清遠市金雄項目")	113,000,000	100	113,000,000
21.	"JY Well-being Valley Project" to be erected on 3 parcels of lands, located at Lingao, Hainan Province, the PRC (中華人民共和國海南省臨高縣將建於3宗土地上的"景業養生谷項目")	490,000,000	80	392,000,000
22.	"Zhaoqing International Technology and Innovation Center", two sides of New District Huan Lu, Zhaoqing City, Guangdong Province, the PRC (中華人民共和國廣東省肇慶市興肇大道西側新區環路兩側兩宗地塊"肇慶國際科創中心")	No commercial value	90	No commercial value
	Sub-Total:	1,372,000,000		1,197,000,000
	Grand Total:	**12,573,760,000**		**11,056,310,000**

VALUATION REPORT

Group I — Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
1.	The unsold portions of "JY Lychee Town Phase I", located at Xuanxing Village, Wenquan Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區溫泉鎮宣星村"景業荔都一期"未售部分)	Phase I of Lychee Town (the "development") is part of a development erected on a parcel of land with a total site area of approximately 70,384.60 sq m. According to the development scheme provided to us, the development is a completed residential development comprising basement, retail and car park with a total gross floor area of approximately 108,402.21 sq m. The property comprises the unsold residential portions of the development with a gross floor area of approximately 1,985.73 sq m and 381 car parking spaces of gross floor area of 4,873.67 sq m. The property is situated at Wenquan Town, Conghua District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Landscape Mansion (珠光山水御苑) and Country Garden Yuhu Cheng (碧桂園御湖城), etc. The property is held for a land use term of 70 years due to expire on 17 August 2081 for other commodity residential use.	As at the valuation date, the property was vacant and held for sale.	RMB84,000,000 (Renminbi Eighty Four Million) (100% interest attributable to the Group: RMB84,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2011) 00164 issued by the Conghua People's Government (從化市人民政府) on 11 August 2011, the land use rights of a parcel of land with a site area of 70,384.60 sq m have been vested in Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) for other commodity residential use due to expire on 17 August 2081.

(2) According to Grant Contract of State-owned Land Use Rights No. 440184-2011-000010 entered into between the Conghua Land Resources and Housing Management Bureau (從化市國土資源和房屋管理局) and Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) on 20 May 2011, the land use rights comprising a site area of approximately 70,384.60 sq m have been contracted to be granted to Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) at a premium of RMB124,800,000.

(3) According to Planning Permit for Construction Use of Land No. (2011) 13 issued by the Conghua Planning Bureau (從化市規劃局) on 4 August 2011, the construction sites of land with a total site area of 70,384.60 sq m are in compliance with the urban planning requirements and have been approved.

(4) According to Planning Permit for Construction Works No. (2014) 3 dated 16 May 2014, the construction works with a total gross floor area of 108,378 sq m are in compliance with the construction works requirements and have been approved.

According to Architectural Design Adjustment Reply Letter No. (2015) 681 dated 29 May 2015, the planned gross floor area of 108,378 sq m have been changed into 108,402.21 sq m.

(5) According to Commencement Permit for Construction Works No. 440184201408210041 dated 21 August 2014, the construction works with a total gross floor area of 108,378 sq m were in compliance with the requirement of work commencement and was permitted to be developed.

According to Architectural Design Adjustment Reply Letter No. (2015) 681 dated 5 August 2015, the construction scale of the north zone with a gross floor area of 108,378 sq m has been changed to 108,402.21 sq m.

(6) According to 4 Commodity Housing Pre-Sales Permits Nos. 20140800, 20141006, 20150559 and 20160327 dated 28 September 2014, 4 December 2014, 23 July 2015 and 8 June 2016 respectively, the commercial housing with a total gross floor area of 89,954.72 sq m was permitted for pre-sale.

(7) According to Completion Examination and Acceptance Form No. 2015-066 dated 31 December 2015, the construction works with a total gross floor area of 108,402.21 sq m have been completed with approval for register.

(8) According to the information provided by the Group, various residential units of the property with a total gross floor area of approximately 1,251.87 sq m and 1 car parking space have been committed for sale for a consideration of RMB12,159,477. In the course of our valuation, we have taken into account the above contracted selling price of the such portion.

(9) According to Business Licence No. 914401017397192597 dated 30 September 2018, Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) was established as a limited liability company with a registered capital of RMB500,000,000.

(10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The property is not subject to mortgage; and

(iii) Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group I — Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
2.	The unsold portions of "JY Clearwater Bay No. 3 Phases I and II", located at Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC (中華人民共和國陵水縣英州鎮清水灣景區"景業清水灣3號第一、二期"未售部分)	Phases I and II of JY Clearwater Bay No. 3 are erected on 3 parcels of land, namely Land Plot Nos. 2010-41, 2010-40 and 2010-30, with a total site area of approximately 151,145 sq m. The property comprises the unsold residential and commercial units of the development with a total gross floor area of approximately 899.37 sq m. The property is situated at Qingshui Bay Scenic Area, Yingzhou Town, which is predominantly a suburban area. Developments in the vicinity comprise mainly residential developments such as Agile Clearwater Bay (雅居樂清水灣), Country Garden Coral Palace (碧桂園珊瑚宮殿), Evergrande Haishang Dijing (恒大海上帝景), etc. The property is held for land use terms due to expire on 27 April 2084 and 9 May 2084 respectively for residential use.	As at the valuation date, the property was vacant and held for sale.	RMB19,460,000 (Renminbi Nineteen Million Four Hundred and Sixty Thousand (100% interest attributable to the Group: RMB19,460,000)

Notes:

(1) According to 3 State-owned Land Use Rights Certificate Nos. 14521, 14520 and 14519 issued by the People's Government of Lingshui Li Autonomous County (陵水黎族自治縣人民政府) on 1 September 2014, the land use rights of total site area of 151,145 sq m have been vested in Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) for residential use due to expire on 27 April 2084 and 9 May 2084 respectively with particulars as follows:-

Certificate No.	Location	Expiry Date	Site Area *(sq m)*
14520	Qingshui Bay Scenic Area, Yingzhou Town,	9 May 2084	42,704
14521	Lingshui County	27 April 2084	40,671
14519		9 May 2084	67,770
		Total:	**151,145**

(2) According to Completion Examination and Acceptance Form Nos. 20151207, 20161207 and 20161208 dated 30 December 2015 and 29 December 2016 respectively, the construction works in respect of the property has been completed and with approval for register.

(3) According to Business Licence No. 914690340825432436 dated 11 April 2019, Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) was established as a limited liability company in the PRC with a registered capital of RMB100,000,000.

(4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) The property is not subject to mortgage; and

(iv) Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property, subject to the consent of the purchaser.

VALUATION REPORT

Group I – Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
3.	Various units of "JY Hot Spring Villas", located at 105 National Road, Reshui County, Liangkou Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區良口鎮熱水村105國道"景業瓏泉灣"多個單元)	The property comprises a composite development erected on a parcel of land with a total site area of approximately 131,091.10 sq m. The property comprises 99 unsold low-rise units with a total gross floor area of approximately 22,117.39 sq m. The property is situated at Reshui County, Liangkou Town, Conghua District, which is predominantly a hot spring tourist area. Developments in the vicinity comprise mainly hot spring hotel such as Imperial Springs (從都國際峰會酒店) and Dusit Devarana Hot Spring & Spa (廣州從化都喜泰麗溫泉度假酒店), etc. The property is held for land use terms due to expire on 27 December 2065 for commercial and residential uses and 6 June 2045 for tourism use.	As at the valuation date, the property was vacant and held for sale.	RMB622,000,000 (Renminbi Six Hundred and Twenty Two Million) (100% interest attributable to the Group: RMB622,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2009) 00142 issued by the Conghua People's Government (從化市人民政府) on 2 September 2009, the land use rights of a parcel of land with a site area of 131,091.10 sq m have been vested in Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) for commercial and residential uses due to expire on 27 December 2065 and for tourism use due to expire on 6 June 2045.

(2) According to 99 Real Estate Title Certificates, the building ownership of the property with total gross floor area of 22,117.39 sq m have been vested in Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) for hotel room uses.

(3) According to Business Licence No. 91440101677761792F dated 6 July 2018, Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) was established as a limited liability company with a registered capital of RMB301,000,000.

(4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates and Real Estate Title Certificates of 100 units of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) The property is mortgaged to ICBC Zhongshan Branch (中國工商銀行股份有限公司中山分行); and

(iv) Subject to the terms and conditions of the mortgage agreement, Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) is entitled to use, occupy, lease, transfer and further mortgage of the 100 units of property.

VALUATION REPORT

Group I – Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
4.	The unsold portions of "JY Lychee Town Phase II", Wenquan Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區溫泉鎮"景業荔都二期"未售部分)	The property comprises a residential development to be erected on a parcel of land with a total site area of approximately 70,384.60 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development comprising basement retail and car park with a total gross floor area of approximately 118,500.49 sq m. The property comprises unsold gross floor area of 73,517.23 sq m including 698 car parking spaces. The property is situated at Wenquan Town, Conghua District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Landscape Mansion (珠光山水御苑) and Country Garden Yuhu Cheng (碧桂園御湖城), etc. The property is held for land use term of 70 years due to expire on 17 August 2081 for other commodity residential use.	As at the valuation date, the property was vacant and held for sale.	RMB686,000,000 (Renminbi Six Hundred and Eighty Six Million) (100% interest attributable to the Group: RMB686,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2011) 00164 issued by the Conghua People's Government (從化市人民政府) on 11 August 2011, the land use rights of a parcel of land with a site area of 70,384.60 sq m have been vested in Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) for other commodity residential use for a term of 70 years due to expire on 17 August 2081.

(2) According to Grant Contract of State-owned Land Use Rights No. 440184-2011-000010 entered into between the Conghua Land Resources and Housing Management Bureau (從化市國土資源和房屋管理局) and Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) on 20 May 2011, the land use rights in respect of a site area of approximately 70,384.60 sq m have been granted to Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) at a land grant fee of RMB124,800,000.

(3) According to Planning Permit for Construction Use of Land No. (2011) 13 issued by the Conghua Planning Bureau (從化市規劃局) on 4 August 2011, the construction sites with a total site area of 70,384.60 sq m are in compliance with the urban planning requirements and have been approved.

(4) According to Planning Permit for Construction Works No. (2015) 4 dated 8 July 2015, the construction works with a total gross floor area of 118,251.46 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permit for Construction Works No. 440184201606280026 dated 28 June 2016, the construction works for a total gross floor area of 118,251.46 sq m were in compliance with the requirement of work commencement and were permitted to be developed.

(6) According to Commodity Housing Pre-Sales Permit No. 20170310-4 dated 28 March 2019, the commercial housing with a total gross floor area of 82,833.76 sq m was permitted for pre-sale.

(7) According to Completion Examination and Acceptance Form No.2018-026 dated 19 October 2018, the construction works with a total gross floor area of 118,500.49 sq m have been completed with approval for register.

(8) As advised by the Group, portions of the development with total gross floor area of 27,915.21 sq m have been committed for sale at a total consideration of RMB304,028,163 as at 30 September 2019. In the course of our valuation, we have taken into account the contracted selling price of such portions.

(9) According to Business Licence No. 914401017397192597 dated 30 September 2018, Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) was established as a limited liability company with a registered capital of RMB500,000,000.

(10) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) Portions of the property with a gross floor area of 45,554.06 sq m are subject to mortgage in favour of China ICBC Dade Branch (中國工商銀行股份有限公司大德路支行) for a consideration of RMB240,000,000 for a term of 5 years from 31 May 2017; and

(iv) Guangzhou Yinong Enterprise Co., Ltd. (廣州意濃實業有限公司) is entitled to use or occupy the property, and subject to prior written consent of ICBC as the mortgagee, to create further charge on the property.

(11) The property separately has 289 civil defense car parking spaces which are subject to the use by the public at no cost during war times. We have ascribed no commercial value to the civil defense portions of the property on market value basis as the Group does not have legal title of the parking spaces although it has unfettered rights to use such civil defense spaces. For the Group's management reference, however, based on the assumption that the civil defense car parking spaces can be freely used and transferred to a third party, the reference value of such civil defense car parking spaces to the Group in existing state would be RMB28,900,000 (Renminbi Twenty Eight Million and Nine Hundred Thousand).

VALUATION REPORT

Group I — Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
5.	The unsold portions of "JY Clearwater Bay No. 3 Phase VI", located at Land Plot No. A06-3 of Qingshui Bay Tourist and Resort Area, Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, The PRC (中華人民共和國海南省陵水縣英州鎮清水灣景區陵水清水灣旅遊度假區A06-3地塊"景業清水灣3號第六期"未售部分)	The property comprises a composite development to be erected on a parcel of land, with a total site area of approximately 58,823 sq m. The property comprises the unsold residential and commercial units of the development with a total gross floor area of approximately 5,517.16 sq m. The property is situated at Land Plot No. A06-3C of Qingshui Bay Tourist and Resort Area, Qingshui Bay Scenic Area, Yingzhou Town, which is predominantly a suburban area. Developments in the vicinity comprise mainly residential developments such as Agile Clearwater Bay (雅居樂清水灣), Country Garden Coral Palace (碧桂園珊瑚宮殿), Evergrande Haishang Dijing (恒大海上帝景), etc. The property is held for land use term due to expire on 20 June 2087 for residential use.	As at the valuation date, the property was vacant and held for sale.	RMB148,930,000 (Renminbi One Hundred Forty Eight Million Nine Hundred and Thirty Thousand) (100% interest attributable to the Group: RMB148,930,000)

Notes:

(1) According to Confirmation of Transaction entered into between the State Land Resources Bureau of Lingshui Li Autonomous County (陵水黎族自治縣國土資源局), Hainan New City Auction Company Ltd (海南新城拍賣有限公司) and Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) dated 6 February 2017, Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) acquired Land Plot No. 2016-21 for a consideration of RMB169,586,709.

(2) According to Grant Contract of State-owned Land Use Rights No. 46003417006 entered into between the State Land Resources Bureau of Lingshui Li Autonomous County (陵水黎族自治縣國土資源局) and Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) on 20 February 2017, the land use rights in Land Plot No. 2016-21 of the total site area of 58,823 sq m have been granted to Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) for a term of 70 years for a land grant fee of RMB169,586,709.

(3) According to Real Estate Title Certificate No. (2017) 0001757 dated 7 June 2017, the building ownership of the property has been vested in Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司)for residential use for a term of 70 years from 20 June 2017 to 20 June 2087 with particulars as follows:-

Certificate No.	Location	Nature of Right	Gross Floor Area *(sq m)*
(2017) 0001757	Yingzhou Town, Lingshui County	Granted	58,823

(4) According to Planning Permit for Construction Use of Land No. 469034201700074 dated 28 April 2017, the subject development has been approved for construction on the plot of land with a total site area of 58,823 sq m.

(5) According to Planning Permit for Construction Works No. 4690342017113001 dated 30 November 2017, the construction works with a total gross floor area of 28,302.29 sq m are in compliance with the construction works requirements and have been approved.

(6) According to Commencement Permit for Construction Works No. 469028201712270301 dated 27 December 2017, the construction works with a total gross floor area of 28,302.29 sq m were in compliance with the requirement of work commencement and was permitted to be developed with particulars as follows:-

Certificate No.	Building	Issue Date	Gross Floor Area *(sq m)*
469028201712270301	陵水清水灣旅遊度假區 A06-3C地塊 (景業D區)	27 December 2017	28,302.29

(7) According to 3 Commodity Housing Pre-Sales Permits Nos. [2017] 0086, [2018] 0018 dated 2 February 2018 and [2018] 0072 dated 16 July 2018, the commodity housing with total gross floor area of 23,683.40 sq m was permitted for pre-sales with particulars as follows:

Permit No.	Name of Commodity Housing	Location	Issue Date	Pre-sale Gross Floor Area *(sq m)*
[2017] 0086	A06-3C地塊 (景業D區)	陵水清水灣旅遊度假區 A06-3C地塊 (景業D區)	29 December 2017	13,489.40
[2018] 0018	A06-3C地塊 (景業D區)	陵水清水灣旅遊度假區 A04-3、A04-9地塊 (景業C區)	2 February 2018	3,431.96
[2018] 0072	A06-3C地塊 (景業D區)	陵水清水灣旅遊度假區 A06-3C地塊 (景業D區)	16 July 2018	6,762.04
			Total:	**23,683.40**

(8) According to Completion Examination and Acceptance Form No. 2019-034 dated 25 June 2016, the construction works with a total gross floor area of 28,284.20 sq m have been completed and with approval for register.

(9) As advised by the Group, the portion of the development with total gross floor area of 5,282.2 sq m have been pre-sold with a total consideration of RMB738,088,000 as at 30 September 2019. In the course of our valuation, we have taken into account the said contracted selling price of the pre-sold portion.

(10) According to Business Licence No. 914690340825432436 dated 11 April 2019, Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) was established as a limited liability company in the PRC with a registered capital of RMB100,000,000.

(11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the Real Estate Title Certificate of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) The property is not subject to mortgage; and

(iv) In respect of the portions of the property pre-sold, Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property, subject to the consent of the purchaser.

VALUATION REPORT

Group I — Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
6.	The unsold portions of "JY Clearwater Bay No. 3 Phase VII", located at Land Plot No. A03-2 of Qingshui Bay Tourist and Resort Area, Qingshui Bay Scenic Area, Yingzhou Town, Lingshui County, Hainan Province, the PRC (中華人民共和國海南省陵水縣英州鎮清水灣景區陵水清水灣旅遊度假區A03-2地塊"景業清水灣3號第七期"未售部分)	The property comprises a composite development to be erected on a parcel of land, with a total site area of approximately 48,471 sq m. The property comprises the unsold residential and commercial units of the development with a total gross floor area of approximately 19,519.1 sq m. The property is situated at Land Plot No. A03-2 of Qingshui Bay Tourist and Resort Area, Qingshui Bay Scenic Area, Yingzhou Town, which is predominantly a suburban area. Developments in the vicinity comprise mainly residential developments such as Agile Clearwater Bay (雅居樂清水灣), Country Garden Coral Palace (碧桂園珊瑚宮殿), Evergrande Haishang Dijing (恒大海上帝景), etc. The property is held for land use term of 70 years due to expire on 20 June 2087 for residential use.	As at the valuation date, the property was vacant and held for sale.	RMB627,970,000 (Renminbi Six Hundred Twenty Seven Million Nine Hundred and Seventy Thousand) (100% interest attributable to the Group: RMB627,970,000)

Notes:

(1) According to Confirmation of Transaction entered into between the State Land Resources Bureau of Lingshui Li Autonomous County (陵水黎族自治縣國土資源局), Hainan New City Auction Company Ltd. (海南新城拍賣有限公司) and Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) on 6 February 2017, Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) acquired Land Plot No. 2015-42 for a consideration of RMB129,562,983.

(2) According to Grant Contract of State-owned Land Use Rights No. 46003417005 entered into between the State Land Resources Bureau of Lingshui Li Autonomous County (陵水黎族自治縣國土資源局) and Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) on 20 February 2017, the land use rights in Land Plot No. 2015-42 of total site area of 48,471 sq m have been granted to Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) for a term of 70 years for a land grant fee of RMB129,562,983.

(3) According to Real Estate Title Certificate No. (2017) 0001756 dated 7 June 2017, the building ownership of the property has been vested in Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) for residential use for a term of 70 years from 20 June 2017 to 20 June 2087 with particulars as follows:

Certificate No.	Location	Nature of Right	Gross Floor Area *(sq m)*
(2017) 0001756	Yingzhou Town, Lingshui County	Granted	48,471

(4) According to Planning Permit for Construction Use of Land No. 469034201700075 dated 28 April 2017, the subject development has been approved for construction on the plot of land with a total site area of 48,471 sq m.

(5) According to Planning Permit for Construction Works No. 4690342017113002 dated 30 November 2017, the construction works with a total gross floor area of 23,370.46 sq m are in compliance with the construction works requirements and have been approved.

(6) According to Commencement Permit for Construction Works No. 469028201712270201 dated 27 December 2017, the construction works with a total gross floor area of 23,370.46 sq m were in compliance with the requirement of work commencement and was permitted to be developed with particulars as follows:-

Permit No.	Name of Construction Works	Issue Date	Gross Floor Area *(sq m)*
469028201712270201	陵水清水灣旅遊度假區A03-2地塊 (景業E區)	27 December 2017	23,370.46

(7) According to Commodity Housing Pre-Sales Permit No. (2018) 0042 and (2018) 0075, the commodity housing with total gross floor area of 19,519.10 sq m was permitted for pre-sales with particulars as follows:

Permit No.	Name of Construction Works	Location	Issue Date	Pre-sale Gross Floor Area *(sq m)*
(2018) 0042	A03-2地塊 (景業E區)	陵水清水灣旅遊度假區 A04-3、A04-9地塊 (景業C區)	26 March 2018	10,065.64
(2018) 0075	A03-2地塊(景業E區)	陵水清水灣旅遊度假區 A03-2地塊(景業E區)	24 August 2018	9,453.46
			Total:	**19,519.10**

(8) According to Completion Examination and Acceptance Form dated 27 June 2016, the construction works with a total gross floor area of 23,352.08 sq m have been completed and with approval for register.

(9) As advised by the Group, portion of the development with total gross floor area of 19,237.21 sq m have been pre-sold with a total consideration of RMB617,843,400 as at 30 September 2019. In the course of our valuation, we have taken into account the said contracted selling price of the pre-sold portion.

(10) According to Business Licence No. 914690340825432436 dated 11 April 2019, Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) was established as a limited liability company in the PRC with a registered capital of RMB100,000,000.

(11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the Real Estate Title Certificates of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) The property is not subject to mortgage; and

(iv) In respect of the portions of the property pre-sold, Hainan Jingye Real Estate Development Co., Ltd. (海南景業房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property, subject to the consent of the purchaser.

VALUATION REPORT

Group I — Completed properties held by the Group for sale in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
7.	Various retail units of "Yarra City", No. 9 Yong'an First Road, Nan District, Zhongshan, Guangdong Province, The PRC (中華人民共和國廣東省中山市南區永安一路9號"悅盈新城花園"多個商鋪單元)	The property comprises various retail units of a residential development completed in 2015. The property has a total unsold gross floor area of approximately 60,068.85 sq m for commercial services use. The property is situated at Yong'an First Road, Nan District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Vanke City Views (萬科城市風景) and Evergrande Oasis Garden (恒大綠洲花園), etc. The property is held for land use terms due to expire on 31 March 2075 for commercial and residential.	As at the valuation date, the property was held for sale.	RMB1,033,000,000 (Renminbi One Billion and Thirty Three Million) (95% interest attributable to the Group: RMB981,350,000)

Notes:

(1) Guangzhou Yinong (廣州意濃實業有限公司) entered into an agreement on 26 April 2019 with Zhongshan Longrui (中山市龍銳房地產投資有限公司), Zhongshan Yuelai (中山市悅來房地產投資集團有限公司), Zhongshan Jingyue (中山市景悅投資有限公司) and Zhongshan Yueheng (中山市悅恒商業管理有限公司) for Zhongshan Jingyue to acquire the entire equity interest in Zhongshan Yueheng. Zhongshan Yueheng will be held indirectly by Guangzhou Yinong as to 95% upon completion of the acquisition. Zhongshan Jingyue is a company established for this acquisition and is held by Guangzhou Yinong, a wholly owned subsidiary of the Group, and Zhongshan Yuelai as to 95% and 5%, respectively. As such, the Group has an indirectly owned 95% equity interest of the property.

(2) According to 519 Real Estate Title Certificates listed below, the building ownership of the property with a total gross floor area of 60,287.14 sq m have been vested in Zhongshan Yueheng Commercial Management Co., Ltd. (中山市悅恒商業管理有限公司).

(3) According to Business License No. 91442000562579640K dated 28 April 2016, Zhongshan Yueheng Commercial Management Co., Ltd. (中山市悅恒商業管理有限公司) was established as a limited liability company with a registered capital of RMB500,000.

(4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Zhongshan Yueheng Commercial Management Co., Ltd. (中山市悅恒商業管理有限公司) has obtained the State-owned Land Use Rights Certificates and Building Ownership Certificates of the property;

(ii) The property is subject to mortgage in favour of CCB Zhongshan Branch (中國建設銀行股份有限公司中山市分行) for a consideration of RMB880,000,000; and

(iii) Subject to the terms and conditions of the mortgage agreement, Zhongshan Yueheng Commercial Management Co., Ltd. (中山市悅恒商業管理有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group II — Completed property held by the Group for investment in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
8.	"廣雅公建物業" located at Nos. 192, 194 and 196 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市番禺區南村鎮興南大道觀景路192、194及196號"廣雅公建物業")	The property comprises 3 blocks of buildings completed in 2000s' with a total gross floor area of 8,750.84 sq m. The property is situated at Nos. 192, 194 and 196 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District. Developments in the vicinity comprise mainly residential community such as Vanke Startford (萬科紅郡), Start River (星河灣) and Hua Nan Country Garden (華南碧桂園), etc. The property is held for land use terms due to expire on 13 November 2051 for nightclub and composite uses, and on 13 November 2041 for commercial use, respectively.	As at the valuation date, the property was subject to various tenancies with latest expiry on 31 July 2025 at a current monthly rent of RMB749,262, exclusive of tax, management fee and other outgoings.	RMB204,400,000 (Renminbi Two Hundred Four Million and Four Hundred Thousand) (100% interest attributable to the Group: RMB204,400,000) (Please see Note (2))

Notes:

(1) According to 3 Sale and Purchase Agreements, the property had been sold to Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) with details as follows:

Date of Contract	Address	Gross Floor Area *(sq m)*	Consideration *(RMB)*
31 December 2015	廣州市番禺區南村鎮廣州雅居樂花園公建6	5,629.82	57,770,000
11 January 2016	廣州市番禺區南村鎮廣州雅居樂花園公建2一期商業街8區地下室	685.15	4,110,900
10 October 2016	廣州市番禺區南村鎮廣州雅居樂花園公建5號	2,427.16	29,512,320
	Total:	**8,742.13**	**91,393,220**

(2) According to 3 Real Estate Title Certificates listed below, the building ownership of the property with gross floor area of 8,750.84 sq m have been vested in Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) for respective land use terms due to expire on 13 November 2051 for nightclub and composite uses, and on 7 November 2041 for commercial use, with particulars as follows:-

Certificate No.	**Location**	**No. of Storey**	**Use**	**Land Use Term Expiry**	**Gross Floor Area** *(sq m)*
(2018) 07230570	No. 192 Guanjing Road	4	Commercial	13 November 2041	5,627.48
(2017) 07293512	No. 194 Guanjing Road	4	Composite Building	13 November 2051	2,438.21
(2018) 07200609	No. 196 Guanjing Road	3	Nightclub	13 November 2051	685.15
				Total:	**8,750.84**

(3) According to Business Licence No. 914401153535236328 dated 30 July 2018, Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) was established as a limited liability company with a registered capital of RMB50,000,000.

(4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) (a wholly-owned subsidiary of the Group) has obtained the Real Estate Title Certificates of the property;

(ii) The property is subject to a mortgage in favour of ICBC Panyu Branch (中國工商銀行股份有限公司廣州番禺支行) from 5 June 2018 to 8 August 2033; and

(iii) Subject to the terms and conditions of the mortgage agreement, Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) is entitled to use, lease, transfer or further mortgage of the property.

VALUATION REPORT

Group III — Completed properties held by the Group for operation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
9.	The hotel unit of "JY Hot Spring Villas", located at 105 National Road, Reshui County, Liangkou Town, Conghua District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市從化區良口鎮熱水村105國道"景業瓏泉灣"酒店單元)	The property comprises a composite development erected on a parcel of land with a total site area of approximately 131,091.10 sq m. According to the development scheme provided to us, the property comprises a hotel comprising a total gross floor area of approximately 21,844.17 sq m. The property is situated at Reshui County, Liangkou Town, Conghua District, which is predominantly a hot spring tourist area. Developments in the vicinity comprise mainly hot spring hotel such as Imperial Springs (從都國際峰會酒店) and Dusit Devarana Hot Spring & Spa (廣州從化都喜泰麗溫泉度假酒店), etc. The property is held for land use terms of due to expire on 27 December 2065 for commercial and residential use and 6 June 2045 for tourism use respectively.	As at the valuation date, the property is held for hotel operation by the Group.	RMB238,000,000 (Renminbi Two Hundred and Thirty Eight Million) (100% interest attributable to the Group: RMB238,000,000)

Notes:

(1) According to Granted State-owned Land Use Rights Certificate No. (2009) 00142 issued by Conghua People's Government (從化市人民政府) on 2 September 2009, the land use rights of a parcel of land with a site area of 131,091.10 sq m have been vested in Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) for commercial and residential use due to expire on 27 December 2065 and for tourism use due to expire on 6 June 2045.

(2) According to a Real Estate Title Certificates, the building ownership of the property with total gross floor area of 21,844.17 sq m have been vested in Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) for hotel room uses.

(3) According to Business Licence No. 91440101677761792F dated 6 July 2018, Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) was established as a limited liability company with a registered capital of RMB301,000,000.

(4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates and Real Estate Title Certificates of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) The property is mortgaged to ICBC Zhongshan Branch (中國工商銀行股份有限公司中山分行); and

(iv) Subject to the terms and conditions of the mortgage agreement, Guangzhou Jingye Real Estate Development Co., Ltd. (廣州市景業房地產開發有限公司) is entitled to use, occupy, lease, transfer and further mortgage of the property.

(5) Our key assumptions used in the DCF valuation are summarized as follows:-

(i)	Average daily room rate ("ADR")	:	2019/2020 RMB925
(ii)	Annual growth in ADR	:	Stabilized at 4%
(iii)	Occupancy rate on available room basis	:	2019/2020 75%, stabilized at 85%
(iv)	F&B revenue	:	20% of gross revenue
(v)	FF&E provision	:	1.5% of gross revenue
(vi)	Discount rate	:	8.5%
(vii)	Terminal growth rate	:	3.5%

The discount rate adopted in DCF Approach reflects the rate of return required by a third party investor for an investment of similar use type. In determining the discount rate which reflects the inherent risks associated with investment in the property, we take into consideration compensation for risks inherent in future cash flows, inflation, revenue growth, our understanding of the return expected by investors for similar properties as well as the level of discount rates used in valuations of similar types of properties. The discount rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

In determining the terminal capitalisation rate for assessing the terminal value, we have had due regard, among other things, to (i) our analyses of known sales transactions of properties of similar use types, or (ii) where transactions of properties of similar use types are not available, the discount rate we have adopted, our forecasted change in revenue over the 10-year forecast period, and the duration of the remaining land use term of the property. The terminal capitalisation rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

VALUATION REPORT

Group III — Completed properties held by the Group for operation in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
10.	"Just Stay Hotel", located at No. 190 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市番禺區南村鎮興南大道觀景路190號"卓思道酒店")	The property comprises 7-storey hotel with a total gross floor area of approximately 10,431.97 sq m. completed in 2000s' The property is situated at No. 190 Guanjing Road, Xingnan Avenue, Nancun Town, Panyu District. Developments in the vicinity comprise mainly residential community such as Vanke Startford (萬科紅郡), Start River (星河灣) and Hua Nan Country Garden (華南碧桂園), etc. The property is held for land use terms due to expire on 7 November 2041 for hotel use.	As at the valuation date, the property is held for hotel operation by the Group.	RMB125,000,000 (Renminbi One Hundred and Twenty Five Million) (100% interest attributable to the Group: RMB125,000,000)

Notes:

(1) According to Real Estate Title Certificate No. (2018) 07208366, the building ownership of the property, No. 190 Guanjing Road, have been vested in Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) for land use terms due to expire on 7 November 2041 for hotel use, with gross floor area of 10,431.97 sq m.

(2) According to Business Licence No. 914401153535236328 dated 30 July 2018, Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) was established as a limited liability company with a registered capital of RMB50,000,000.

(3) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) (a wholly-owned subsidiary of the Group) has obtained the Real Estate Title Certificates of the property;

(ii) The property is subject to a mortgage in favour of Industry and Commercial Bank of China Guangzhou Pan Yu Branch (中國工商銀行股份有限公司廣州番禺支行) for a consideration of RMB316,411,626 from 5 June 2018 to 8 August 2033; and

(iii) Subject to the terms and conditions of the mortgage agreement, Guangzhou Shunbang Investment Management Co., Ltd. (廣州市舜邦投資管理有限公司) is entitled to use, lease, transfer or mortgage the property.

(4) Our key assumptions used in the DCF valuation are summarized as follows:-

(i)	Average daily room rate ("ADR")	:	2019/2020 RMB430
(ii)	Annual growth in ADR	:	Stabilized at 4%
(iii)	Occupancy rate on available room basis	:	2018/2019 80%, stabilized at 85%
(iv)	F&B revenue	:	2018 32% of gross revenue stabilized at 34%
(v)	FF&E provision	:	1.8% of gross revenue
(vi)	Discount rate	:	8.5%
(vii)	Terminal growth rate	:	3.5%

The discount rate adopted in DCF Approach reflects the rate of return required by a third party investor for an investment of similar use type. In determining the discount rate which reflects the inherent risks associated with investment in the property, we take into consideration compensation for risks inherent in future cash flows, inflation, revenue growth, our understanding of the return expected by investors for similar properties as well as the level of discount rates used in valuations of similar types of properties. The discount rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

In determining the terminal capitalisation rate for assessing the terminal value, we have had due regard, among other things, to (i) our analyses of known sales transactions of properties of similar use types, or (ii) where transactions of properties of similar use types are not available, the discount rate we have adopted, our forecasted change in revenue over the 10-year forecast period, and the duration of the remaining land use term of the property. The terminal capitalisation rate adopted is reasonable and in line with the market norm having regard to the relevant analyses.

VALUATION REPORT

Group IV — Properties held by the Group under construction in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
11.	"JY Donghuzhou Haoyuan", south of Huanshi Avenue, Nanheng County, Nansha Street, Nansha District, Guangzhou, Guangdong Province, the PRC (中華人民共和國廣東省廣州市南沙區南沙街南橫村環市大道南"景業東湖洲豪園")	The property comprises a composite development to be erected on a parcel of land with a total site area of approximately 59,302.00 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development comprising retail and car park with a total gross floor area of approximately 116,628.62 sq m, in which 78,808.61 sq m is above ground and 37,820.01 sq m is under ground. The property is situated at south of Huanshi Avenue, Nansha District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Zhujiang Wan (南沙珠江灣) and Nansha Aoyuan (南沙奧園), etc. The property is held for land use term of 70 years for residential use.	As at the valuation date, the property was held under construction. The property is scheduled for completion in June 2019.	RMB1,844,000,000 (Renminbi One Billion Eight Hundred and Forty Four Million) (30% interest attributable to the Group: RMB553,200,000)

Notes:

(1) According to contract of State-owned Land Use Rights Certificate No. (2011) 04000008 issued by Guangzhou Land Resource and Housing Management Bureau (廣州市國土資源和房屋管理局) on 29 June 2011, the land use rights of a parcel of land with a site area of 59,302 sq m have been vested in Guangzhou Nan Sha Dong Hu Zhou Real Estate Co., Ltd. (廣州市南沙東湖洲房地產有限公司) for residential use.

(2) According to Grant Contract of State-owned Land Use Rights No. (2002) 29 entered into between Guangzhou Nansha Economic and Technological Development Zone Land Office (廣州南沙經濟技術開發區國土辦公室) and Guangzhou Panyu District Qiaozhen Lanshan Printing Co., Ltd. (廣州市番禺區市橋鎮欖山印刷廠) on 10 September 2002, the land use rights in respect of a site area of approximately 59,302 sq m have been granted to Guangzhou Panyu district Qiaozhen Lanshan Printing Co., Ltd. (廣州市番禺區市橋鎮欖山印刷廠) at a land grant fee of RMB5,218,576.

(3) According to Capital and Stock Increase Agreement, entered into between Guangzhou Panyu District Qiaozhen Lanshan Printing Co., Ltd. (廣州市番禺區市橋鎮欖山印刷廠) and Guangzhou Nansha Donghuzhou Real Estate Development Co., Ltd. (廣州市南沙東湖洲房地產有限公司) on 28 March 2011, Guangzhou Panyu district Qiaozhen Lanshan Printing Co., Ltd. (廣州市番禺區市橋鎮欖山印刷廠) paid a land grant fee of RMB1,400,000 for the land use right.

(4) According to Planning Permit for Construction Use of Land No. (2012) 21 issued by Guangzhou Planning Bureau (廣州市規劃局), the construction sites with a total site area of 59,302 sq m are in compliance with the urban planning requirements and have been approved.

(5) According to 6 Planning Permits for Construction Works, the construction works with a total gross floor area of 116,628.62 sq m are in compliance with the construction works requirements and have been approved with particulars as follows:-

Certificate No.	Building	Issue Date	Gross Floor Area *(sq m)*
(2016) 98	Building No. 1, 2 and Basement No. 3	31 March 2016	19,850.86
(2016) 97	Building No. 3 and Basement No. 2	31 March 2016	26,396.85
(2016) 99	Building No. 4, 5 and Basement No. 1	31 March 2016	27,297.68
(2016) 96	Building No. 6 and 7	31 March 2016	17,093.34
(2016) 95	Building No. 8, 9, 10 and Guardroom	31 March 2016	25,327.05
(2016) 77	Electric Room No. 1, 2, 3 and Refuse Collection Office	21 March 2016	662.84
		Total:	**116,628.62**

According to two Completion Examination and Acceptance Forms Nos. 2019-023 and 2019-025 dated 31 May 2019 and 4 June 2019 respectively, the construction works of Building Nos. 4, 5, 8, 9, 10; Basement No. 1; Electricity House Nos. 1, 2 3 and Gate Sentry have been completed and with approval for registration.

(6) According to 5 Commencement Permits for Construction Works, the construction works with a total gross floor area of 116,628.62 sq m were in compliance with the requirement of work commencement and was permitted to be developed with particulars as follows:-

Certificate No.	Building	Issue Date	Gross Floor Area *(sq m)*
440115201712290401	Building No. 1, 2 and Basement No. 3	29 December 2017	19,850.86
440115201712180201	Building No. 3 and Basement No. 2	18 December 2017	26,396.85
440115201711290101	Building No. 4, 5, Basement No. 1, Electric Room No. 1, 2, 3 and Refuse Collection Office	29 November 2017	27,960.52
440115201606080101	Building No. 6 and 7	8 June 2016	17,093.34
440115201606080201	Building No. 8, 9, 10 and Guardroom	8 June 2016	25,327.05
		Total:	**116,628.62**

(7) According to 3 Commodity Housing Pre-Sales Permits Nos. 20180187, 20180254 and 20180932 dated 17 April 2018, 15 May 2018 and 12 October 2018 respectively, the commercial housing with a total gross floor area of 50,468.96 sq m was permitted for pre-sales.

(8) As advised by the Group, portion of the development with total gross floor area of 26,907 sq m have been pre-sold with a total consideration of RMB670,247,528 as at 30 September 2019. In the course of our valuation, we have taken into account the said contracted selling price of the pre-sold portion.

(9) As advised by the Group, the development cost (excluding the land cost) expended as at 30 September 2019 was approximately RMB346,783,134. The estimated development cost to completed the development as at 30 September 2019 was RMB2,101,000,000. We have taken into account the said development costs in the course of our valuation.

(10) According to Business Licence No. 91440115696912218A dated 12 March 2019, Guangzhou Nan Sha Dong Hu Zhou Real Estate Co., Ltd. (廣州市南沙東湖洲房地產有限公司) was established as a limited liability company with a registered capital of RMB50,957,920.

(11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Nan Sha Dong Hu Zhou Real Estate Co., Ltd. (廣州市南沙東湖洲房地產有限公司) (a 30% owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) The property is not subject to mortgage; and

(iv) Guangzhou Nan Sha Dong Hu Zhou Real Estate Co., Ltd. (廣州市南沙東湖洲房地產有限公司) is entitled to use, lease, transfer or mortgage the property.

(12) The property separately has 267 civil defense car parking spaces which are subject to the use by the public at no cost during war times. We have ascribed no commercial value to the civil defense portions of the property on market value basis as the Group does not have legal title of the parking spaces although it has unfettered rights to use such civil defense spaces. For the Group's management reference, however, based on the assumption that the civil defense car parking spaces can be freely use and transfer to a third party the reference value of such civil defense car parking spaces to the Group in existing state would be RMB32,000,000 (Renminbi Thirty Two Million).

VALUATION REPORT

Group IV — Properties held by the Group under construction in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
12.	"JY Grand Garden", located at Lot A and Lot B of Yingzhou Avenue, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市英州大道A地塊及B地塊"景業雍景園")	The property comprises a composite development to be erected on four parcels of land with a total site area of approximately 98,229.81 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development with a total gross floor area of approximately 555,896.46 sq m. The property is situated at Yingzhou Avenue, Yingde, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Weigang Bandao (維港半島), Yu Garden (御花園) and Jinlong Garden (錦龍花園), etc. The property is held for land use terms of 50 years due to expire on 20 November 2062 and 20 January 2063 respectively for residential use.	As at the valuation date, the property was held under construction and scheduled for full completion in September 2022.	RMB1,883,000,000 (Renminbi One Billion Eight Hundred and Eighty Three Million) (100% interest attributable to the Group: RMB1,883,000,000)

Notes:

(1) According to 3 State-owned Land Use Rights Certificates issued by Yingde People's Government (英德市人民政府) dated 31 December 2013 and 26 March 2019, the land use rights of the property with a total site area of 98,229.81 sq m have been vested in Yingde Shanhuju Real Estate Development Co., Ltd. (英德市山湖居房地產開發有限公司) for various terms due to expire on 20 November 2062 and 20 January 2063 respectively for residential and retail use with particulars as follows:-

Certificate No.	Location	Use	Site Area *(sq m)*	Issue Date	Expiry Date
(2019) 0008820	Lot A, west of Yingzhou Avenue	Residential and Retail	67,812.46	26 March 2019	20 November 2062
(2014) 0024	Lot B, north of Guangbi Road, east of Yingzhou Avenue	Residential and Retail	26,340.26	31 December 2013	20 January 2063
(2014) 0023	Lot B, north of Guangbi Road, east of Yingzhou Avenue	Residential and Retail	4,077.09	31 December 2013	20 January 2063
		Total:	**98,229.81**		

(2) According to 2 Grant Contracts of State-owned Land Use Rights Nos. (441881-2012-000047) and (441881-2012-000070) entered into between the State Land Resources Bureau of Yingde (英德市國土資源局) and Yingde Shanhuju Real Estate Development Co., Ltd. (英德山湖居房地產開發有限公司) on 21 June 2012 and 21 September 2012 respectively and the Supplemental Provisions dated 30 November 2016, the land use rights of the property with total site area of 98,229.81 sq m have been contracted to be granted to Yingde Shan Hu Ju Co., Ltd. (英德山湖居) with particulars as follows:

	Lot A	Lot B
Land Plot No.	100280	2012 (45)
Location	Lot A, west of Yingzhou Avenue	Lot B, north of Guangbi Road, east of Yingzhou Avenue, east of Huangniulingjiao
Grant Contract No.	441881-2012-000047	441881-2012-000070
Site Area (sq m)	67,812.46	30,417.35
Land Use	Residential	Residential
Land Grant Fee (RMB)	38,380,000	29,020,000
Plot Ratio	1.00≤R≤5.00	1.00≤R≤4.50
Construction Commencement Date	20 November 2013	20 January 2014
Construction Completion Date	20 November 2015	20 January 2016

According to the Supplementary Agreement of Grant Contract of State-owned Land Use Rights No. 441881-2012-000047, Construction Commencement Date has been changed to 30 November 2017 and Construction Completion Date has been changed to 30 November 2019.

(3) According to 4 Planning Permits for Construction Use of Land, the subject development has been approved for construction with particulars as follows:-

Certificate No.	**Location**	**Use**	**Site Area** *(sq m)*
(2019) 43	Lot A, west of Yingzhou Avenue	Residential and Retail	67,812.46
(2013) 20-2	Lot B, north of Guangbi Road, east of Yingzhou Avenue	Residential and Retail	26,340.26
(2013) 20-1	Lot B, north of Guangbi Road, east of Yingzhou Avenue	Residential and Retail	4,077.09
		Total:	**98,229.81**

(4) According to 16 Planning Permits for Construction Works dated 18 May 2018 and 27 May 2015 respectively, the construction works with a total gross floor area of 459,170.26 sq m are in compliance with the construction works requirements and have been approved with particulars as follows:

Permit No.	**Project Name**	**Location**	**Issue Date**	**Gross Floor Area** *(sq m)*
(2018) 084	Building No. 1, 2	Lot A, west of Yingzhou Avenue	18 May 2018	47,177.14
(2018) 085	Building No. 3, 4			48,774.16
(2018) 086	Building No. 5, 6			35,927.08
(2018) 087	Building No. 7, 8			31,616.73
(2018) 088	Building No. 9, 10			28,611.89
(2018) 089	Building No. 11			15,671.33
(2018) 090	Building No. 12			19,519.55
(2018) 091	Building No. 13, 14			39,054.23
(2018) 092	Building No. 15, 16			39,152.87
(2018) 093	Building No. 17, 18			42,712.90
(2018) 094	Building No. 19			2,712.75
(2018) 095	Basement No. 1			44,353.75
(2018) 096	Basement No. 2			22,115.71
(2018) 097	Basement No. 3			7,084.30
(2018) 098	Basement No. 4			12,880.90
(2015) 055	Nan Shan Yuan Housing Placement	Lot B, north of Guangbi Road, east of Yingzhou Avenue	27 May 2015	21,804.97
			Total:	**459,170.26**

(5) According to various Commencement Permit for Construction Works, the construction works with a total gross floor area of 282,896.64 sq m were in compliance with the requirement of work commencement and was permitted to be developed with particulars as follows:-

Permit No.	**Name of Construction Works**	**Issue Date**	**Gross Floor Area** *(sq m)*
441881201807200201	Building Nos. 3-8, 19 and Basement No. 1	20 July 2018	163,384.47
441881201808310101	Building Nos. 1, 2, 9, 10 and Basement No. 2	31 August 2018	97,904.74
441881201608160101	Nan Shan Yuan Housing Placement	16 August 2016	21,607.43
		Total:	**282,896.64**

(6) According to Commodity Housing Pre-Sales Permit No. 2019006 dated 23 January 2019, the commercial housing with a total gross floor area of 34,018.04 sq m was permitted for pre-sales.

(7) According to Completion Examination and Acceptance Form dated 29 April 2019, the construction works of Nan Shan Yuan Housing Placement with a gross floor area of 21,607.43 sq m have been completed and with approval for register.

(8) As advised by the Group, portion of the development with total gross floor area of 45,069.13 sq m have been pre-sold with a total consideration of RMB279,870,595 as at 30 September 2019. In the course of our valuation, we have taken into account the said contracted selling price of the pre-sold portion.

(9) As advised by the Group, the development cost of Phase I (excluding the land cost) expended as at 30 September 2019 was approximately RMB312,622,914. The estimated development cost of Phase I to completed the development as at 30 September 2019 was RMB504,431,140. We have taken into account the said development costs in the course of our valuation.

(10) According to Business Licence No. 91441881579673828H dated 16 April 2019, Yingde Shanhuju Real Estate Development Co., Ltd. (英德市山湖居房地產開發有限公司) was established as a limited liability company with a registered capital of RMB25,000,000.

(11) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Yingde Shanhuju Real Estate Development Co., Ltd. (英德市山湖居房地產開發有限公司) (a 80% owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The design and construction of the property are in compliance with the relevant government requirements;

(iii) The property is not subject to mortgage; and

(iv) Yingde Shanhuju Real Estate Development Co., Ltd. (英德市山湖居房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group IV — Properties held by the Group under construction in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
13.	"JY Gaoligong Town" being erected on 4 parcels of lands, located at Qushi Community, Qushi Town, Tengchong City, Yunnan Province, the PRC (中華人民共和國雲南省騰衝市曲石鎮曲石社區建於4宗土地上的"景業高黎貢小鎮")	The property comprises a composite development to be erected on 4 parcels of land, namely Land Plot No. TCQS2017-061, TCQS2017-062, TCQS2017-063 and TCQS2017-064, with a total site area of approximately 252,047 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development comprising car park with a total gross floor area of approximately 335,287 sq m. The property is situated at Qushi Community, Qushi Town, which is predominantly a suburban area. Developments in the vicinity comprise mainly residential developments such as Yuanxiang Agile Property (原鄉雅居樂), Gaoligong International City (高黎貢國際旅遊城), Baoneng Property (寶能彩雲之上), Qidi Property (啟迪冰雪小鎮), Phoenix Baoji Garden of Eden (鳳凰保集伊甸園), Mayugu Hot Spring Town (瑪御谷溫泉小鎮), Shui Mo of China (水墨中國), Tengchong Century City (騰衝世紀城) and Tengchong Small Yard (騰衝小院子) etc. The property is held for land use term of 70 years due to expire on 29 January 2088 for other commodity residential use.	As at the valuation date, the property was held under construction and scheduled for full completion in January 2021.	RMB1,711,000,000 (Renminbi One Billion Seven Hundred and Eleven Million) (100% interest attributable to the Group: RMB1,711,000,000)

Notes:

(1) According to 4 State-owned Construction Land Use Transfer Certificates/State-owned Land Use Rights Contract Certifications (國有建設用地交地確認書) issued by the Tengchong Land Reserve Centre of the State Land Resources Bureau of Tengchong (騰衝市國土資源局騰衝市土地收購儲備中心) on 30 January 2018, the land use rights of the property with a total site area of 252,047 sq m have been vested in Tengchong JY Grandmark Real Estate Company Limited (騰衝景業房地產開發有限公司) with particulars as follows:

Land Plot No.	Location
TCQS2017-061 TCQS2017-062 TCQS2017-063 TCQS2017-064	Qushi Community, Qushi Town, Tengchong City, Yunnan Province

(2) The State-owned Land Use Right Certification issues by the State Land Resources Bureau of Tengchong (騰衝市國土資源局) 14 May 2018 that the land use rights of the property with a site area of 252,047 sq m have been contracted to be granted to Tengchong JY Grandmark Real Estate Company Limited for a term of 70 years from 30 January 2018 to 29 January 2088 with particulars as follows:

Certificate No.	Land Area *(sq m)*	Location	Use	Expiry Date
(2018) 0002696	252,047	Qushi Community, Qushi Town, Tengchong City	Residential	29 January 2088

(3) According to 4 Grant Contracts of State-owned Land Use Rights Nos. 2018004-2018007 entered into between the State Land Resources Bureau of Tengchong (騰衝市國土資源局) and Tengchong JY Grandmark Real Estate Company Limited (騰衝景業房地產開發有限公司) on 30 January 2018, the land use rights of the property with a site area of 252,047 sq m have been contracted to be granted to Tengchong JY Grandmark Real Estate Company Limited for a term of 70 years from 30 January 2018 to 29 January 2088 with particulars as follows:

Land Plot No.	TCQS2017-061	TCQS2017-062	TCQS2017-063	TCQS2017-064
Location	Qushi Community, Qushi Town, Tengchong City			
Grant Contract No.	2018004	2018005	2018006	2018007
Site Area (sq m)	52,014	66,815	66,564	66,654
			Total Site Area:	**252,047**
Land Use	Residential			
Land Grant Fee (RMB)	18,880,000	24,260,000	24,170,000	24,200,000
Plot Ratio	1≤R≤1.2			
Construction Commencement Date	Before 30 January 2019			
Construction Completion Date	Before 30 January 2020			

(4) As advised by the Group, the development cost (excluding the land cost) expended as at 30 September 2019 was approximately RMB298,496,995. The estimated development cost to completed the development as at 30 September 2019 was RMB1,080,094,103. We have taken into account the said development costs in the course of our valuation.

(5) According to Business Licence No. 91530522MA6NOMAL4R, Tengchong JY Grandmark Real Estate Company Limited (騰衝景業房地產開發有限公司) was established as a limited liability company (wholly owned foreign) in the PRC with a registered capital of RMB50,000,000 for a valid operation period from 24 January 2018 to 23 January 2068.

(6) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Tengchong JY Grandmark Real Estate Company Limited (騰衝景業房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The property is not subject to mortgage; and

(iii) Tengchong JY Grandmark Real Estate Company Limited (騰衝景業房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group IV — Properties held by the Group under construction in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
14.	"JY Mountain Lake Gulf" being erected on 3 parcels of lands, located at He Tang District, Jin Shan Xin Cheng, Zhuzhou, Hunan Province, the PRC (中華人民共和國湖南省株州市荷塘區建於3宗土地上的"景業山湖灣")	The property comprises a composite development to be erected on three parcels of land with a total site area of approximately 209,190 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development with a planned total gross floor area of approximately 672,505.76 sq m. The property is situated at Zhuzhou. Developments in the vicinity comprise mainly residential developments. The property is held for land use terms of 70 years for residential use, 40 years for commercial use.	As at the valuation date, the property was held under construction. The property is scheduled for completion in August 2022.	RMB1,975,000,000 (Renminbi One Billion Nine Hundred and Seventy Five Million) (100% interest attributable to the Group: RMB1,975,000,000) (Please see Note (1))

Notes:

(1) According to 3 Land Use Rights Grant Contract Nos. XC (1) 4976, XC (1) 4977 and XC (1) 4981 entered into between the State Land Resources Bureau and Zhuzhou Jingye Real Estate Development Co. Ltd. (株洲景業房地產開發有限公司). The Land use rights of the property with a total site area of 209,189 sq m have been contracted to be granted to Zhuzhou Jingye Real Estate Development Co. Ltd. (株洲景業房地產開發有限公司) with particulars as follows:

Contract No.	Locality	Land Area *(sq m)*	Plot Ratio	Use	Expiry Date	Consideration *(RMB)*
XC (1) 4976	West side of Qingtang	22,754.30	1≤R≤4	Residential	19 August 2058	136,530,000
XC (1) 4977	Street., east side of	101,175.33	1≤R≤2.8	Residential	19 August 2088	594,910,000
	Hetang Avenue, north			Retail	19 August 2058	
XC (1) 4981	side of Jincheng North	85,260.26	1≤R≤2.5	Residential	21 August 2088	447,620,000
	Street., south side of			Retail	21 August 2058	
	Yuwan Street					
	Total	**209,189.89**				**1,179,060,000**

(2) According to 2 State-owned Land Use Rights Certificates issued by Zhuzhou People's Government (株洲市人民政府) dated 30 November 2018, the land use rights of the property with a total site area of 101,175 sq m have been vested in Zhuzhou Jingye Real Estate Development Co. Ltd. (株洲景業房地產開發有限公司) for various terms due to expire on 19 August 2058 and 19 August 2088 respectively for residential use with particulars as follows:

Certificate No.	Land Area *(sq m)*	Use	Expiry Date
(2018) 0066221	60,846	Residential/Retail	19 August 2088 19 August 2058
(2018) 0066222	40,330	Residential/Retail	19 August 2088 19 August 2058
Total	**101,176**		

(3) According to a Planning Permit for Construction Use of Land dated 2 February 2019, the subject development has been approved for construction with particulars as follows:–

Certificate No.	Location	Use	Site Area *(sq.m.)*
(2009) 0012	West of Jinquan Road, East of Qingtang Road, North of Jincheng Road East and South of Jinwan Road	Residential/Retail	101,175.33

(4) According to a Planning Permit for Construction Works dated 26 December 2018, the construction works with a total gross floor area of 131,554.16 sq.m. are in compliance with the construction works requirements and have been approved with particulars as follows:–

Permit No.	Project Name	Location	Issue Date	Gross Floor Area *(sq.m.)*
(2018) 0207	JY Mountain Lake Gulf Phase 1	West of Jinquan Road, East of Qingtang Road, North of Jincheng Road East and South of Jinwan Road	26 December 2018	131,554.16

(5) According to various Commencement Permit for Construction Works, the construction works with a total gross floor area of 131,554.16 sq.m. were in compliance with the requirement of work commencement and was permitted to be developed with particulars as follows:–

Permit No.	Name of Construction Works	Issue Date	Gross Floor Area *(sq.m.)*
430200201902020101	JY Mountain Lake Gulf Phase 1 (Block 1, 2, 8 and 9, retail store of block 25 and 27, and part of the basement)	2 February 2019	72,702.89
430200201902020201	JY Mountain Lake Gulf Phase 1 (Block 3, 5, 6 and 7, retail store of block 26, and part of the basement)	2 February 2019	58,851.27
		Total	**131,554.16**

(6) According to 2 Commodity Housing Pre-Sales Permits, the commercial housing with a total gross floor area of 28,074.62 sq.m. was permitted for sales with particular as follows:–

Certificate No.	Project Name	Location	Issue Date	Gross Floor Area *(sq.m.)*
(2019) 74	JY Mountain Lake Gulf Block 1	79 Jincheng Road East, Hetang District	26 March 2019	14,163.54
(2019) 75	JY Mountain Lake Gulf Block 2	79 Jincheng Road East, Hetang District	26 March 2019	13,911.08
			Total	**28,074.62**

(7) According to Business Licence No. 91430200MA4PQRHHXN dated 3 December 2018, Zhuzhou Jingye Real Estate Development Co., Ltd. (株洲景業房地產開發有限公司) was established as a limited liability company with a registered capital of RMB300,000,000.

(8) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Zhuzhou Jingye Real Estate Development Co., Ltd. (株洲景業房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of portion the property with site area of 101,175.33 sq m;

(ii) The land grant fee of portion of the property with total site area of 108,014.56 has been fully paid and the Company has no legal obstacle to obtain the State-owned Land Use Rights Certificate;

(iii) The property is not subject to mortgage; and

(iv) Zhuzhou Jingye Real Estate Development Co., Ltd. (株洲景業房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
15.	"JY Guangzhou Asian Games City Area Project", located at Fulian Road, Lianhuashan Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國 廣東省廣州市 番禺區蓮花山鎮 浮蓮路 "景業廣州亞運城板塊項目")	The property comprises an industrial development erected on a parcel of land with a total site area of approximately 16,747 sq m. The property is situated at Fulian Road, Lianhuashan Town, Panyu District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Organic Modern (尚上名築), Chuang's LePapillon (莊士映蝶藍灣) and Glorious Bay (山海灣), etc. The property is held for land use term due to expire on 26 April 2051 for port, warehouse and factory uses.	As at the valuation date, the property was held for future development.	RMB32,000,000 (Renminbi Thirty Two Million) (100% interest attributable to the Group: RMB32,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate (G10) 000053 issued by Guangzhou Panyu District People's Government (廣州市番禺區人民政府) on 23 July 2001, the land use rights of the property with a site area of 16,747 sq m have been vested in Guangzhou Jianghe Cement Products Co., Ltd. (廣州市江河水泥製品有限公司) for a term due to expire on 26 April 2051 for port, warehouse and factory use with particulars as follows:

Certificate No.	:	(G10) 000053
Location	:	Fulian Road, Lianhuashan Town, Panyu District
Use	:	Port, warehouse, factory
Site area	:	16,747 sq m
Land Use Term	:	Due to expire on 26 April 2051

(2) According to Business Licence No. 914401137282304660 dated 3 July 2018, Guangzhou Jianghe Cement Products Co., Ltd. (廣州市江河水泥製品有限公司) was established as a limited liability company with a registered capital of RMB10,500,000.

(3) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Jianghe Cement Products Co., Ltd. (廣州市江河水泥製品有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights of the property;

(ii) The property is not subject to mortgage; and

(iii) Guangzhou Jianghe Cement Products Co., Ltd. (廣州市江河水泥製品有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
16.	"JY Grandmark Building (德誠1號地)", located at south of Nanda Road, Yuangang County, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國 廣東省廣州市 番禺區南村鎮 員崗村南大公路南側 "景業名邦大廈(德誠1號地)")	The property comprises a parcel of land with a total site area of approximately 2,300 sq m. The property is situated at south of Nanda Road, Yuangang County, Nancun Town, Panyu District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Vanke Startford (萬科紅郡), Start River (星河灣) and Hua Nan Country Garden (華南碧桂園), etc. The property is held for land use term due to expire on 7 February 2049 for industrial use.	As at the valuation date, the property was held for future development.	RMB5,000,000 (Renminbi Five Million) (100% interest attributable to the Group: RMB5,000,000)

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2000) G05-000002 issued by Guangzhou Panyu District People's Government (廣州市番禺區人民政府) on 28 November 2000, the land use rights of a parcel of land with a site area of 2,300 sq m have been vested in Guangzhou Panyu Decheng Copper Co., Ltd. (廣州市番禺區德誠銅業有限公司) for industrial use for a term of 50 years due to expire on 7 February 2049.

(2) According to Business Licence No. 91440113716320157D dated 3 July 2018, Guangzhou Panyu Decheng Copper Co., Ltd. (廣州市番禺區德誠銅業有限公司) was established as a limited liability company with a registered capital of RMB2,000,000.

(3) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Panyu Decheng Copper Co., Ltd. (廣州市番禺區德誠銅業有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates and Real Estate Title Certificates of the property;

(ii) The property is not subject to mortgage; and

(iii) Guangzhou Panyu Decheng Copper Co., Ltd. (廣州市番禺區德誠銅業有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
17.	"JY Grandmark Building (德誠2號地)", located at south of Nanda Road, Yuangang County, Nancun Town, Panyu District, Guangzhou, Guangdong Province, the PRC (中華人民共和國 廣東省廣州市 番禺區南村鎮 員崗村南大公路南側 "景業名邦大廈(德誠2號地)")	The property comprises an industrial development erected on a parcel of land with a total site area of approximately 5,893.58 sq m. The property has a total gross floor area of approximately 3,169.59 sq m. The property is situated at south of Nanda Road, Yuangang County, Nancun Town, Panyu District, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Vanke Startford (萬科紅郡), Start River (星河灣) and Hua Nan Country Garden (華南碧桂園), etc. The property is held for land use term of 50 years starting from 20 October 1992 and 7 June 1999 respectively for industrial use.	As at the valuation date, the property was held for future development.	RMB16,000,000 (Renminbi Sixteen Million) (100% interest attributable to the Group: RMB16,000,000)

Notes:

(1) According to 2 Real Estate Title Certificates listed below, the building ownership of the property have been vested in Guangzhou Guangze Real Estate Development Co., Ltd. (廣州廣澤房地產開發有限公司) with particulars as follows:-

Certificate No.	Location	Use	Gross Floor Area *(sq m)*
0210180284	South of Nanda Road, Yuangang County, Nancun Town, Panyu District	Factory	624.15
0210180289	No. 3 of Shun Yi Fang Road, Yuangang County, Nancun Town, Panyu District	Factory	2,545.44
		Total:	**3,169.59**

(2) According to Business Licence No. 91440113563983960T dated 6 July 2018, Guangzhou Guangze Real Estate Development Co., Ltd. (廣州廣澤房地產開發有限公司) was established as a limited liability company with a registered capital of RMB10,000,000.

(3) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Guangzhou Guangze Real Estate Development Co., Ltd. (廣州廣澤房地產開發有限公司) (a wholly-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates and Real Estate Title Certificates of the property;

(ii) The property is not subject to mortgage; and

(iii) Guangzhou Guangze Real Estate Development Co., Ltd. (廣州廣澤房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
18.	"JY Canglong Bay Project", located at Lot A and Lot B of North of Jiaoyu Road, East of Hongyun Avenue, Yinghong Town, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市英紅鎮紅雲大道以東、教育路以北A地塊及B地塊"景業藏龍灣項目")	The property comprises a residential development to be erected on four parcels of land with a total site area of approximately 75,287.43 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development with a total gross floor area of approximately 225,862.26 sq m. The property is situated at Yinghong Town, Yingde, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Heping Jiayuan (和平嘉園), Shiji Zuoan (世紀左岸) and Xiangxie Shuian (香榭水岸), etc. The property is held for land use terms of 50 years due to expire on 28 November 2065 and 20 November 2065 respectively for residential use.	As at the valuation date, the property was held for future development.	RMB385,000,000 (Renminbi Three Hundred and Eighty Five Million) (80% interest attributable to the Group: RMB308,000,000)

Notes:

(1) According to 4 State-owned Land Use Rights Certificates issued by Yingde People's Government (英德市人民政府) dated 16 October 2015, the land use rights of the property with a total site area of 75,287.42 sq m have been vested in Yingde Sangyuan Agricultural Development Co., Ltd. (英德桑緣農業發展有限公司) for various terms due to expire on 28 November 2065 and 20 November 2065 respectively for residential use with particulars as follows:-

Certificate No.	Use		Site Area *(sq m)*	Expiry Date
(2015) 1229	Residential		19,724.41	28 November 2065
(2015) 1230	Residential		15,563.10	28 November 2065
(2015) 1231	Residential		18,121.33	20 November 2065
(2015) 1232	Residential		21,878.59	20 November 2065
		Total:	**75,287.43**	

(2) According to 2 Grant Contracts of State-owned Land Use Rights Nos. 441881-2015-0000039 and 441881-2015-000062 entered into between the State Land Resources Bureau of Yingde (英德市國土資源局) and Yingde Sangyuan Agricultural Development Co., Ltd. (英德桑緣農業發展有限公司) on 21 May 2015 and 29 May 2015 respectively, the land use rights of the property with total site area of 75,287.43 sq m have been contracted to be granted to Yingde Sangyuan Agricultural Development Co., Ltd. (英德桑緣農業發展有限公司) for a term of 50 years with particulars as follows:-

Land Plot No.:	Lot A	Lot B
Location:	North of Jiaoyu Road, east of Hongyun Avenue, Yinghong Town	
Grant Contract No.:	441881-2015-0000039	441881-2015-0000062
Site Area (sq m):	39,999.92	35,287.51
Land Use:	Other ordinary commodity residential (其他普通商品住宅用地)	Other ordinary commodity residential (其他普通商品住宅用地)
Land Grant Fee (RMB):	25,400,000	21,200,000
Plot Ratio:	1≤R≤3	1≤R≤3
Construction Commencement Date:	20 November 2016	28 November 2016
Construction Completion Date:	20 November 2018	28 November 2018

(3) According to 4 Planning Permits for Construction Use of Land dated 12 October 2015, the subject development has been approved for construction with particulars as follows:-

Permit No.	Use		Site Area *(sq m)*	Issue Date
(2015) 9-3	Residential and Retail		19,724.41	12 October 2015
(2015) 9-4	Residential and Retail		15,563.10	12 October 2015
(2015) 9-1	Residential and Retail		18,121.33	12 October 2015
(2015) 9-2	Residential and Retail		21,878.59	12 October 2015
		Total:	**75,287.43**	

(4) According to Business Licence No. 91441881097209694T dated 15 May 2019, Yingde Sangyuan Agricultural Development Co., Ltd. (英德桑緣農業發展有限公司) was established as a limited liability company with a registered capital of RMB52,000,000.

(5) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Yingde Sangyuan Agricultural Development Co., Ltd. (英德桑緣農業發展有限公司) (a 80% owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The property is subject to a mortgage in favour of (英德市農村信用合作聯社) for a consideration of RMB48,000,000 for a term of 5 years from 14 January 2016 to 13 January 2021; and

(iii) Subject to the terms and conditions of the mortgage agreement, Yingde Sangyuan Agricultural Development Co., Ltd. (英德桑緣農業發展有限公司) is entitled to use, occupy, lease, transfer, mortgage or create any further charge on the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
19.	"JY Yonghua Shijia Project", north of Lingnan Road, Yinghong Town, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市英紅鎮嶺南路以北 "景業雍華世家項目")	The property comprises a residential development to be erected on a parcel of land with a total site area of approximately 60,876.55 sq m. The property is situated at Yinghong Town, Yingde, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Heping Jiayuan (和平嘉園), Shiji Zuoan (世紀左岸) and Xiangxie Shuian (香榭水岸), etc. The property is held for land use terms of 70 years due to expire on 15 May 2065 for residential use.	As at the valuation date, the property was held for future development.	RMB331,000,000 (Renminbi Three Hundred and Thirty One Million) (100% interest attributable to the Group: RMB331,000,000)

Notes:

(1) According to the State-owned Land Use Rights Certificate No. (2015) 0097 issued by Yingde People's Government (英德市人民政府) dated 28 January 2015, the land use rights of the property with a total site area of 60,876.55 sq m have been vested in Yingde Jinkun Real Estate Investment Co., Ltd. (英德市錦坤實業投資有限公司) for various terms due to expire on 15 May 2065 for residential use.

(2) According to Grant Contract of State-owned Land Use Rights No. 441881-2014-0000136 entered into Yingde Land Resource Bureau (英德市國土資源局) and Yingde Jinkun Real Estate Investment Co., Ltd (英德市錦坤實業投資有限公司) on 15 October 2014, the land use rights of the property with total site area of 60,876.55 sq m have been granted to Yingde Jinkun Real Estate Investment Co., Ltd (英德市錦坤實業投資有限公司) for a term of 50 years for other commodity residential use at a land grant fee of RMB37,500,000.

(3) According to Planning Permit for Construction Use of Land No. 441881201500001 dated 16 January 2015, the subject development has been approved for construction on the plot of land with a total site area of 60,876.55 sq m.

(4) According to Business Licence No. 914418813149452461 dated 16 April 2019, Yingde Jinkun Real Estate Investment Co., Ltd. (英德市錦坤實業投資有限公司) was established as a limited liability company with a registered capital of RMB1,000,000.

(5) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Yingde Jinkun Real Estate Investment Co., Ltd. (英德市錦坤實業投資有限公司) (a 100% owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The property is not subject to any mortgage; and

(iii) Yingde Jinkun Real Estate Investment Co., Ltd. (英德市錦坤實業投資有限公司) is entitled to use and occupy, lease, transfer or mortgage the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
20.	"JY Qingyuan City Jinxiong Project", located at Baojing Road, Yingde, Qingyuan, Guangdong Province, the PRC (中華人民共和國廣東省清遠市英德市寶晶路"景業清遠市金雄項目")	The property comprises an industrial development erected on six parcels of land with State-owned Land Use Rights Certificates with a total site area of approximately 152,696.80 sq m. A parcel of land is allocated in nature with site area of 12,797.73 sq m. (Please see Note (1)) The property has a total gross floor area of approximately 4,015.57 sq m. The property is situated at Baojing Road, Yingde, which is predominantly a residential area. Developments in the vicinity comprise mainly residential developments such as Weigang Bandao (維港半島), Yu Garden (御花園) and Jinlong Garden (錦龍花園), etc. The property is held for land use term of 20 years due to expire on 24 August 2035 for warehouse storage use and industrial use.	As at the valuation date, the property was held for future development.	RMB113,000,000 (Renminbi One Hundred and Thirteen Million) (100% interest attributable to the Group: RMB113,000,000)

Notes:

(1) According to Allocated State-owned Land Use Rights Certificate No. (2012) 0116 issued by Yingde People's Government (英德市人民政府) dated 21 February 2012, the land use rights of the property with site area of 12,797.73 sq m (137,753.62 sq ft) have been allocated to Yingde Jinxiong Cement Co., Ltd. (英德金雄水泥有限公司) for industrial use. We have assigned no commercial value to this portion of the property.

(2) According to 6 State-owned Land Use Rights Certificates issued by Yingde People's Government (英德市人民政府) and Yingde Land Bureau (英德市國土局) respectively, the land use rights of the property with a total site area of 152,696.80 sq m (1,643,628 sq ft) have been vested in Yingde Jinxiong Cement Co., Ltd. (英德金雄水泥有限公司) for industrial use and warehouse storage use with particulars as follows:-

Certificate No.	Use	Site Area *(sq m)*	Issue Date	Expiry Date
(2014) 0661	Industrial	5,649.74	13 May 2014	24 August 2035
(2014) 0662	Warehouse storage	28,145.77	13 May 2014	24 August 2035
(2014) 0663	Industrial	28,515.98	13 May 2014	24 August 2035
(2014) 0664	Industrial	26,148.64	13 May 2014	24 August 2035
(2014) 0665	Industrial	40,865.83	13 May 2014	24 August 2035
09321	Industrial	23,370.84	3 January 1996	n/a
	Total:	**152,696.80**		

(3) According to 2 Building Ownership Certificates each dated 5 November 1994 listed below, the building ownership of the property have been vested in Yingde Jinxiong Cement Co., Ltd. (英德金雄水泥有限公司) with particulars as follows:-

Certificate No.	Location	Use	Nature of Ownership	Gross Floor Area (sq m)
4490311	Nanshanjiao, Yingcheng Town	Non-residential	Collective	2,225.25
4490312	Nanshanjiao, Yingcheng Town	Residential	Collective	1,790.32
			Total:	**4,015.57**

(4) According to "Regards the Reply for Urban Renewal Issue of Jinxiong Cement Co. Ltd." (《關於市金雄水泥有限公司開展"三舊"改造有關問題的批覆》) issued by Yingde Government Office dated 23 April 2019, a parcel of land located on Baojing Road, Yingcheng Street with a site area of 37,897.98 has been approved for urban renewal.

(5) According to Business Licence No. 914418816176605438 dated 16 April 2019, Yingde Jinxiong Cement Co., Ltd. (英德金雄水泥有限公司) was established as a limited liability company with a registered capital of RMB24,120,000.

(6) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Yingde Jinxiong Cement Co., Ltd. (英德金雄水泥有限公司) (a 100%-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates and Building Ownership Certificates of the property;

(ii) The property is not subject to mortgage; and

(iii) Yingde Jinxiong Cement Co., Ltd. (英德金雄水泥有限公司) is entitled to use, lease or mortgage the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
21.	"JY Well-being Valley Project" to be erected on 3 parcels of lands, located at Lingao, Hainan Province, the PRC (中華人民共和國海南省臨高縣建於3宗土地上的 "景業養生谷項目")	The property comprises a composite development to be erected on three parcels of land with a total site area of approximately 140,009 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development with a total planned gross floor area of approximately 199,670 sq m. The property is situated at Lingao. Developments in the vicinity comprise mainly farmland and residential houses. The property is held for land use terms of 70 years for residential use.	As at the valuation date, the property was held under construction. The property is scheduled for completion in December 2019 and 2020.	RMB490,000,000 (Renminbi Four Hundred and Ninety Million) (80% interest attributable to the Group: RMB392,000,000)

Notes:

(1) According to 3 Land Use Rights Grant Contracts No. 2017-CR-09, No. 2017-CR-10 and No. 2017-CR-11 entered into between the State Land Resources Bureau of Lingao and Hainan Xuanyu Real Estate Company Limited on 28 November 2017, the land use rights of the property of the property with a total site area of 140,009 sq m and a total planned gross floor area of 168,009 sq m (1,808,448.88 sq ft) have been contracted to be granted to Hainan Xuanyu Real Estate Company Limited with particulars as follows:

Certificate No.	Locality	Land Area *(sq m)*	Plot Ratio	Consideration *(RMB)*
2017-CR-09	North side of Songmei village, Nanbao town, Lingao county	51,513	1≤R≤1.2	25,800,000
2017-CR-10		28,779	1≤R≤1.2	14,460,721
2017-CR-11		59,717	1≤R≤1.2	30,700,000
	Total	**140,009**		**70,960,721**

(2) According to 3 State-owned Land Use Rights Certificate entered into between Lingao People's Government and Hainan Xuanyu Real Estate Company, the land use rights of the property with a total site area of 140,009 sq m have been contracted to be granted to Hainan Xuanyu Real Estate Company Limited with particulars as follows:

Certificate No.	Location	Land Area *(sq m)*	Use	Expiry Date
(2018) 0000706	North side of Songmei village, Nanbao town, Lingao county	51,513	residential	27 December 2087
(2018) 0000708		28,779	residential	27 December 2087
(2018) 0000707		59,717	residential	27 December 2087

(3) According to Business Licence No. 91469028MA5T1R861H, Hainan Xuanyu Real Estate Company (海南煊煜房地產開發有限公司) was established as a limited liability company (wholly owned foreign) in the PRC with a registered capital of RMB50,000,000 for a valid operation period from 16 October 2017 to 12 October 2047.

(4) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Hainan Xuanyu Real Estate Company (海南煊煜房地產開發有限公司) (a 80%-owned subsidiary of the Group) has obtained the State-owned Land Use Rights Certificates of the property;

(ii) The property is not subject to mortgage; and

(iii) Hainan Xuanyu Real Estate Company (海南煊煜房地產開發有限公司) is entitled to use, lease, transfer or mortgage the property.

VALUATION REPORT

Group V — Properties held by the Group for future development in the PRC

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2019
22.	"Zhaoqing International Technology and Innovation Center", two sides of New District Huan Lu, Zhaoqing City, Guangdong Province, the PRC (中華人民共和國廣東省肇慶市興肇大道西側新區環路兩側兩宗地塊"肇慶國際科創中心")	The property comprises a composite development to be erected on two parcels of land, namely Land Plot No. XQ-ZB1401(A) and XQ-ZB2201-B(B), with a total site area of approximately 74,201.1 sq m. According to the development scheme provided to us, the property is planned to be developed into a residential development comprising car park with a total gross floor area of approximately 261,293.94 sq m. The property is situated at Zhaoqing New District Innovation and Headquarter Economic District, on the west of Xingzhao Avenue, and two sides of New District Huan Lu. The land use rights of the property with 6,722.44 sq m is for wholesale use for land use term of 40 years, 38,093.81 sq m for residential use for 70 years and 29,384.85 sq m for commercial and finance use for 40 years.	As at the valuation date, the property was held for future development.	No commercial value (Please see Note (1))

Notes:

(1) According to the legal opinion, the balance payment of land grant fee of the property in the amount of RMB283,000,000 is pending to be paid on or before 16 October 2019 and thus the Company has yet to obtain the State-owned Land Use Rights Certificate of the property. As advised by the Group, the outstanding land grant fee as at 30 September 2019 was RMB233,000,000 and it was fully paid as at 16 October 2019. In the course of our valuation, as at 30 September 2019, we have assigned no commercial value to this portion of the property. For reference purpose, if the Group has obtained the relevant title documents and marketable title and is entitled to transfer the property freely to third party, the value of this property with total site area of 74,201.1 sq m would be RMB808,000,000 (Renminbi Eight Hundred and Eight Million) (90% interest attributable to the Group: RMB727,200,000).

(2) According to the Auction Agreement (拍賣成交書) issued by the Zhaoqing Public Resources Exchange Centre (肇慶市公共資源交易中心) on 18 September 2018, Zhaoqing Jingyue Technology Real Estate Development Company Limited (肇慶景悦科技發展有限公司) has acquired the land with a total site area of 74,201.1 sq m.

(3) According to Grant Contract of State-owned Land Use Rights No. 4412032018000088 on 16 October 2018, the land use rights of the property with planned total gross floor area of 228,184.68 sq m and total site area of 74,201.10 sq m, including 6,722.44 sq m for wholesale use for land use term of 40 years, 38,093.81 sq m for other residential use for 70 years and 29,384.85 sq m for commercial and finance use for 40 years, have been vested in Zhaoqing Jingyue Technology Real Estate Development Company at a total consideration of RMB566,000,000.

(4) According to Planning Permit for Construction Use of Land No. (2018) 34 issued by Zhaoqing Urban and Rural Planning Bureau (肇慶市城鄉規劃局) on 20 December 2018, the construction sites with a total site area of 74,201.10 sq m are in compliance with the urban planning requirements and have been approved.

(5) According to 4 Planning Permits for Construction Works dated 25 June 2019 respectively, the construction works with a total gross floor area of 149,631.51 sq m are in compliance with the construction works requirements and have been approved with particulars as follows:

Permit No.	**Project Name**	**Issue Date**	**Gross Floor Area** *(sq m)*
(2019) 73	Building No. 3, 5, 6, 7, 8, 9, 10, 11, Guard house No. 2, 3, Zone B, Zhaoqing International Technology and Innovation Center	25 June 2019	83,806.12
(2019) 74	Building No. 1, 2, Basement, Zone B, Zhaoqing International Technology and Innovation Center	25 June 2019	54,552.64
(2019) 75	Villa B1, B2, Guard house No. 1, Zone B, Zhaoqing International Technology and Innovation Center	25 June 2019	3,524
(2019) 76	Villa B3, B5, B6, B7 Zone B, Zhaoqing International Technology and Innovation Center	25 June 2019	7,748.75
		Total:	**149,631.51**

(6) We have been provided with a legal opinion issued by the Company's legal adviser, which contains, inter alia, the following information:

(i) Zhaoqing Jingyue Technology Real Estate Development Company Limited (肇慶景悅科技發展有限公司) (a 90% owned subsidiary of the Group) has obtained the Grant Contract of State-owned Land Use Rights of the property;

(ii) The balance payment of land grant fee of the property with a total site area of 74,201.1 sq m in the amount of RMB283,000,000 is pending to be paid on or before 16 October 2019. Upon the full payment, the Company will have no legal obstacle in obtaining the State-owned Land Use Rights Certificate.

(iii) The property is not subject to mortgage; and

(iv) Zhaoqing Jingyue Technology Real Estate Development Company Limited (肇慶景悅科技發展有限公司) is entitled to develop the property.

SET OUT BELOW IS A SUMMARY OF CERTAIN PROVISIONS OF OUR MEMORANDUM AND ARTICLES OF ASSOCIATION AND OF CERTAIN ASPECTS OF CAYMAN COMPANY LAW.

We were incorporated in the Cayman Islands as an exempted company with limited liability on 2 November 2018 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "**Companies Law**"). Our constitutional documents consist of a Memorandum of Association (the "**Memorandum**") and Articles of Association (the "**Articles**").

1. MEMORANDUM OF ASSOCIATION

(a) Our Memorandum states, inter alia, that the liability of our members of 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 we are established are unrestricted (including acting as an investment company), and that we 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 we are an exempted company, we will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of our business of carried on outside the Cayman Islands.

(b) We may by special resolution alter our Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

Our Articles were conditionally adopted on 13 November 2019 with effect from the Listing Date. The following is a summary of certain provisions of our Articles:

(a) **Shares**

(i) ***Classes of shares***

Our share capital consists of ordinary shares.

(ii) ***Variation of rights of existing shares or classes of shares***

Subject to the Companies Law, if at any time our share capital 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 our 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***

We may by ordinary resolution of members:

(i) increase our share capital by the creation of new shares;

(ii) consolidate all or any of our capital into shares of larger amount than our existing shares;

(iii) divide our shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as we in general meeting or as our Directors may determine;

(iv) subdivide our shares or any of them into shares of smaller amount than is fixed by our Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of our capital by the amount of the shares so cancelled.

We may reduce our 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 our 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 our 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 our 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.

Our 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.

Our 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 our Directors is paid to us, 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 our 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 our 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 us.

(v) ***Power of our Company to purchase our own shares***

We are empowered by the Companies Law and our Articles to purchase our own shares subject to certain restrictions and our board may only exercise this power on our behalf subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where we purchase for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by us 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 our Company to own shares in our Company***

There are no provisions in our Articles relating to ownership of shares in our Company by a subsidiary.

(vii) ***Calls on shares and forfeiture of shares***

Our 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 our board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but our board may waive payment of such interest wholly or in part. Our 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 we may pay interest at such rate (if any) as our board may decide.

If a member fails to pay any call on the day appointed for payment thereof, our 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 our 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 us all monies which, at the date of forfeiture, were payable by him to us in respect of the shares, together with (if our 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 our board determines.

(b) Directors

(i) ***Appointment, retirement and removal***

At each annual general meeting, one third of our 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. Our 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 our Company by way of qualification. Further, there are no provisions in our Articles relating to retirement of Directors upon reaching any age limit.

Our Directors have the power to appoint any person as a Director either to fill a casual vacancy on our 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 our Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of our 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 us) and our members may by ordinary resolution appoint another in his place. Unless otherwise determined by us 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 us;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of our board for six (6) consecutive months, and our 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 our Articles.

Our 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 our Company for such period and upon such terms as our board may determine and our board may revoke or terminate any of such appointments. Our board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as our 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 our board.

(ii) ***Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and our 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 our Directors may determine, or (b) on terms that, at the option of our Company or the holder thereof, it is liable to be redeemed.

Our 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 our Company on such terms as it may determine.

Subject to the provisions of the Companies Law and our 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 our 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 our 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 our Company or any of our subsidiaries***

There are no specific provisions in our Articles relating to the disposal of our assets or any of our subsidiaries. Our Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by us and which are not required by our Articles or the Companies Law to be exercised or done by our Company in general meeting.

(iv) ***Borrowing powers***

The board may exercise all the powers of our Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of our Company and, subject to the Companies Law, to issue debentures, bonds and other securities of our Company, whether outright or as collateral security for any debt, liability or obligation of our Company or of any third party.

(v) ***Remuneration***

The ordinary remuneration of our Directors is to be determined by our Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst our 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. Our 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 our 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 our 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 our Company or companies with which it is associated in business) in establishing and making contributions out of our 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 our Company or any of our subsidiaries) and ex-employees of our 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 our 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 our Company in general meeting.

(vii) ***Loans and provision of security for loans to Directors***

Our 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 we were a company incorporated in Hong Kong.

(viii) ***Disclosure of interests in contracts with our Company or any of our subsidiaries***

A Director may hold any other office or place of profit with our Company (except that of the auditor of our 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 our Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by our Company or any other company in which our Company may be interested, and shall not be liable to account to our 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 our Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing our 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 our 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 our 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 our 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 our Company or any of our 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 our Company or any of our 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 our Company or any other company which we 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 our Company by virtue only of his/their interest in shares or debentures or other securities of our 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 our Company or of any of our 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**

Our 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 our constitutional documents and our name**

Our Articles may be rescinded, altered or amended by our Company in general meeting by special resolution. Our Articles state that a special resolution shall be required to alter the provisions of our Memorandum, to amend our Articles or to change our name.

(e) **Meetings of members**

(i) ***Special and ordinary resolutions***

A special resolution of our 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 our 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 our Articles to mean a resolution passed by a simple majority of the votes of such members of our 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 our 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 our Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of our Company or at any meeting of any class of members of our 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 our 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 our 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 our Company or restricted to voting only for or only against any particular resolution of our 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***

Our Company must hold an annual general meeting 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 our 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 our members other than to such members as, under the provisions of our Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from our Company, and also to, among others, the auditors for the time being of our Company.

Any notice to be given to or by any person pursuant to our Articles may be served on or delivered to any member of our 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 our 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 our Directors and the auditors;

(cc) the election of our Directors in place of those retiring;

(dd) the appointment of auditors and other officers; and

(ee) the fixing of the remuneration of our 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 our Company entitled to attend and vote at a meeting of our 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 our Company or at a class meeting. A proxy need not be a member of our 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**

Our board shall cause true accounts to be kept of the sums of money received and expended by our Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of our Company and of all other matters required by the Companies Law or necessary to give a true and fair view of our Company's affairs and to explain our transactions.

The accounting records must be kept at the registered office or at such other place or places as our 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 our Company except as conferred by law or authorised by our board or our 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 our Company at our general meeting, together with a printed copy of our 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 our Company under the provisions of our Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, we may send to such persons summarised financial statements derived from our annual accounts and our Directors' report instead provided that any such person may by notice in writing served on us, demand that we sends to him, in addition to summarised financial statements, a complete printed copy of our annual financial statement and our 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 our accounts 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 our Company in general meeting or in such manner as the members may determine.

Our financial statements 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**

We 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 our board.

Our Articles provide dividends may be declared and paid out of our profits, realised or unrealised, or from any reserve set aside from profits which our 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. Our 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 us on account of calls or otherwise.

Whenever our board or our Company in general meeting has resolved that a dividend be paid or declared on our share capital, our 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 our 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 our board may think fit.

We may also upon the recommendation of our board by an ordinary resolution resolve in respect of any one particular dividend of our 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 our 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 our 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 our board or our Company in general meeting has resolved that a dividend be paid or declared our 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 our board for the benefit of our Company until claimed and we 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 our board and shall revert to us.

No dividend or other monies payable by us on or in respect of any share shall bear interest against us.

(h) **Inspection of corporate records**

Pursuant to our 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 our 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 our board, at the office where the branch register of members is kept, unless the register is closed in accordance with our Articles.

(i) **Rights of minorities in relation to fraud or oppression**

There are no provisions in our Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to our shareholders under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) **Procedures on liquidation**

A resolution that our 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 we are wound up and the assets available for distribution amongst the members of our 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 we are 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 we are 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 our assets 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**

Our 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 us and we do 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

We are 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, our operations must be conducted mainly outside the Cayman Islands. We are 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 our 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, we have 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 us or our 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 our shares, debentures or other obligations.

The undertaking for us is for a period of twenty years from 13 November 2018.

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 our 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**

Our members of have no general right under the Companies Law to inspect or obtain copies of our register of members or corporate records. They will, however, have such rights as may be set out in our Articles.

The notice of registered office is a matter of public record. A list of the names of the current directors and alternate directors (if applicable) is made available by the Registrar of Companies for inspection by any person on payment of a fee. The register of mortgages is open to inspection by creditors and members.

(n) **Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. The register of members shall contain such particulars as required by Section 40 of the Companies Law. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) **Register of Directors and Officers**

We are required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within thirty (30) days of any change in such directors or officers.

(p) **Beneficial Ownership Register**

An exempted company is required to maintain a beneficial ownership register at its registered office that records details of the persons who ultimately own or control, directly or indirectly, 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 our Company are listed on the Stock Exchange, we are 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 twenty-one (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 our shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(s) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(t) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

(u) **Economic Substance Requirements**

Pursuant to the International Tax Cooperation (Economic Substance) Law, 2018 of the Cayman Islands ("**ES Law**") that came into force on 1 January 2019, a "relevant entity" is required to satisfy the economic substance test set out in the ES Law. A "relevant entity" includes an exempted company incorporated in the Cayman Islands as is the Company; however, it does not include an entity that is tax resident outside the Cayman Islands. Accordingly, for so long as the Company is a tax resident outside the Cayman Islands, including in Hong Kong, it is not required to satisfy the economic substance test set out in the ES Law.

4. GENERAL

Conyers Dill & Pearman, our special legal counsel on Cayman Islands law, have sent to us a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents Available for Inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Companies Law as an exempted company with limited liability on 2 November 2018. Our registered office is at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands. Our Company has established a place of business in Hong Kong at Suites 3008 - 3010, 30/F, Tower One, Times Square, 1 Matheson Street, Causeway Bay, Hong Kong and was registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 7 December 2018, with Mr. Michael Chan and Ms. Wai Ching Sum appointed as our authorised representatives for the acceptance of service of process and notices in Hong Kong.

As we are incorporated in the Cayman Islands, we operate subject to the Companies Law and to our constitution, which comprises the Memorandum of Association and Articles of Association. A summary of various provisions of our constitution and relevant aspects of the Cayman Companies Law is set out in "Summary of the Constitution of our Company and Cayman Companies Law" in Appendix IV to this prospectus.

2. Change in share capital of our Company

As at the date of incorporation, our authorised share capital was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. Upon its incorporation, one Share was allotted and issued in cash at par, to its initial subscriber. On the same day, the said one Share was transferred to Sze Ming. The following changes in our share capital have taken place since the date of incorporation:

(a) On 28 December 2018, Mr. Michael Chan transferred to our Company the entire issued share capital of Jingye Holdings and the benefit of the shareholder loan of HK$50 million owed by Jingye Holdings to Mr. Michael Chan. In consideration of the said transfer, our Company allotted and issued two Shares to Sze Ming (as nominated and directed by Mr. Michael Chan).

(b) On 12 November 2019, our Company repaid the loan in the approximate amount of HK$515.7 million owed by our Company to Mr. Michael Chan by the allotment and issue of one Share to Sze Ming as directed by Mr. Michael Chan.

(c) On 13 November 2019, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$25,000,000 divided into 2,500,000,000 Shares of HK$0.01 each by creation of an additional 2,462,000,000 Shares.

(d) Conditional upon (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme), (ii) the Global Offering becoming unconditional, and (iii) conditional upon the share premium account of our Company being credited as a result of the issue of new Shares under the Global Offering, an aggregate sum of HK$11,999,999.96 will be capitalised from the share premium account of our Company and applied in paying up in full of 1,199,999,996 Shares credited as fully paid at par to be allotted and issued to the then existing Shareholder whose name appeared on the register of members of our Company in proportion (as nearly as possible without involving fractions) to its shareholdings so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by the then existing Shareholder, will constitute not more than 75% of the enlarged issued share capital immediately following completion of the Global

Offering (without taking into account any Share which may be issued and allotted pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme).

(e) Conditional upon (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Share which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme), and (ii) the Global Offering becoming unconditional, our Company will issue and allot 400,000,000 new Shares ranking *pari passu* in all respects with the Shares, credited as fully paid under the Global Offering.

Assuming that the Global Offering becomes unconditional and the Offer Shares are issued, our issued share capital upon completion of the Global Offering will be HK$16,000,000 divided into 1,600,000,000 Shares (without taking into account any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme).

Save for the aforesaid and as mentioned in the paragraph headed "Resolutions in writing passed by our sole Shareholder on 13 November 2019" below, there has been no alteration in the share capital of our Company since incorporation.

3. **Resolutions in writing passed by our sole Shareholder on 13 November 2019**

On 13 November 2019, our then sole Shareholder, passed resolutions in writing, pursuant to which, amongst other matters:

(a) our Company approved and adopted the Memorandum with immediate effect and the Articles with effect from the Listing Date;

(b) our Company approved an increase of its authorised share capital from HK$380,000 divided into 38,000,000 Shares to HK$25,000,000 divided into 2,500,000,000 Shares by the creation of an additional 2,462,000,000 Shares, each ranking *pari passu* in all respects with our existing issued Shares;

(c) conditional on, amongst others, (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters)) and not being terminated in accordance with the terms of such agreements or otherwise, in each case on or before such date as may be specified in the Underwriting Agreements:

(i) conditional upon the share premium account of the Company being credited as a result of issue of new Shares under the Global Offering, the Directors were authorised to capitalise the sum of HK$11,999,999.96 standing to the credit of the share premium account of the Company and apply the same in paying up in full at par 1,199,999,996 Shares for allotment and issue, credited as fully paid at par, to the person(s) whose name(s) appeared on the register of members of our Company in proportion to the then existing shareholdings in our Company and such Shares to be allotted and issued shall rank *pari passu* in all respects with the then existing issued Shares and the Directors were authorised to allot and issue the Shares under the Capitalisation Issue, to give effect to such capitalisation;

(ii) the Global Offering was approved and the Directors were authorised to effect the same and to allot and issue the new Shares pursuant to the Global Offering on and subject to the terms and conditions stated in this prospectus;

(iii) the Over-allotment Option were approved and the Directors were authorised to effect the same and to allot and issue the Shares upon the exercise of the Over-allotment Option; and

(iv) the rules of the Share Option Scheme were approved and adopted with such additions, amendments or modifications thereto as may be approved by the Directors or any committee thereof in their absolute discretion, and the Directors or any committee were authorised, at their absolute discretion and subject to the terms and conditions of the Share Option Scheme, to, amongst others, (aa) implement and administer the Share Option Scheme; and (bb) to take all such steps as they consider necessary, desirable or expedient to implement or give effect to the Share Option Scheme;

(d) a general unconditional mandate (the "**Issuing Mandate**") was given to the Directors to exercise all powers for and on our behalf to allot, issue and deal with (otherwise than by way of rights issue or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting or pursuant to the Global Offering, unissued Shares and securities carrying rights to subscribe for, exchange or convert into Shares (whether the exercise of such rights may take place during or after the period while such mandate remains in effect)) with a total number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

(e) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing them to exercise all powers for and on our behalf to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares not exceeding 10% of the aggregate of the total number of Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

(f) the Issuing Mandate was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme).

4. **Reorganisation**

The companies comprising our Group underwent the Reorganisation in preparation for the listing. For further information relating to the Reorganisation, please refer to the section headed "History and Development — Reorganisation".

5. **Particulars of our Subsidiaries**

Particulars of our Subsidiaries are set forth in note 38 of the Accountant's Report set out in Appendix I to this prospectus.

6. **Changes in share capital of our Subsidiaries**

The following alterations in the share capital of our Subsidiaries have taken place within two years immediately preceding the date of this prospectus:

Chuangyi (HK)

On 30 August 2018, Chuangyi (HK) was incorporated in Hong Kong with a share capital of HK$10.

Chuangyi Holdings

On 5 July 2018, Chuangyi Holdings was incorporated in the BVI with a share capital of US$10.

Guangzhou Hongchuang

On 7 November 2018, Guangzhou Hongchuang was established as a limited liability company in the PRC with a registered capital of RMB50 million.

Guangzhou Jinglong

On 15 July 2019, Guangzhou Jinglong was established as a limited liability company in the PRC with a registered capital of RMB130 million.

Guangzhou Jingyue

On 20 August 2018, Guangzhou Jingyue was established as a limited liability company in the PRC with a registered capital of RMB10 million.

Guangzhou Pusheng

On 27 August 2018, the registered capital of Guangzhou Pusheng was increased from RMB1 million to RMB5 million.

Guangzhou Shunbang

On 25 April 2018, the registered capital of Guangzhou Shunbang was increased from RMB10 million to RMB50 million.

Guangzhou Yinong

On 30 July 2018, the registered capital of Guangzhou Yinong was increased from RMB100 million to RMB500 million.

Hainan Jingye

On 26 March 2019, the registered capital of Hainan Jingye was increased from RMB50 million to RMB100 million.

Hongchuang Holdings

On 25 October 2018, Hongchuang Holdings was established as a limited liability company in the PRC with a registered capital of RMB5 million.

Hunan Zhuodu

On 8 January 2019, Hunan Zhuodu was established as a limited liability company in the PRC with a registered capital of RMB3 million.

Jingye Holdings

On 28 December 2018, the share capital of Jingye Holdings was increased from US$1 to US$101.

Jingye Hotel Management (HK)

On 30 April 2018, Jingye Hotel Management (HK) was incorporated as a limited liability company in Hong Kong with a share capital of HK$10.

Jingye Mingbang

On 27 March 2018, Jingye Mingbang was established as a limited liability company in the PRC with a registered capital of RMB10 million.

Jingye Weihai

On 24 June 2019, Jingye Weihai was established as a limited liability company in the PRC with a registered capital of RMB350 million.

Shunbang Corporate Management

On 23 April 2018, Shunbang Corporate Management was established as a limited liability company in the PRC with a registered capital of RMB100 million.

Tengchong Jingye

On 24 January 2018, Tengchong Jingye was established as a limited liability company in the PRC with a registered capital of RMB50 million.

Weihai Jinglong

On 4 July 2019, Weihai Jinglong was established as a limited liability company in the PRC with a registered capital of RMB130 million.

Ya'an Jingye

On 27 July 2018, Ya'an Jingye was established as a limited liability company in the PRC with a registered capital of RMB100 million.

Yingde Sangyuan

On 20 November 2017, the registered capital of Yingde Sangyuan was increased from RMB3 million to RMB52 million.

Yingde Zhuodu

On 24 August 2018, Yingde Zhuodu was established as a limited liability company in the PRC with a registered capital of RMB1 million.

Yunnan Zhuodu

On 20 September 2018, Yunnan Zhuodu was established as a limited liability company in the PRC with a registered capital of RMB1 million.

Zhaoqing Jingyue

On 28 August 2018, Zhaoqing Jingyue was established as a limited liability company in the PRC with a registered capital of RMB30 million.

On 5 March 2019, the registered capital of Zhaoqing Jingyue was increased from RMB30 million to RMB50 million.

Zhaoqing Zhuodu

On 16 August 2019, Zhaoqing Zhuodu was established as a limited liability company in the PRC with a registered capital of RMB1 million.

Zhongshan Jingyue

On 12 April 2019, Zhongshan Jingyue was established as a limited liability company in the PRC with a registered capital of RMB50 million.

Zhuosidao Hotel Management Holdings

On 27 March 2018, Zhuosidao Hotel Management Holdings was incorporated in the BVI with a share capital of US$10.

Zhuzhou Jingye

On 25 July 2018, Zhuzhou Jingye was established as a limited liability company in the PRC with a registered capital of RMB50 million.

On 19 October 2018, the registered capital of Zhuzhou Jingye was increased from RMB50 million to RMB100 million.

On 30 November 2018, the registered capital of Zhuzhou Jingye was increased from RMB100 million to RMB300 million.

7. **Repurchase of Shares by our Company**

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) ***Regulations of the Listing Rules***

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transaction.

Pursuant to the written resolutions of our then sole Shareholder passed on 13 November 2019, a general unconditional mandate (being the Repurchase Mandate referred to above) was given to the Directors authorizing any repurchase by us of our Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange of such number of Shares with a total number as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme) at any time until (aa) the conclusion of the next annual general meeting of the Company; (bb) or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of Cayman Islands to be held; (cc) or the passing of an ordinary resolution by our Shareholders in general meeting revoking, varying or renewing such mandate, whichever occurs first.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands. Any repurchase may be made out of funds legally permitted to be utilised in this connection, including profits of our Company, share premium account for our Company or out of proceeds of a fresh issue of Shares made for that purpose and in the case of any premium payable on a repurchase over the par value of the Shares to be repurchased, it must be paid out of either or both of the profits of our Company or our Company's share premium account. Subject to satisfaction of the solvency test prescribed by the Cayman Companies Law, a repurchase may also be made out of capital.

(b) ***Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of our Company which, in the opinion of the Directors, are from time to time appropriate for our Company.

However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) ***Share capital***

Exercise in full of the Repurchase Mandate, on the basis of 1,600,000,000 Shares in issue immediately after the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme) would result in up to 160,000,000 Shares being repurchased by our Company during the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and applicable laws and regulations of the Cayman Islands to be held; or

(iii) the revocation, variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting.

(e) ***Trading restrictions***

Pursuant to the Listing Rules, our Company:

(i) shall not purchase its Shares on the Stock Exchange if the purchase price is higher by 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;

(ii) shall not purchase its Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time;

(iii) shall not knowingly purchase its Shares from a core connected person and a core connected person shall not knowingly sell Shares to our Company, on the Stock Exchange;

(iv) shall procure that any broker appointed by our Company to effect the purchase of its Shares shall disclose to the Stock Exchange such information with respect to purchases made on behalf of our Company as the Stock Exchange may request;

(v) shall not purchase its Shares on the Stock Exchange at any time after an inside information has come its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of: (aa) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and (bb) the deadline for our Company to publish an announcement of its 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, our Company may not purchase its Shares on the Stock Exchange, unless the circumstances are exceptional; and

(vi) may not purchase its Shares on the Stock Exchange if that purchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or the relevant prescribed minimum percentage for the Company as determined by the Listing Rules from time to time).

The Stock Exchange may waive all or part of the above restrictions if, in its opinion, the above are exceptional circumstances.

(f) ***General***

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or its subsidiaries.

Our 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 and regulations of the Cayman Islands.

No core connected person of our Company has notified us that he or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by us since our incorporation.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, 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 as a result of a repurchase of Shares made immediately after the listing of the Shares on the Stock Exchange. Save as aforesaid, our Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases made pursuant to the Repurchase Mandate immediately after the Listing.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) an equity transfer agreement dated 30 March 2018 entered into between Guangzhou Guangze and Hainan Jingye, pursuant to which Hainan Jingye shall acquire the entire equity interest in Hainan Zhuodu from Guangzhou Guangze at a consideration of RMB1 million;

(b) an instrument of transfer dated 7 December 2017 entered into between Mr. Michael Chan and Jingye Holdings, pursuant to which Jingye Holdings shall acquire one share of Jingye Health Industry Holdings from Mr. Michael Chan at a consideration of US$1;

(c) an equity transfer agreement dated 30 May 2018 entered into between Ms. Tan Yuxing and Jingye Health, pursuant to which Jingye Health shall acquire 50% equity interest in Guangzhou Shun'an from Ms. Tan Yuxing at a consideration of RMB50,000;

(d) an equity transfer agreement dated 30 May 2018 entered into between Ms. Su Lifen and Jingye Health, pursuant to which Jingye Health shall acquire 50% equity interest in Guangzhou Shun'an from Ms. Su Lifen at a consideration of RMB50,000;

(e) an equity transfer agreement dated 15 June 2018 entered into between Ms. Tan Yuxing, Ms. Su Lifen and Jingye Hotel Management (HK), pursuant to which Jingye Hotel Management (HK) shall acquire from Ms. Tan Yuxing and Ms. Su Lifen their respective 50% equity interest in Guangzhou Just Stay at a total aggregate consideration of RMB50 million;

(f) an instrument of transfer dated 28 May 2018 entered into between Mr. Michael Chan and Jingye Holdings, pursuant to which Jingye Holdings shall acquire 10 shares of Shunbang Holdings from Mr. Michael Chan at a consideration of US$10;

(g) an equity transfer agreement dated 27 July 2018 entered into between Ms. Tan Yuxing and Shunbang Corporate Management, pursuant to which Shunbang Corporate Management shall acquire 10% equity interest in Guangzhou Shunbang from Ms. Tan Yuxing at a consideration of RMB12 million;

(h) an equity transfer agreement dated 27 July 2018 entered into between Ms. Su Lifen and Shunbang Corporate Management, pursuant to which Shunbang Corporate Management shall acquire 10% equity interest in Guangzhou Shunbang from Ms. Su Lifen at a consideration of RMB12 million;

(i) an equity transfer agreement dated 15 June 2018 entered into between Guangzhou Guangze, Guangdong Hengyue and Jinghengyue Holdings (HK) Limited ("**Jinghengyue HK**"), pursuant to which Jinghengyue HK acquired 55% equity interest of Guangzhou Jinghengyue from Guangzhou Guangze at a consideration of RMB110 million while Jinghengyue HK acquired 45% equity interest of Guangzhou Jinghengyue from Guangdong Hengyue at a consideration of approximately RMB74.2 million;

(j) an equity transfer agreement dated 11 May 2018 entered into between Guangzhou Zhuodu and Juxin Business Management (Guangzhou) Co., Ltd.* (聚信商務管理(廣州)有限公司) ("**Juxin Business Management**"), pursuant to which Juxin Business Management acquired the entire equity interest of Guangzhou Juxin at a consideration of RMB3 million;

(k) an agreement dated 30 June 2018 entered into between Jingye Holdings (HK) and Asia Perfect Development Limited, pursuant to which Jingye Holdings (HK) shall transfer the entire issued share capital in Sure Fine, and assign the shareholder loan due from Sure Fine to Jingye Holdings (HK), to Asia Perfect Development Limited at a consideration of HK$600 million, and its supplemental agreement dated 5 October 2018;

(l) an agreement dated 28 December 2018 entered into between Mr. Michael Chan and our Company, pursuant to which Mr. Michael Chan shall transfer the entire issued share capital in Jingye Holdings, and assign the shareholder loan of HK$50 million due from Jingye Holdings to Mr. Michael Chan, to our Company;

(m) a deed of loan capitalisation dated 28 December 2018 entered into between our Company and Jingye Holdings, pursuant to which the parties shall capitalise the loan of HK$50 million due from Jingye Holdings to our Company by the allotment and issue of 100 shares of Jingye Holdings to our Company;

(n) a deed of assignment dated 12 November 2019 entered into between Mr. Michael Chan, our Company and Jingye Holdings, pursuant to which Mr. Michael Chan shall assign to our Company the benefit of the loan in the approximate amount of HK$1.6 billion due from Jingye Holdings to Mr. Michael Chan;

(o) a deed of loan capitalisation dated 12 November 2019 entered into between our Company and Mr. Michael Chan, pursuant to which our Company repaid an approximate amount of HK$515.7 million owed by our Company to Mr. Michael Chan by the allotment and issue of one Share to Mr. Michael Chan or to such person as directed by Mr. Michael Chan;

(p) a deed of loan capitalisation dated 12 November 2019 entered into between our Company and Jingye Holdings, pursuant to which the parties shall capitalise the loan of approximately HK$1.6 billion due from Jingye Holdings to our Company by the allotment and issue of 100 shares of Jingye Holdings to our Company;

(q) the cornerstone investment agreement dated 19 November 2019 entered into between our Company, Plus Incentive Investment Limited, DBS Asia Capital Limited and ABCI Capital Limited, details of which are set out in the section headed "Cornerstone Investors" in this prospectus;

(r) the cornerstone investment agreement dated 19 November 2019 entered into between our Company, Centralcon Enterprises Company Limited and DBS Asia Capital Limited, details of which are set out in the section headed "Cornerstone Investors" in this prospectus;

(s) Deed of Indemnity;

(t) Deed of Non-competition; and

(u) Hong Kong Underwriting Agreement.

2. **Intellectual Property Rights**

(a) *Trademarks*

(i) As at the Latest Practicable Date, our Group has registered the following trademarks which are material in relation to our Group's business:

No.	Trademark	Registered Owner	Place of Registration	Class	Registration No.	Validity Period
1.	景業名邦 JY GRANDMARK	Jingye Holdings (HK)	Hong Kong	35, 36, 37, 42	304355929	4 December 2017 — 3 December 2027
2.	景業名邦 JY GRANDMARK	Jingye Holdings (HK)	Hong Kong	35, 36, 37, 42	304355929	4 December 2017 — 3 December 2027
3.	景業名邦 JY GRANDMARK	Jingye Mingbang	PRC	35	15147598	28 June 2016 — 27 June 2026
4.	景業名邦 JY GRANDMARK	Jingye Mingbang	PRC	36	15147730	28 May 2016 — 27 May 2026
5.	景業名邦 JY GRANDMARK	Jingye Mingbang	PRC	42	15148264	14 January 2016 — 13 January 2026
6.	景業名邦 JY GRANDMARK	Jingye Mingbang	PRC	35	15147654	7 May 2016 — 6 May 2026
7.	景業名邦 JY GRANDMARK	Jingye Mingbang	PRC	36	15147866	28 May 2016 — 27 May 2026
8.	景業名邦 JY GRANDMARK	Jingye Mingbang	PRC	42	15148359	21 January 2016 — 20 January 2026
9.	卓都嘉业	Jingye Mingbang	PRC	16	15565607	7 December 2015 — 6 December 2025
10.	卓都嘉业	Jingye Mingbang	PRC	36	15565924	14 December 2015 — 13 December 2025
11.	卓都嘉业	Jingye Mingbang	PRC	45	15566091	14 December 2015 — 13 December 2025
12.		Jingye Mingbang	PRC	43	23513136	14 February 2019 — 13 February 2029

(ii) As of the Latest Practicable Date, we had also applied for the registration of the following trademark which we consider to be or may be material to our business:

No.	Trademark	Applicant	Place of Registration	Class	Application Date	Application Number
1.	泓创建设	Guangzhou Hongchuang	PRC	37	15 July 2019	39668001

(b) *Domains*

As at the Latest Practicable Date, our Group was the registered owner of the following domain names that are material to the business of our Group:

Domain Name	Registrant	Validity Period
jygrandmark.com	Jingye Mingbang	23 May 2014 — 23 May 2020
juststayresort.cn	Guangzhou Just Stay (Conghua Branch)	5 June 2017 — 5 June 2020

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of interest — interests and short positions of the Directors and the chief executives of our Company in our Shares, underlying Shares and debentures of our Company and our associated corporations*

Immediately following completion of the Global Offering (assuming that the Over-allotment Option is not exercised but without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme), the interest and short position of our Directors or chief executives of our Company in our Shares, underlying Shares and debentures of our Company and 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 interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Interest in our Company

Name of Director	Nature of interest	Number of Shares[(1)]	Shareholding percentage (%)
Mr. Michael Chan	Founder of a discretionary trust[(2)]	1,200,000,000	75.0%

Notes:

(1) All interests stated are long positions.

(2) These Shares are held by Sze Ming. The entire issued capital of Sze Ming is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. Michael Chan as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including Mr. Michael Chan, his parents, his siblings and his descendants. Mr. Michael Chan is taken to be interested in these Shares held by Sze Ming pursuant to the SFO.

Interest in our Company's associated corporation

Name of Director	Name of our Company's associated corporation	Nature of interest	Share capital held[(1)]	Approximate percentage of interest in our Company's associated corporation
Mr. Liu Huaxi	Zhongshan Jingyue	Interest of controlled corporation	50% equity interest	2.5%[(2)]

Notes:

(1) All interests stated are long positions.

(2) Zhongshan Jingyue is held by Guangzhou Yinong and Zhongshan Yuelai as to 95% and 5%, respectively. Zhongshan Yuelai is owned by Mr. Liu Huaxi and Mr. Chen Weike (an Independent Third Party) as to 50% and 50%, respectively.

(b) *Particulars of service contracts*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated in accordance with the provisions of the service contract or by not less than three months' notice in writing served by either party on the other. Particulars of the service agreements of the executive Directors are in all material respects the same. Each of our executive Directors shall be entitled to the annual director's fee as follows:

Name of Director	Annual Director's fee
	HK$
Mr. Michael Chan	300,000
Mr. Liu Huaxi	250,000
Ms. Catherine Zheng	250,000
Mr. Wu Xinping (吳新平)	200,000
Mr. Xue Shuangyou (薛雙有)	200,000
Ms. Wei Miaochang (韋妙嫦)	200,000

Each of Mr. Ma Ching Nam, Mr. Leong Chong and Mr. Wu William Wai Leung has been appointed as an independent non-executive Director pursuant to a service contract for a term of three years commencing from the Listing Date. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

Name of Director	Annual Director's fee
	HK$
Mr. Ma Ching Nam (馬清楠)	280,000
Mr. Leong Chong (梁翔)	280,000
Mr. Wu William Wai Leung (胡偉亮)	280,000

(c) *Directors' remuneration*

The aggregate amount of remuneration paid and benefits in kind granted to our Directors in respect of each of the three financial years ended 31 December 2016, 2017 and 2018, and the six months ended 30 June 2019 were approximately RMB3.1 million, RMB6.0 million, RMB13.4 million and RMB7.4 million, respectively.

Under the arrangement currently in force, the estimated aggregate amount of remuneration payable by our Group to our Directors for the year ending 31 December 2019 will be approximately RMB31.7 million.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with any member of our Group, save for contracts expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation.

2. Substantial Shareholders

Save as disclosed in this prospectus, immediately following the completion of the Global Offering (assuming that the Over-allotment Option is not exercised but without taking into account any Shares which may be issued pursuant to the exercise of options granted or to be granted under the Share Option Scheme), the following persons other than a director or chief executive of our Company will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued Shares carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Name	Capacity/Nature of interest	Number of Shares	Approximate shareholding percentage after the Global Offering and the Capitalisation Issue
Mr. Michael Chan	Founder of a discretionary trust (1)	1,200,000,000	75.0%
IQ EQ (BVI) Limited	Trustee of a discretionary trust (1)	1,200,000,000	75.0%
Sze Ming	Beneficial owner (1)	1,200,000,000	75.0%
Ms. Shum Wing Yin	Interest of spouse (2)	1,200,000,000	75.0%

Notes:

(1) These shares are held by Sze Ming. The entire issued capital of Sze Ming is held by IQ EQ (BVI) Limited as trustee of Chan S. M. Michael Family Trust, a discretionary trust with Mr. Michael Chan as settlor and protector and established in accordance with the laws of the BVI. There are certain discretionary beneficiaries including Mr. Michael Chan, his parents, his siblings and his descendants. Mr. Michael Chan is taken to be interested in these Shares held by Sze Ming pursuant to the SFO.

(2) Ms. Shum Wing Yin is the spouse of Mr. Michael Chan, and is deemed to be interested in the Shares which are interested by Mr. Michael Chan under the SFO.

3. Directors' and Shareholders' interests in suppliers and customers of our Group

As at the Latest Practicable Date, so far as our Directors are aware, none of the persons who are (i) Directors; (ii) their close associates; or (iii) Shareholder which to the knowledge of our Directors will own more than 5% of our Company's issued share capital immediately upon completion of the Global Offering assuming the Over-allotment Option is not exercised had interest in the five largest customers or the five largest suppliers of our Group.

4. Disclaimers

Save as disclosed herein and as at the Latest Practicable Date:

(a) none of the Directors or chief executive of our Company has any interests or short positions in the shares, underlying shares and debentures of our Company or our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which he is taken or deemed to have taken 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, to be notified to our Company and the Stock Exchange, once the Shares are listed on the Stock Exchange;

(b) none of our Directors or experts referred to under the heading "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(c) none of our Directors or experts referred to under the heading "Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(d) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and

(e) none of the experts referred to under the heading "Consents of experts" in this Appendix is interested beneficially or otherwise any shareholding in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme on 13 November 2019. The following is a summary of the principal terms of the Share Option Scheme but does not form, nor was it intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

The terms of the Share Option Scheme are in accordance with the provisions of Chapter 17 of the Listing Rules.

1. Definitions

For the purpose of this section, the following expressions have the meanings set out below unless the context requires otherwise:

"Adoption Date"	13 November 2019, the date on which the Share Option Scheme is conditionally adopted by the Shareholders by way of written resolutions
"Board"	the board of Directors of our Company
"Business Day"	any day on which the Stock Exchange is open for the business of dealings in securities
"Group"	our Company and its subsidiaries at the relevant time or, where the context otherwise requires, in respect of the period prior to our Company becoming the holding company of its present subsidiaries, such subsidiaries as if they were subsidiaries of our Company at the relevant time
"Scheme Period"	the period commencing on the Adoption Date and expiring at the close of business on the Business Day immediately preceding the tenth anniversary thereof

2. Summary of terms

The following is a summary of the principal terms of the rules of the Share Option Scheme conditionally adopted by the written resolutions of our sole Shareholder passed on 13 November 2019:

(a) ***Purpose of the Share Option Scheme***

The purpose of the Share Option Scheme is to attract and retain the best available personnel, to provide additional incentive to employees (full-time and part-time), directors, consultants, advisers, distributors, contractors, suppliers, agents, customers, business partners and services providers of our Group and to promote the success of the business of our Group.

(b) ***Who may join and basis of eligibility***

The Board may, at its absolute discretion and on such terms as it may think fit, grant any employee (full-time or part-time), director, consultant or adviser of our Group, or any substantial shareholder of our Group, or any distributor, contractor, supplier, agent, customer, business partner or service provider of our

Group, options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(c) ***Price of Shares***

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the highest of: (i) the closing price of the Shares as stated in the Stock Exchange's daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of the Shares as stated in the Stock Exchange's daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided always that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fall within the period before listing.

(d) ***Grant of options and acceptance of offers***

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. The amount payable by the grantee of an option to our Company on acceptance of the offer for the grant of an option is HK$1.00.

(e) ***Maximum number of Shares***

(i) Subject to sub-paragraph (ii) and (iii) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company as from the Adoption Date (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all the Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 160,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 160,000,000 Shares from time to time) to the participants under the Share Option Scheme.

(ii) The 10% limit as mentioned above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of the Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.

(iii) Our Company may seek separate approval of the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting options to them with an explanation as to how the terms of the options will serve such purpose, such other information required under the Listing Rules.

(iv) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of the Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.

(f) ***Maximum entitlement of each participant***

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme, in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue. Any further grant of options in excess of such 1% limit must be separately approved by the Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted to such grantee must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) ***Grant of options to a Director, chief executive or substantial Shareholder, or any of their respective associates***

(i) Notwithstanding the aforesaid, any grant of an option to a Director, chief executive or substantial Shareholder (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is a proposed grantee of the option).

(ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:

(a) representing in aggregate over 0.1% of the Shares in issue; and

(b) having an aggregate value, based on the closing price of the Shares at the date of each grant, in excess of HK$5 million, such further grant of options is required to be approved by the Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. The grantee, his associates and all core connected persons of our Company must abstain from voting (except where any connected person intends to vote against the proposed grant). Any change in the terms of an option granted to a Substantial Shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by the Shareholders in the aforesaid manner.

(h) ***Restrictions on the times of grant of options***

(i) An offer for the grant of options may not be made after any inside information (as defined in the SFO) has come to the knowledge of our Company until such inside information has been announced pursuant to the requirements of the Listing Rules and the SFO. In particular, no options may be granted during the period commencing 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 our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

(b) the deadline for our Company to publish an announcement of the results for any year, half-year or quarterly under the Listing Rules, or other interim period (whether or not required under the Listing Rules);

and ending on the date of the results announcement.

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director on any day on which financial results of our Company are published and:

(a) during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(b) during the period of 30 days immediately preceding the publication date of the quarterly results and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(i) ***Time of exercise of option***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed 10 years from the date of grant subject to the provisions of early termination thereof.

(j) ***Performance targets***

Save as determined by the Board and provided in the offer of the grant of the relevant options, there is no performance target which must be achieved before any of the options can be exercised.

(k) ***Ranking of Shares***

The Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles for the time being in force and will rank pari passu in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that the Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) ***Rights are personal to grantee***

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) ***Rights on cessation of employment by death***

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in (n) below arises within a period of three years prior to the death, in the case the grantee is an employee at the date of grant), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) ***Rights on cessation of employment by dismissal***

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offence involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(o) ***Rights on cessation of employment for other reasons***

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in (n) above, the option (to the extent not already exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(p) ***Effects of alterations to share capital***

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalisation of profits or reserves, rights issue, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification is required in case of adjustment made on a capitalisation issue), provided that any alteration shall give a grantee the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) ***Rights on a general offer***

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) ***Rights on winding-up***

In the event a notice is given by our Company to the 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 despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options 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 and issue the relevant Shares to the grantee credited as fully paid.

(s) ***Rights on compromise or arrangement***

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal representative(s)) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement ("Suspension Date"), 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 practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavour to procure that the Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees (or, as the case may be, their legal personal representative(s)) to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or wilful default on the part of our Company or any of its officers.

(t) ***Lapse of options***

An option shall lapse automatically on the earliest of:

(i) the expiry of the period referred to in paragraph (i) above;

(ii) the date on which the Board exercises our Company's right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l);

(iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (o), (q), (r) or (s) above;

(iv) the date of the commencement of the winding-up of our Company;

(v) the occurrence of any serious misconduct, act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

(vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; or

(vii) subject to the compromise or arrangement as referred to in paragraph (s) become effective, the date on which such compromise or arrangement becomes effective.

(u) ***Cancellation of options granted but not yet exercised***

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in manner that complies with all applicable legal requirements for such cancellation.

(v) ***Period of the Share Option Scheme***

The Share Option Scheme will remain in force for a period of 10 years commencing on the date on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof unless terminated earlier by the Shareholders in general meeting.

(w) ***Alteration to the Share Option Scheme***

(i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the grantees of the options relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.

(ii) Any alternation to any terms of the Share Option Scheme which are of a material nature or any change to the terms of options granted, or any change to the authority of the Board in respect of alteration of the Share Option Scheme must be approved by the Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iii) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of the Listing Rules and the notes thereto and the supplementary guidance on the interpretation of the Listing Rules issued by the Stock Exchange from time to time.

(x) ***Termination to the Share Option Scheme***

Our Company by resolution in general meeting or by resolution of the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with provisions of the Share Option Scheme.

(y) ***Conditions of the Share Option Scheme***

The Share Option Scheme is conditional upon (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; (ii) the passing of the necessary resolution(s) to approve and adopt the Share Option Scheme by the Shareholders in general meeting or by way of written resolution; and (iii) the commencement of trading of the Shares on the Stock Exchange.

3. Present status of the Share Option Scheme

Application has been made to the Listing Committee for listing of and permission to deal in 160,000,000 Shares which may fall to be issued pursuant to the exercise of the options which may be granted under the Share Option Scheme.

As at the date of this prospectus, no option has been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Estate duty, tax and other indemnities

Our controlling shareholders (collectively, the "**Indemnifiers**") have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in the paragraph headed "B. Further information about the business — 1. Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis in respect of:

(1) Hong Kong estate duty which might be payable by any member of our Group, by reason of any transfer of property by virtue of section 35 and section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) to any member of our Group on or before the Listing Date;

(2) taxation falling on any of our Group companies resulting from or by reference to any income, profits or gains earned, accrued or received whether in Hong Kong, the PRC, Cayman Islands, BVI or other parts of the world, on or before the Listing Date which might be payable by any member of our Group;

(3) any and all losses, claims, actions, proceedings, demands, liabilities, damages, costs (including all legal costs), fees, expenses, fines, penalties, charges of whatever nature arising from any claim, counter claim, assessment, notice, demand or other documents issued or action taken by or on behalf of the Inland Revenue Department of Hong Kong, or the tax bureau of the PRC or any other statutory or governmental authority whatsoever in Hong Kong, the PRC, Cayman Islands, BVI or any other part of the world in relation to taxation; and

(4) all losses, claims, actions, proceedings, demands, liabilities, damages, costs (including all legal costs), fees, expenses, fines, penalties, charges and any regulatory punishment by the PRC authorities and of whatever nature which any member of our Group may make, suffer or incur directly or indirectly as a result of or in connection with the following:

    (i) the Reorganisation;

    (ii) any and all breaches of any provision under the Companies Ordinance or other applicable laws, rules or regulations which has occurred at any time on or before the Listing Date;

(iii) all of the civil proceedings and non-compliance matters as described in the paragraph headed "Non-compliance Incidents" under the section headed "Business" in this prospectus, by any member of our Group which has occurred at any time on or before the Listing Date, except that specific accrued payables, provision, reserve or allowance has been made for such liabilities in the audited accounts of our Group for the Track Record Period; and

(iv) any losses which our Group may suffer in the event that a third party obtains the land use right of Maofengshan Land A01 to A04 (as referred to in the section headed "Business" in this prospectus), but the collective economic organisations or Toubei Town Organisations, or the winning bidder of those parcels of land are incapable of paying damages to our Group.

The Indemnifiers will, however, not be liable under the deed of indemnity:

(i) to the extent that provision or reserve has been made for such taxation or taxation claims in the audited accounts of our Group for any accounting period up to 30 June 2019 (the "**Accounts**"); or

(ii) to the extent that such taxation or taxation claims falling on any member of our Group companies in respect of any period commencing on or after 1 July 2019 unless liability for such taxation would not have arisen but for some act or omission of, or transactions entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the ordinary course of business or ordinary course of acquiring and disposing of capital assets of our Group companies after 1 July 2019 or pursuant to a binding commitment created on or before 1 July 2019 or pursuant to any statement of intention made in this prospectus; or

(iii) to the extent provisions or reserve made such taxation in the Accounts is finally established to be an over-provision or an excessive reserve; or

(iv) to the extent that the taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law coming into force or interpretation or practice thereof after the Listing Date or to the extent that such taxation claim arises or is incurred by an increase in rates of taxation or taxation claims after such date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands, Hong Kong, BVI or PRC.

2. **Litigation**

Saved as disclosed in the paragraph headed "Business — Legal Proceedings" of this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. **Sole Sponsor**

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares falling to be issued pursuant to the exercise of the Over-allotment Option or the options granted or to be granted under the Share Option Scheme).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fee is HK$5.5 million and is payable by our Company.

4. **Preliminary expenses**

The preliminary expenses relating to the incorporation of our Company are estimated to be approximately US$10,842.3 and is payable by our Company.

5. **Promoter**

Our Company has no promoter for the purposes of the Listing Rules. No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any cash, securities or benefit intended to be paid, allotted or given in connection with the Global Offering or the related transactions described in this prospectus.

6. **Qualification of experts**

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
DBS Asia Capital Limited	A licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities), type 6 (advising on corporate finance) of the regulated activities
PricewaterhouseCoopers	Certified Public Accountants
Ms. Yeung Wing Yan Wendy	Barrister-at-law of Hong Kong
Jingtian & Gongcheng	PRC legal advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Cushman & Wakefield Limited	Property valuer
Cushman & Wakefield Limited	Industry consultant

The statements of the experts as mentioned in this paragraph above were dated the date of this prospectus and were made by the experts for incorporation in this prospectus.

7. **Consents of experts**

Each of the experts whose names are set out in the paragraph 6 of "Qualification of experts" in this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation report and/or opinion and the references to its name included herein in the form and context in which it is respectively included.

8. **Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. **Miscellaneous**

(a) Save as disclosed in this prospectus, and, where applicable:

(i) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries 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 share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(iv) within the two years preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries; and

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued and no amount or benefit had been paid or given within two preceding years or is intended to be paid or given to any promoter.

(b) None of the persons named in the paragraph headed "Qualification of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group.

(c) The branch share register of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS.

(d) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(e) Saved as disclosed in this prospectus, none of our Directors or the persons named under "Qualification of experts" in this Appendix had received any commissions, discounts, brokerages or other special terms or agency fees from our Group in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

(f) The International Underwriters will receive such commission(s), fee(s) and/or expense(s) as mentioned in the section headed "Underwriting" in this prospectus.

(g) We entered into certain related party transactions within the two years immediately preceding the date of this prospectus. Please refer to note 37 of the Accountant's Report set out in Appendix I to this prospectus.

(h) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(i) There is no arrangement under which future dividends are waived or agreed to be waived.

(j) We have no outstanding convertible debt securities.

10. **Bilingual Prospectus**

The English language and the Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;
- copies of each of the material contracts referred to in the paragraph headed "B. Further information about the business — 1. Summary of material contracts" in Appendix V to this prospectus; and
- the written consents referred to in the paragraph headed "Consents of experts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Iu, Lai & Li Solicitors & Notaries, Rooms 2201, 2201A & 2202, 22nd Floor, Tower I, Admiralty Centre, No. 18 Harcourt Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- the Memorandum of Association and Articles of Association;
- the Accountant's Report from PricewaterhouseCoopers, the text of which is set out in Appendix I to this prospectus;
- the report on the unaudited pro forma financial information from PricewaterhouseCoopers, the text of which is set out in Appendix II to this prospectus;
- the audited consolidated financial statements of our Group for the years ended 31 December 2016, 2017 and 2018 and the six months ended 30 June 2019;
- the letter, summary of valuations and valuation report prepared by Cushman & Wakefield, the text of which is set out in the section headed "Valuation Report" in Appendix III to this prospectus;
- the C&W Report;
- the Companies Law;
- the legal opinions prepared by Ms. Yeung Wing Yan Wendy, our legal counsel as to Hong Kong law, in respect of certain aspects of Hong Kong law applicable to the Group;
- the letter prepared by Conyers Dill & Pearman, our legal advisers on Cayman Islands law, summarising certain aspects of the company law of the Cayman Islands referred to in Appendix IV to this prospectus;
- the PRC legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisers;
- the material contracts referred to in the paragraph headed "B. Further information about the business — 1. Summary of material contracts" in Appendix V to this prospectus;

- the service contracts and letters of appointment referred to in the paragraph headed "Statutory and General Information — C. Further Information about Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts" in Appendix V to this prospectus; and

- the written consents referred to in the paragraph headed "Consents of experts" in Appendix V to this prospectus.