THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to any aspect of this circular or as to the action to be taken, you should consult your licensed securities dealer or other registered institution in securities, bank manager, solicitor, professional accountant or other professional adviser for independent advice.

If you have sold or transferred all your shares in SOCAM Development Limited, you should at once hand this circular and the accompanying form of proxy to the purchaser(s) or transferee(s) or to the bank, licensed securities dealer or registered institution in securities or other agent through whom the sale or transfer was effected for transmission to the purchaser(s) or transferee(s).

瑞安建業
SOCAM DEVELOPMENT

瑞安建業有限公司*

SOCAM Development Limited

(Incorporated in Bermuda with limited liability)

(Stock Code: 983)

MAJOR TRANSACTION

CONDITIONAL ACQUISITION OF INTERESTS IN TIANJIN PROJECT AND NANJING PROJECT

A letter from the Board is set out on pages 5 to 13 of this circular.

A notice convening the special general meeting of the Company to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 13 November 2017 at 3:00 p.m. is set out on pages SGM-1 and SGM-2 of this circular. A form of proxy for the meeting is enclosed. Whether or not you are able to attend the meeting, you are requested to complete the enclosed form of proxy in accordance with the instructions printed thereon and return the same to the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the meeting or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the meeting and any adjournment or postponement thereof (as the case may be), should you so wish.

* *For identification purpose only*

Hong Kong, 24 October 2017

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Page

In this circular, the following expressions shall have the meanings set out below unless the context requires otherwise:

"Acquisitions"	collectively, the CR Acquisition and the WL Acquisition;
"Board"	the board of Directors;
"Company"	SOCAM Development Limited, a company incorporated in Bermuda with limited liability, whose shares are listed on the main board of the Stock Exchange (stock code: 983);
"close associates", "connected person(s)", "subsidiary(ies)" and "substantial shareholder"	each has the meaning ascribed to it under the Listing Rules;
"Cosy Rich"	Cosy Rich Limited, a company incorporated in the British Virgin Islands with limited liability, which at the date of this circular is held as to 50% by Wealth Frame and 50% by the CR Vendor and is a subsidiary of the Company for the purpose of the Listing Rules but accounted for as a joint venture in the consolidated financial statements of the Group;
"Cosy Rich Group"	collectively, Cosy Rich and its subsidiaries;
"CR Acquisition"	the acquisition of the CR Share and the CR Shareholder's Loan pursuant to the CR Sale and Purchase Agreement;
"CR Completion"	completion of the CR Acquisition in accordance with the terms of the CR Sale and Purchase Agreement;
"CR Consideration"	the total consideration for the CR Acquisition, being approximately €4.62 million (equivalent to approximately HK$42.34 million);
"CR Sale and Purchase Agreement"	the sale and purchase agreement dated 7 September 2017 (as supplemented by the Supplemental Agreement) entered into among the Company, Wealth Frame as purchaser, Cosy Rich, the CR Vendor as seller, the Third Party Investor I and the Third Party Investor II in relation to the CR Acquisition;
"CR Share"	one ordinary share of US$1.00 of Cosy Rich, representing 50% of the issued share capital of Cosy Rich;
"CR Shareholder's Loan"	the interest free and unsecured shareholder's loan due by Cosy Rich to the CR Vendor in the amounts of approximately RMB117.56 million and US$1.45 million (equivalent to an aggregate amount of approximately HK$147.81 million) at the date of the CR Sale and Purchase Agreement;

"CR Vendor"	Fine Ace Investments Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by SOTAN Fund and is a subsidiary of the Company for the purpose of the Listing Rules;
"Directors"	the directors of the Company;
"€"	EURO, the lawful currency of the Eurozone;
"Enlarged Group"	the Group as enlarged by the Target Groups upon completion of the Acquisitions;
"Group"	collectively, the Company and its subsidiaries;
"HK$"	Hong Kong Dollars, the lawful currency of Hong Kong;
"Hong Kong"	the Hong Kong Special Administrative Region of the People's Republic of China;
"Latest Practicable Date"	19 October 2017, being the latest practicable date for ascertaining certain information referred to in this circular prior to its printing;
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange;
"Macau"	the Macau Special Administrative Region of the People's Republic of China;
"Nanjing Project"	a property development known as "Nanjing Scenic Villa" located at the Jiangning District, Nanjing, the PRC;
"Options"	the options exercisable at the discretion of Cosy Rich to acquire 90% interest in the Tianjin Project pursuant to two master agreements both dated 12 December 2011, without the requirement for further payment (further details of which were set out in the announcement dated 12 December 2011 of the Company);
"PRC"	the People's Republic of China (for the purpose of this circular, excluding Hong Kong, Taiwan and Macau);
"Resolution"	the ordinary resolution to be proposed at the SGM as set out in the notice of the SGM on pages SGM-1 and SGM-2 of this circular;
"RMB"	Renminbi, the lawful currency of the PRC;

"Sale and Purchase Agreements"	collectively, the CR Sale and Purchase Agreement and the WL Sale and Purchase Agreement;
"Savills"	Savills Valuation and Professional Services Limited;
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong);
"SGM"	the special general meeting of the Company to be held for considering, and if thought fit, approving the Sale and Purchase Agreements and the transactions contemplated thereunder, including the Acquisitions;
"Shareholders"	holders of the ordinary shares in the issued share capital of the Company;
"SOTAN Fund", "Fund"	SOTAN China Real Estate I, LP, a limited partnership formed in England for the purpose of raising funds for investment in special situation property projects in the PRC;
"Stock Exchange"	The Stock Exchange of Hong Kong Limited;
"Supplemental Agreement"	the Supplemental Agreement to the Sale and Purchase Agreements dated 7 September 2017 entered into among the Company, Wealth Frame, the CR Vendor, the WL Vendor, the Third Party Investor I and the Third Party Investor II;
"Target Groups"	collectively, the Cosy Rich Group and the Win Lead Group;
"Third Party Investor I"	a third party investor, which is a substantial shareholder of SOTAN Fund holding approximately 57.09% interest in the Fund;
"Third Party Investor II"	a third party investor, which is a substantial shareholder of SOTAN Fund holding approximately 42.81% interest in the Fund;
"Tianjin Project"	a property development known as "Tianjin Veneto" located at the Wuqing District, Tianjin, the PRC;
"US$"	United States Dollars, the lawful currency of the United States of America;
"Wealth Frame"	Wealth Frame Limited, a company incorporated in the British Virgin Islands with limited liability, which is a wholly-owned subsidiary of the Company;

"Win Lead"	Win Lead Holdings Limited, a company incorporated in the British Virgin Islands with limited liability, which at the date of this circular is held as to 50% by Wealth Frame and 50% by the WL Vendor and is a subsidiary of the Company for the purpose of the Listing Rules but accounted for as a joint venture in the consolidated financial statements of the Group;
"Win Lead Group"	collectively, Win Lead and its subsidiaries;
"WL Acquisition"	the acquisition of the WL Shares and the WL Shareholder's Loan pursuant to the WL Sale and Purchase Agreement;
"WL Completion"	completion of the WL Acquisition in accordance with the terms of the WL Sale and Purchase Agreement;
"WL Consideration"	the total consideration for the WL Acquisition, being approximately €32.04 million (equivalent to approximately HK$293.68 million);
"WL Sale and Purchase Agreement"	the sale and purchase agreement dated 7 September 2017 (as supplemented by the Supplemental Agreement) entered into among the Company, Wealth Frame as purchaser, Win Lead, the WL Vendor as seller, the Third Party Investor I and the Third Party Investor II in relation to the WL Acquisition;
"WL Shareholder's Loan"	the interest free and unsecured shareholder's loan due by Win Lead to the WL Vendor in the amount of approximately RMB244.70 million (equivalent to approximately HK$284.10 million) at the date of the WL Sale and Purchase Agreement;
"WL Shares"	the 50 ordinary shares of US$1.00 each of Win Lead, representing 50% of the issued share capital of Win Lead;
"WL Vendor"	Rosy Opportunity Limited, a company incorporated in the British Virgin Islands with limited liability, which is wholly owned by SOTAN Fund and is a subsidiary of the Company for the purpose of the Listing Rules; and
"%"	per cent.

For the purpose of this circular, the exchange rates at €1 = HK$9.166, US$1 = HK$7.81 and RMB1 = HK$1.161 have been used for illustrative purpose only and do not constitute a representation that any amount has been, could have been or may be exchanged at such rates.

瑞安建業有限公司*
SOCAM Development Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 983)

Executive Directors:
Mr. Lo Hong Sui, Vincent
Mr. Wong Yuet Leung, Frankie

Independent Non-executive Directors:
Ms. Li Hoi Lun, Helen
Mr. Chan Kay Cheung
Mr. William Timothy Addison

Registered Office:
Clarendon House
2 Church Street
Hamilton HM 11
Bermuda

Head Office and Principal Place of Business in Hong Kong:
34th Floor
Shui On Centre
6-8 Harbour Road
Hong Kong

24 October 2017

To the Shareholders

Dear Sir or Madam,

MAJOR TRANSACTION

CONDITIONAL ACQUISITION OF INTERESTS IN TIANJIN PROJECT AND NANJING PROJECT

INTRODUCTION

On 7 September 2017, the Board announced that the Company and Wealth Frame entered into the Sale and Purchase Agreements with, among others, the CR Vendor and the WL Vendor in respect of the Acquisitions.

The purpose of this circular is to provide you with (i) further particulars of the Sale and Purchase Agreements and the Acquisitions; (ii) other information required under the Listing Rules; and (iii) a notice of the SGM.

* *For identification purpose only*

THE SALE AND PURCHASE AGREEMENTS

I. THE CR SALE AND PURCHASE AGREEMENT

Date

7 September 2017

Parties

1. the Company;

2. Wealth Frame, a wholly-owned subsidiary of the Company holding 50% share interest in Cosy Rich at the date of this circular, as purchaser of the CR Share and the CR Shareholder's Loan;

3. Cosy Rich, a subsidiary of the Company for the purpose of the Listing Rules;

4. the CR Vendor, a wholly-owned subsidiary of SOTAN Fund holding the remaining 50% share interest in Cosy Rich at the date of this circular, as seller of the CR Share and the CR Shareholder's Loan;

5. the Third Party Investor I, a substantial shareholder of SOTAN Fund holding approximately 57.09% interest in the Fund; and

6. the Third Party Investor II, a substantial shareholder of SOTAN Fund holding approximately 42.81% interest in the Fund.

Save for the information as set out in the section headed "Information on the Group and Parties to the Sale and Purchase Agreements" below, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the CR Vendor, the Third Party Investor I, the Third Party Investor II and their respective beneficial owners are independent of the Company and its connected persons.

Subject Matters

Pursuant to the CR Sale and Purchase Agreement, Wealth Frame has agreed to acquire and the CR Vendor has agreed to sell the CR Share (representing 50% of the issued share capital of Cosy Rich) and the CR Shareholder's Loan.

Cosy Rich is an investment holding company. Its principal asset is the Options, being the rights to acquire 90% interest in the Tianjin Project.

Consideration and Payment Terms

The CR Consideration is approximately €4.62 million (equivalent to approximately HK$42.34 million), which comprises:

(i) an amount of €0.85 (equivalent to approximately HK$7.79) for the CR Share; and

(ii) an amount of approximately €4.62 million (equivalent to approximately HK$42.34 million) for the CR Shareholder's Loan.

The CR Consideration shall be settled in cash by Wealth Frame upon the CR Completion. The Group intends to finance the CR Acquisition from its internal resources and the banking facilities available to the Group.

The CR Consideration was determined after arm's length negotiations between the Company and SOTAN Fund with reference to (i) the net asset value of the Cosy Rich Group at 30 June 2017; (ii) the fair market value of properties comparable to the Tianjin Project; and (iii) potential growth in Tianjin property market.

II. THE WL SALE AND PURCHASE AGREEMENT

Date

7 September 2017

Parties

1. the Company;

2. Wealth Frame, a wholly-owned subsidiary of the Company holding 50% share interest in Win Lead at the date of this circular, as purchaser of the WL Shares and the WL Shareholder's Loan;

3. Win Lead, a subsidiary of the Company for the purpose of the Listing Rules;

4. the WL Vendor, a wholly-owned subsidiary of SOTAN Fund holding the remaining 50% share interest in Win Lead at the date of this circular, as seller of the WL Shares and the WL Shareholder's Loan;

5. the Third Party Investor I; and

6. the Third Party Investor II.

Save for the information as set out in the section headed "Information on the Group and Parties to the Sale and Purchase Agreements" below, to the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, the WL Vendor, the Third Party Investor I, the Third Party Investor II and their respective beneficial owners are independent of the Company and its connected persons.

Subject Matters

Pursuant to the WL Sale and Purchase Agreement, Wealth Frame has agreed to acquire and the WL Vendor has agreed to sell the WL Shares (representing 50% of the issued share capital of Win Lead) and the WL Shareholder's Loan.

Win Lead is an investment holding company. Its principal asset is an investment in the Nanjing Project.

Consideration and Payment Terms

The WL Consideration is approximately €32.04 million (equivalent to approximately HK$293.68 million), which comprises:

(i) an amount of approximately €1.17 million (equivalent to approximately HK$10.72 million) for the WL Shares; and

(ii) an amount of approximately €30.87 million (equivalent to approximately HK$282.96 million) for the WL Shareholder's Loan.

The WL Consideration shall be settled in cash by Wealth Frame upon the WL Completion. The Group intends to finance the WL Acquisition from its internal resources and the banking facilities available to the Group.

The WL Consideration was determined after arm's length negotiations between the Company and SOTAN Fund with reference to (i) the net asset value of the Win Lead Group at 30 June 2017; and (ii) the fair market value of properties comparable to the Nanjing Project.

III. CONDITIONS AND COMPLETION OF THE ACQUISITIONS

Completion of the Acquisitions is conditional upon, among other things:

(i) the Shareholders' approval having been obtained by the Company in respect of the Sale and Purchase Agreements and the transactions contemplated thereunder pursuant to the requirements of the Listing Rules; and

(ii) the termination of an asset management agreement dated 28 February 2011 among SOCAM Asset Management (HK) Limited, SOTAN GP I, Limited and SOTAN Fund in relation to the provision of certain asset management and advisory services to the Fund by SOCAM Asset Management (HK) Limited.

In addition, completion of each of the CR Acquisition and the WL Acquisition is inter-conditional upon the simultaneous completion of the other.

Completion of the Acquisitions is targeted to take place on or before 20 November 2017 or such later date as the parties to the Sale and Purchase Agreements may agree in writing but in any event no later than 31 December 2017.

Following completion of the Acquisitions, both Cosy Rich and Win Lead will become wholly-owned subsidiaries of the Company, and the Company will own 90% and 100% interests in the Tianjin Project and the Nanjing Project through Cosy Rich and Win Lead respectively.

FINANCIAL INFORMATION OF THE TARGET GROUPS

Set out below is a summary of certain audited consolidated financial information of the Cosy Rich Group for the years ended 31 December 2015 and 2016:

	2016		**2015**	
	RMB million	*Equivalent to approximately HK$ million*	*RMB million*	*Equivalent to approximately HK$ million*
Net loss (before taxation and extraordinary items)	(333.26)	(386.91)	(121.30)	(140.83)
Net loss (after taxation and extraordinary items)	(295.23)	(342.76)	(114.49)	(132.92)

The unaudited consolidated net liabilities (after deducting shareholders' loan) of the Cosy Rich Group as at 30 June 2017 were approximately RMB264.89 million (equivalent to approximately HK$307.54 million).

Set out below is a summary of certain audited consolidated financial information of the Win Lead Group for the years ended 31 December 2015 and 2016:

	2016		**2015**	
	RMB million	*Equivalent to approximately HK$ million*	*RMB million*	*Equivalent to approximately HK$ million*
Net loss (before taxation and extraordinary items)	(27.26)	(31.65)	(17.63)	(20.47)
Net loss (after taxation and extraordinary items)	(27.26)	(31.65)	(17.63)	(20.47)

The unaudited consolidated net assets (after deducting shareholders' loan) of the Win Lead Group as at 30 June 2017 were approximately RMB54.18 million (equivalent to approximately HK$62.90 million).

REASONS FOR AND BENEFITS OF THE ACQUISITIONS

SOTAN Fund was established in 2011 with SOTAN GP I, Limited, a 75%-owned subsidiary of the Company, acting as the general partner of the Fund. At the date of this circular, SOTAN Fund is owned as to approximately 57.09%, 42.81% and 0.1% of its interest by the Third Party Investor I, the Third Party Investor II and SOTAN GP I, Limited respectively as limited partnership. SOTAN Fund was set up to invest jointly with the Group on a 50:50 basis in special situation property projects in the PRC identified by the Group. At the date of this circular, the Tianjin Project and the Nanjing Project are the only investments made by the Fund jointly with the Group.

The life of SOTAN Fund expired in February 2017, and both the Third Party Investor I and the Third Party Investor II, being the limited partners of the Fund, intend to exit from the Tianjin Project and the Nanjing Project to realise their investments. In order to avoid undue disruption to the management and operation of these projects going forward and the possibility of liquidating these projects in a disorderly manner, thereby causing value destruction and losses to the Group, the Company considers it desirable to make the Acquisitions. The Company also considers that the Acquisitions will provide an opportunity for the Group to consolidate its shareholdings in Cosy Rich and Win Lead, which will enhance the Group's flexibility in managing these projects and enable the Group to capture the full market potential of the retail property in the Tianjin Project through revamping, as well as the development potential of the yet-to-be developed land parcels of both projects, in an effort to create higher future disposal value of the property assets concerned.

FINANCIAL IMPACT ON THE GROUP

Following completion of the Acquisitions, both Cosy Rich and Win Lead will become wholly-owned subsidiaries of the Company, and the assets, liabilities and financial results of the Target Groups will be consolidated into the financial statements of the Group.

Effect on the Group's financial position

As illustrated in the unaudited pro forma financial information of the Enlarged Group as set out in Appendix III to this circular, had the completion of the Acquisitions taken place on 30 June 2017, the total assets of the Group would increase from HK$9,975 million to approximately HK$11,090 million on a pro forma basis, and the total liabilities of the Group would increase from HK$6,174 million to approximately HK$7,223 million on a pro forma basis.

Effect on the Group's earnings

Currently, the Target Groups are accounted for as joint ventures using equity accounting method, of which 50% of the results of the Target Groups are taken up as share of results of joint ventures in the Group's consolidated financial statements. Following completion of the Acquisitions, Cosy Rich and Win Lead will become wholly-owned subsidiaries of the Company, and 100% of the results of the Target Groups will be taken up in the Group's consolidated financial statements. Please refer to Appendix II to this circular for the financial information of the Target Groups.

FINANCIAL AND TRADING PROSPECTS OF THE ENLARGED GROUP

Over the past several years, the Group has made considerable progress in the execution of its monetisation strategy. In May and June of 2017, the Company successfully issued the three-year US$ denominated notes and raised longer-term funds in an aggregate amount of US$280 million. Consequently, the Group has substantially reduced its total bank borrowings from HK$8.2 billion at the end of 2013 to HK$0.9 billion as at 30 June 2017, significantly improved its financial position and strengthened its working capital, which allow the Group to revamp and upgrade its remaining property assets and enhance their values.

The Enlarged Group owns six property projects commanding good locations in major cities in the PRC and featuring primarily a niche retail portfolio in Shenyang, Chengdu, Tianjin and Chongqing. The Enlarged Group is making satisfactory progress on the asset enhancement programmes of these shopping malls, with the goal of raising occupancy rates, rental yields and values. After the Acquisitions, the Enlarged Group will be in a better position to unleash the development value and market potentials of the Tianjin Project and the Nanjing Project.

The Government of the Hong Kong Special Administrative Region is determined to resolve the shortage of affordable housing units as its top priority. The Group's construction division, with its core strengths, sees ample business opportunities in the public construction sector in Hong Kong, and is expanding its order book. It is also well set to capture opportunities in community health and leisure facilities, as well as related construction activities such as fit-out, renovation and maintenance contracts.

The Group, now in a more flexible financial condition, looks to seek out new investment opportunities to rebuild its asset management and property businesses.

INFORMATION ON THE GROUP AND PARTIES TO THE SALE AND PURCHASE AGREEMENTS

The Group principally engages in property development and investment, and asset management in the PRC, and construction in Hong Kong and Macau.

Wealth Frame is a wholly-owned subsidiary of the Company and its principal activity is investment holding.

As far as the Company is aware after making reasonable enquiries, both the CR Vendor and the WL Vendor are investment holding companies. They are wholly-owned subsidiaries of SOTAN Fund, in which the Company holds only 0.075% effective interest. However, as SOTAN Fund is managed by a subsidiary of the Company as its general partner, the Fund as well as the CR Vendor and the WL Vendor are all regarded as subsidiaries of the Company under the Listing Rules.

As far as the Company is aware after making reasonable enquiries, the Third Party Investor I is one of the limited partners of SOTAN Fund holding approximately 57.09% interest in the Fund, and its principal activity is investment holding.

As far as the Company is aware after making reasonable enquiries, the Third Party Investor II is one of the limited partners of SOTAN Fund holding approximately 42.81% interest in the Fund, and its principal activity is investment holding.

IMPLICATIONS OF THE LISTING RULES

In accordance with Rule 14A.09 of the Listing Rules, both the Third Party Investor I and the Third Party Investor II are not connected persons of the Company although they are substantial shareholders of SOTAN Fund, which is an insignificant subsidiary of the Company. As such, the Acquisitions do not constitute connected transactions of the Company under Chapter 14A of the Listing Rules.

However, as one of the applicable percentage ratios calculated under Rule 14.07 of the Listing Rules in respect of the Acquisitions on an aggregate basis exceeds 25% but is less than 100%, the Acquisitions collectively constitute a major transaction of the Company, which is subject to the reporting, announcement and shareholders' approval requirements under Chapter 14 of the Listing Rules.

SPECIAL GENERAL MEETING

A notice convening the SGM to be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 13 November 2017 at 3:00 p.m. is set out on pages SGM-1 and SGM-2 of this circular. At the SGM, the Resolution will be proposed to approve, among others, the Sale and Purchase Agreements and the transactions contemplated thereunder, including the Acquisitions.

A form of proxy for the SGM is enclosed. Whether or not you are able to attend the SGM, you are requested to complete the accompanying form of proxy in accordance with the instructions printed thereon and return the same to the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong as soon as possible and in any event not later than 48 hours before the time appointed for holding the SGM or any adjournment or postponement thereof (as the case may be). Completion and return of the form of proxy will not preclude you from attending and voting in person at the SGM and any adjournment or postponement thereof (as the case may be), should you so wish.

In accordance with Rule 13.39(4) of the Listing Rules, the Resolution will be decided by poll at the SGM. Accordingly, the chairman of the SGM will demand, pursuant to Bye-law 66 of the Bye-laws of the Company, a poll for the Resolution at the SGM. An announcement of the voting results will be made after the SGM in accordance with the Listing Rules.

To the best of the knowledge, information and belief of the Directors after having made all reasonable enquiries, none of the Shareholders and their close associates has a material interest in the Acquisitions and therefore, none of them is required to abstain from voting on the Resolution at the SGM.

RECOMMENDATION

The Directors (including the independent non-executive Directors) are of the view that the Sale and Purchase Agreements are on normal commercial terms, which are fair and reasonable and in the interests of the Company and the Shareholders as a whole. Accordingly, the Directors recommend the Shareholders to vote in favour of the Resolution at the SGM.

ADDITIONAL INFORMATION

Your attention is also drawn to the additional information set out in the appendices to this circular.

Yours faithfully,
By order of the Board
SOCAM Development Limited
Wong Yuet Leung, Frankie
Executive Director, Chief Executive Officer and
Chief Financial Officer

1. FINANCIAL INFORMATION OF THE GROUP

The audited consolidated financial statements of the Group for the three years ended 31 December 2014, 2015 and 2016 and the unaudited condensed consolidated financial statements for the six months ended 30 June 2017 are disclosed in the following documents which have been published on the website of the Stock Exchange (www.hkex.com.hk) and the website of the Company (www.socam.com), and can be accessed by the direct hyperlinks below:

(1) annual report of the Company for the year ended 31 December 2014 published on 24 April 2015 (pages 90 to 183):
http://www.hkexnews.hk/listedco/listconews/SEHK/2015/0424/LTN20150424919.pdf

(2) annual report of the Company for the year ended 31 December 2015 published on 19 April 2016 (pages 86 to 175):
http://www.hkexnews.hk/listedco/listconews/SEHK/2016/0419/LTN20160419584.pdf

(3) annual report of the Company for the year ended 31 December 2016 published on 20 April 2017 (pages 91 to 174):
http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0420/LTN20170420238.pdf

(4) interim report of the Company for the six months ended 30 June 2017 published on 18 September 2017 (pages 22 to 41):
http://www.hkexnews.hk/listedco/listconews/SEHK/2017/0918/LTN20170918277.pdf

2. INDEBTEDNESS

Borrowings

As at 31 August 2017, being the latest practicable date for the purpose of this statement of indebtedness, the Enlarged Group had total borrowings amounting to approximately HK$4,099 million, details of which are as follows:

	HK$ million
Senior notes	2,154
Bank borrowings	1,746
Advances from joint ventures and related companies	199
	4,099
Secured	1,021
Unsecured	3,078
	4,099

Mortgages and charges

As at 31 August 2017, the Enlarged Group's secured borrowings were secured by certain of the Enlarged Group's bank deposits, investment properties, properties under development for sale, properties held for sale, benefits accrued to the relevant investment properties and equity interests in certain subsidiaries.

Contingent liabilities

As at 31 August 2017, the Enlarged Group had the following material contingent liabilities:

(a) Standby documentary credit arranged with a bank to secure a bank loan of RMB83 million (equivalent to approximately HK$96 million) granted to a subsidiary of an associate.

(b) Effective share of guarantees issued in favour of banks and other financial institution amounting to HK$388 million to secure bank and other loans granted to certain associates.

(c) Effective share of a guarantee issued in favour of a joint venture (the "Joint Venture", which was formed between an associate and an independent third party (the "Joint Venture Partner")) and the Joint Venture Partner for an amount not exceeding RMB18 million (equivalent to approximately HK$21 million) in respect of certain of the Group's payment obligations to the Joint Venture and the Joint Venture Partner.

(d) Guarantee issued in favour of a third party for a loan granted to a former wholly-owned subsidiary (the "Former Subsidiary") with an outstanding principal amount of RMB542 million (equivalent to approximately HK$629 million) and the related interest amounting to RMB391 million (equivalent to approximately HK$454 million). Both of the parent company of the acquirer and the acquirer of the Former Subsidiary have agreed to procure the repayment of the loan and this obligation is guaranteed by the parent company of such acquirer.

Other liabilities

Save as disclosed above and apart from intra-group liabilities and normal trade payables, at the close of business on 31 August 2017, the Enlarged Group did not have any outstanding loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liablities under acceptances, debentures, mortgages, charges, finance lease commitments, guarantees or other material contingent liabilities.

The Directors have confirmed that there has been no material change in terms of the Enlarged Group's contingent liabilities and indebtedness during the period from 31 August 2017 to the Latest Practicable Date.

3. WORKING CAPITAL

The Directors, after taking into account the financial resources available including the existing banking facilities of the Enlarged Group, internally generated funds and the effect of the Acquisitions, are of the opinion that the Enlarged Group has sufficient working capital for its present requirements and for at least 12 months following the date of this circular in the absence of any unforeseeable circumstances.

4. MATERIAL ADVERSE CHANGE

The Directors are not aware of any material adverse change in the financial or trading position of the Group since 31 December 2016, being the date to which the latest published audited consolidated financial statements of the Group were made up.

The following is the text of a report, received from the Target Groups' reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong prepared for the purpose of inclusion in this circular.

1. ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF COSY RICH LIMITED AND ITS SUBSIDIARIES TO THE DIRECTORS OF SOCAM DEVELOPMENT LIMITED

Deloitte. 德勤

Introduction

We report on the historical financial information of Cosy Rich Limited ("Cosy Rich") and its subsidiaries (together, the "Cosy Rich Group") set out on pages II-4 to II-45, which comprises the consolidated statements of financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 (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 II-4 to II-45 forms an integral part of this report, which has been prepared for inclusion in the circular of SOCAM Development Limited (the "Company") dated 24 October 2017 in connection with the proposed acquisition of 50% equity interest in Cosy Rich (the "Circular").

Directors' responsibility for the Historical Financial Information

The directors of Cosy Rich are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of Cosy Rich determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Cosy Rich Group is included, and such information is prepared based on the accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment

Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 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 of Cosy Rich, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Cosy Rich Group's financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017, and of the Cosy Rich Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Cosy Rich Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of Cosy Rich are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 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 that 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 accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 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 "Stock Exchange") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Underlying Financial Statements of the Cosy Rich Group as defined on page II-4 have been made.

Dividends

We refer to note 13 to the Historical Financial Information which states that no dividends have been paid by Cosy Rich in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 October 2017

HISTORICAL FINANCIAL INFORMATION OF THE COSY RICH GROUP

Preparation of the Historical Financial Information

Set out below is the Historical Financial Information which forms an integral part of this accountants' report.

The financial statements of the Cosy Rich Group for the Track Record Period, on which the Historical Financial Information is based, have been prepared in accordance with the accounting policies which conform with International Financial Reporting Standards ("IFRSs") issued by the International Accounting Standards Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest dollar (RMB) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2014**	**2015**	**2016**	**2016**	**2017**
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
					(unaudited)	
Revenue — rental and related services	6	—	17,909,432	21,420,418	13,018,104	7,520,696
Direct costs — rental and related services		—	(16,884,301)	(17,936,585)	(10,236,838)	(8,807,053)
Gross profit (loss) — rental and related services		—	1,025,131	3,483,833	2,781,266	(1,286,357)
Impairment loss on properties held for sale/ properties under development for sale	16	—	(7,052,749)	(49,679,052)	(34,031,937)	(6,985,744)
Other income	7	282,267	620,822	470,830	870,194	546,902
Other gain and loss	8	(58,851)	(2,958,290)	(5,075,913)	(5,424,974)	250,502
Fair value changes on investment properties/ investment properties under construction	14	4,405,838	(27,226,076)	(166,775,453)	(100,044,677)	1,418,929
Sales and marketing expenses		(7,761,098)	(21,006,746)	(37,308,009)	(13,328,024)	(8,699,606)
Administrative expenses		(7,355,800)	(27,189,391)	(32,625,024)	(17,919,992)	(13,304,382)
Finance costs	9	—	(37,509,947)	(45,749,579)	(19,040,548)	(26,219,654)
Loss before taxation		(10,487,644)	(121,297,246)	(333,258,367)	(186,138,692)	(54,279,410)
Taxation	10	(1,101,460)	6,806,519	38,028,784	25,011,169	(354,732)
Loss and total comprehensive expense for the year/period	11	(11,589,104)	(114,490,727)	(295,229,583)	(161,127,523)	(54,634,142)
Attributable to:						
- owners of Cosy Rich		(10,597,992)	(104,181,312)	(294,476,720)	(160,950,420)	(54,634,142)
- non-controlling interests		(991,112)	(10,309,415)	(752,863)	(177,103)	—
		(11,589,104)	(114,490,727)	(295,229,583)	(161,127,523)	(54,634,142)

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

					As at
			As at 31 December		30 June
	NOTES	**2014**	**2015**	**2016**	**2017**
		RMB	*RMB*	*RMB*	*RMB*
Non-current Assets					
Investment properties	14	465,000,000	735,000,000	597,000,000	605,000,000
Investment properties under construction	14	163,623,791	67,939,974	45,559,747	39,165,397
Furniture, fixture and equipment	15	1,792,325	4,062,713	3,442,713	2,898,295
		630,416,116	807,002,687	646,002,460	647,063,692
Current Assets					
Properties held for sale	16	284,250,669	121,000,000	91,000,000	78,000,000
Properties under development for sale	16	94,138,318	117,060,026	106,440,253	112,834,603
Debtors, deposits and prepayments	17	8,965,757	26,878,732	25,039,006	16,205,520
Amounts due from related companies	18	3,646,449	150,000	—	—
Bank balances and cash	19				
- Cash and cash equivalents		34,762,598	4,506,767	6,330,851	12,545,361
- Other bank balances		111,986,101	53,194	241,973	200,976
		537,749,892	269,648,719	229,052,083	219,786,460
Total Assets		1,168,166,008	1,076,651,406	875,054,543	866,850,152
Capital and Reserves					
Share capital	20	13	13	13	13
Reserves		188,401,559	84,220,247	(210,256,473)	(264,890,615)
Equity attributable to owners of Cosy Rich		188,401,572	84,220,260	(210,256,460)	(264,890,602)
Non-controlling interests		11,062,278	752,863	—	—
Total Equity		199,463,850	84,973,123	(210,256,460)	(264,890,602)

	NOTES	As at 31 December 2014	As at 31 December 2015	As at 31 December 2016	As at 30 June 2017
		RMB	RMB	RMB	RMB
Non-current Liabilities					
Loans from shareholders	21	202,439,306	218,920,235	—	—
Loan from non-controlling shareholders of subsidiaries	21	1,921,844	2,069,441	—	—
Secured bank borrowings	22	350,000,000	300,000,000	—	—
Deferred tax liabilities	23	45,420,635	38,614,116	585,332	940,064
Obligation arising from put options to non-controlling shareholders of subsidiaries	24	24,282,970	24,282,970	24,282,970	24,282,970
		624,064,755	583,886,762	24,868,302	25,223,034
Current Liabilities					
Accruals and other payables		106,798,341	89,907,306	76,703,899	57,135,344
Amounts due to related companies	18	236,859,847	266,845,053	443,257,418	500,523,156
Amount due to a shareholder	18	979,215	1,039,162	1,110,118	1,084,098
Loans from shareholders	21	—	—	236,971,266	245,375,122
Loans from non-controlling shareholders of subsidiaries	21	—	—	2,400,000	2,400,000
Secured bank borrowings	22	—	50,000,000	300,000,000	300,000,000
		344,637,403	407,791,521	1,060,442,701	1,106,517,720
Total Liabilities		968,702,158	991,678,283	1,085,311,003	1,131,740,754
Total Equity and Liabilities		1,168,166,008	1,076,651,406	875,054,543	866,850,152

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of Cosy Rich					
	Share capital	**Other reserve**	**Retained profits (accumulated losses)**	**Total**	**Non-controlling interests**	**Total**
	RMB	*RMB* *(Note)*	*RMB*	*RMB*	*RMB*	*RMB*
As at 1 January 2014	13	86,909,572	112,089,979	198,999,564	12,053,390	211,052,954
Loss and total comprehensive expense for the year	—	—	(10,597,992)	(10,597,992)	(991,112)	(11,589,104)
At 31 December 2014	13	86,909,572	101,491,987	188,401,572	11,062,278	199,463,850
Loss and total comprehensive expense for the year	—	—	(104,181,312)	(104,181,312)	(10,309,415)	(114,490,727)
At 31 December 2015	13	86,909,572	(2,689,325)	84,220,260	752,863	84,973,123
Loss and total comprehensive expense for the year	—	—	(294,476,720)	(294,476,720)	(752,863)	(295,229,583)
At 31 December 2016	13	86,909,572	(297,166,045)	(210,256,460)	—	(210,256,460)
Loss and total comprehensive expense for the period	—	—	(54,634,142)	(54,634,142)	—	(54,634,142)
At 30 June 2017	13	86,909,572	(351,800,187)	(264,890,602)	—	(264,890,602)
Unaudited						
At 1 January 2016	13	86,909,572	(2,689,325)	84,220,260	752,863	84,973,123
Loss and total comprehensive expense for the period	—	—	(160,950,420)	(160,950,420)	(177,103)	(161,127,523)
At 30 June 2016	13	86,909,572	(163,639,745)	(76,730,160)	575,760	(76,154,400)

Note: Other reserve represents the effect of fair value adjustments on initial recognition of interest-free loans from shareholders repayable after 12 months from the date of borrowing.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	*RMB*	*RMB*	*RMB* *(unaudited)*	*RMB*
Operating activities					
Loss before taxation	(10,487,644)	(121,297,246)	(333,258,367)	(186,138,692)	(54,279,410)
Adjustments for:					
Interest income	(282,267)	(211,448)	(47,057)	(22,716)	(11,516)
Depreciation	15,020	1,478,086	964,556	453,877	586,788
Fair value changes on investment properties/ investment properties under construction	(4,405,838)	27,226,076	166,775,453	100,044,677	(1,418,929)
Impairment of properties held for sale/under development for sale	—	7,052,749	49,679,052	34,031,937	6,985,744
Finance costs	—	37,509,947	45,749,579	19,040,548	26,219,654
Allowance for doubtful debts	—	1,733,060	3,491,439	4,936,940	362,585
Effect of foreign exchange differences	53,233	1,297,757	1,587,371	(82,364)	(616,369)
Operating cash flows before movements in working capital	(15,107,496)	(45,211,019)	(65,057,974)	(27,735,793)	(22,171,453)
Increase in properties under development for sale	(126,587,132)	(13,213,335)	(2,502,281)	(5,614,879)	(380,094)
(Increase) decrease in debtors, deposits and prepayments	(5,637,396)	(19,646,035)	(1,501,713)	(4,476,186)	8,470,901
Increase in amounts due to related companies	468,179	9,844,428	9,744,182	6,514,777	4,487,661
Increase (decrease) in accruals and other payables	33,671,099	(16,905,355)	(14,271,896)	(12,466,440)	(19,465,906)
(Increase) decrease in other bank balances	(111,986,101)	111,932,907	(188,779)	(1,352,662)	40,997
Net cash (used in) from operating activities	(225,178,847)	26,801,591	(73,778,461)	(45,131,183)	(29,017,894)
Investing activities					
Additions in furniture, fixture and equipment	(1,489,961)	(3,852,735)	(384,845)	(148,720)	(42,370)
Payment for construction of investment properties/ investment properties under construction	(167,133,407)	(36,103,556)	(3,339,960)	(3,046,739)	(186,721)
Interest received	282,267	211,448	47,057	22,716	11,516
Repayment from related companies	13,985,919	3,496,449	—	—	—
Net cash used in investing activities	(154,355,182)	(36,248,394)	(3,677,748)	(3,172,743)	(217,575)
Financing activities					
New bank loans raised	350,000,000	—	—	—	—
Repayment of bank borrowings	—	—	(50,000,000)	—	—
Advances from related companies	76,800,000	20,000,000	166,447,654	65,120,817	52,891,645
Interest paid	(15,205,555)	(40,809,028)	(37,167,361)	(13,692,844)	(17,441,666)
Net cash from (used in) financing activities	411,594,445	(20,809,028)	79,280,293	51,427,973	35,449,979
Net increase (decrease) in cash and cash equivalents	32,060,416	(30,255,831)	1,824,084	3,124,047	6,214,510
Cash and cash equivalents at the beginning of the year/period	2,702,182	34,762,598	4,506,767	4,506,767	6,330,851
Cash and cash equivalents at the end of the year/period					
Represented by bank balances and cash	34,762,598	4,506,767	6,330,851	7,630,814	12,545,361

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Cosy Rich Limited ("Cosy Rich") is a private limited liability company incorporated in the British Virgin Islands. The address of the registered office of Cosy Rich is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, British Virgin Islands.

Cosy Rich and its subsidiaries (collectively referred to as the "Cosy Rich Group") are principally engaged in property development and investment in the People's Republic of China (the "PRC"). The principal activities of Cosy Rich's subsidiaries are set out in note 31.

The Historical Financial Information is presented in RMB, which is also the functional currency of the Cosy Rich Group.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of the Cosy Rich Group has been prepared for inclusion in the Circular in connection with the proposed acquisition of 50% equity interest in Cosy Rich.

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board. In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

The Historical Financial Information has been prepared on a going concern basis because SOCAM Development Limited, the shareholder of Cosy Rich, has agreed to provide adequate funds to enable Cosy Rich to meet in full its financial obligations as they fall due up to and subsequent to the completion date of proposed acquisition of Cosy Rich.

3. ADOPTION OF NEW AND REVISED IFRSS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Cosy Rich Group has consistently applied the IFRSs, which are effective throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

The Cosy Rich Group has not early applied the following new and amendments to IFRSs and Interpretations that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements to IFRS Standards 2014 - 2016 Cycle except for amendments to IFRS 12[1]
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRS 9	Financial Instruments[1]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
IAS 40 (Amendments)	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018
2 Effective for annual periods beginning on or after 1 January 2019
3 Effective for annual periods beginning on or after a date to be determined
4 Effective for annual periods beginning on or after 1 January 2021

The directors of Cosy Rich anticipate that the application of new and amendments to IFRSs and Interpretations will have no material impact on the results and financial position of the Cosy Rich Group in the future.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost basis except for investment properties and investment properties under construction which are measured at fair value at the end of each reporting period, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Cosy Rich Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in this

Historical Financial Information is determined on such basis, except for leasing transactions that are within the scope of IAS 17 "Leases", and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 "Inventories" or value in use in IAS 36 "Impairment of Assets".

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The principal accounting policies are set out below.

Basis of consolidation

The Historical Financial Information incorporates the financial statements of Cosy Rich and entities controlled by Cosy Rich (its subsidiaries). Control is achieved when Cosy Rich:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

Cosy Rich reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

The results of subsidiaries acquired or disposed of during the year/period are included in the consolidated statement of profit or loss and other comprehensive income from the date the Cosy Rich Group gains control until the date when the Cosy Rich Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies in line with those used by other members of the Cosy Rich Group.

All inter-company transactions and balances within the Cosy Rich Group are eliminated in full on consolidation.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents the amount receivable for goods sold in the normal course of business, net of sales related taxes.

Revenue is recognised when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the Cosy Rich Group and when specific criteria have been met for each of the Cosy Rich Group's activities, as described below.

Rental income from properties under operating leases is recognised on a straight-line basis over the periods of the respective tenancies. Contingent rental income arising under operating leases is recognised as an income in the period in which they are incurred.

Service income is recognised when services are provided.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that assets net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Cosy Rich Group as lessor

Rental income from properties under operating leases is recognised on a straight-line basis over the periods of the respective tenancies.

The Cosy Rich Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term.

Properties held for sale

Properties held for sale are completed properties and are stated at the lower of cost and net realisable value. Costs relating to the development of properties, comprising prepaid lease payments for land, development costs, capitalised borrowing costs and other direct costs, are included in properties under development for sale until such time when they are completed. Net realisable value represents the estimated selling price less all anticipated costs to be incurred in marketing and selling.

Properties under development for sale

Properties under development, which are intended to be developed for sale, are measured at the lower of cost and net realisable value. Costs comprise prepaid lease payments for land, development costs, capitalised borrowing costs and other direct costs. These assets are classified as current assets as they are expected to be realised in, or are intended for sale within the Cosy Rich Group's normal operating cycle. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to be incurred in marketing and selling. Upon completion, the assets are recorded as properties held for sale.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation. On initial recognition, investment properties are measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties and investment properties under construction are measured using the fair value model and stated at fair value at the end of the reporting period. Gains or losses arising from changes in the fair value of investment properties are included in profit or loss for the period in which they arise.

Construction costs incurred for investment properties under construction are capitalised as part of the carrying amount of the investment properties under construction.

Transfer from investment properties under construction to properties under development for sale will be made when there is change in use, evidenced by commencement of development with a view to sale. The fair value at the date of transfer becomes the deemed cost for subsequent accounting as properties under development for sale.

Transfers from properties held for sale to investment property will be made when there is a change of intention to hold the property to earn rentals or/and for capital appreciation rather than for sale in the ordinary course of business, which is evidenced by the commencement of an operating lease with another party. The difference between the fair value and the carrying amount at the date of transfer is recognised in profit or loss.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising from derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Furniture, fixture and equipment

Furniture, fixture and equipment are stated at cost, less subsequent accumulated depreciation and impairment losses.

Depreciation is recognised to write off the cost of items of furniture, fixture and equipment over their estimated useful lives and after taking into account their estimated residual value, if any, using the straight-line method. The useful lives of an asset and its residual value and depreciation method, if any, are reviewed annually.

An item of furniture, fixture and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the assets (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss and other comprehensive income in the year/period which the item is recognition.

Impairment loss on assets

At the end of the reporting period, the Cosy Rich Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Retirement benefit costs

Payments to state-managed retirement benefit scheme are recorded as an expenses when employees have rendered service entitling them to the contributions.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "loss before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Cosy Rich Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted at the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries, except where the Cosy Rich Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

For the purposes of measuring deferred tax liabilities or deferred tax assets for investment properties that are measured using the fair value model, the carrying amounts of such properties are presumed to be recovered entirely through sale, unless the presumption is rebutted. The presumption is rebutted when the investment property is depreciable and is held within a business model whose objective is to consume substantially all of the economic benefits embodied in the investment property over time, rather than through sale.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Cosy Rich Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

Financial assets are classified into loans and receivables. Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to initial recognition, loans and receivables (including debtors, amounts due from related companies and bank balances and cash) are measured at amortised cost using the effective interest method, less any impairment loss.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instrument.

Impairment of financial assets

Financial assets are assessed for any impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

Objective evidence of impairment for a portfolio of receivables could include the Cosy Rich Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period of one year, observable changes in national or local economic conditions that correlate with default on receivables.

An impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amounts of financial assets are reduced by impairment directly.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Cosy Rich Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Cosy Rich are recognised as the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including other payables, loans from shareholders and non-controlling shareholders of subsidiaries, secured bank borrowings, amounts due to related companies and a shareholder and obligation arising from put options to non-controlling shareholders of subsidiaries) are subsequently measured at amortised cost, using the effective interest rate method.

Obligation arising from put options to non-controlling shareholders of subsidiaries

Put option written to non-controlling shareholders of subsidiaries, which will be settled other than by exchange of fixed amount of cash for a fixed number of shares in a subsidiary is treated as derivative and is recognised at fair value upon initial recognition. Any changes of fair value in subsequent reporting dates are recognised in profit or loss.

The gross financial liability arising from the put option is recognised when contractual obligation to purchase the shares in a subsidiary is established even if the obligation is conditional on the counterparty exercising the right to sell the shares to Cosy Rich. The liability for the minimum price for the purchase of shares in subsidiaries is recognised and measured at amortised cost with the corresponding debit to the non-controlling interests.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Cosy Rich Group has transferred substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Cosy Rich Group's accounting policies, which are described in note 4, the directors of Cosy Rich are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Investment properties and investment properties under construction

Investment properties and investment properties under construction are stated at fair value based on the valuation performed by the Directors of Cosy Rich with reference to the valuation carried out by an independent professional valuer. As disclosed in note 14, the investment properties and investment properties under construction carried at a total value of RMB628,623,791, RMB802,939,974, RMB642,559,747 and RMB644,165,397 at 31 December 2014, 2015, 2016 and 30 June 2017 respectively. In determining the fair value, the Directors of Cosy Rich used a method of valuation which involves certain estimates of the market conditions. They have exercised their judgement and are satisfied that the assumptions used in the valuation are reflective of the current market conditions. Changes to these assumptions would result in changes in the fair values of the Cosy Rich Group's investment properties and investment properties under construction, and the corresponding adjustments to the amount of gain or loss reported in profit or loss.

Information about the valuation techniques and inputs in determining the fair value of Cosy Rich Group's investment properties are disclosed in note 14.

Determination of net realisable value of properties under development for sale and properties held for sale

Properties under development for sale and properties held for sale are stated at lower of the cost and net realisable value. As disclosed in note 16, the carrying value of properties under development for sale and properties held for sale at 31 December 2014, 2015, 2016 and 30 June 2017 were RMB378,388,987, RMB238,060,026, RMB197,440,253 and RMB190,834,603 respectively.

The net realisable value is the estimated selling price (based on the direct comparison method) less estimated selling expenses and estimated cost of completion (if any), which are determined based on the best available information and valuation performed by independent professional valuers. Where there is any decrease in the estimated selling price arising from any changes to the property market conditions in the PRC, the loss will be recognised on the properties under development for sale and properties held for sale in the consolidated statement profit or loss and other comprehensive income. When the estimated selling price increases and is higher than the carrying value after impairment losses, a reversal of an impairment loss is recognised in profit or loss.

Deferred taxation on investment properties/investment properties under construction

For the purposes of measuring deferred tax liabilities or deferred tax assets arising from investment properties that are measured using the fair value model, the directors of Cosy Rich have reviewed the Cosy Rich Group's investment property portfolios and concluded that the Cosy Rich Group's investment properties are held under a business model whose objective is to consume substantially all of the economic benefits embodied in the investment properties over time, rather than through sale. Therefore, in measuring the Cosy Rich Group's deferred taxation on investment properties, the directors of Cosy Rich have determined that the presumption that the carrying amounts of investment properties measured using the fair value model are recovered entirely through sale is rebutted. Details of the deferred tax liabilities recognised in respect of the revaluation of investment properties are disclosed in note 23.

6. REVENUE AND SEGMENT INFORMATION

Revenue represents rental and management fee income received and receivables over the Track Record Period per below:

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Rental income	—	9,255,307	11,876,805	7,713,479	4,415,717
Management fee income	—	8,654,125	9,543,613	5,304,625	3,104,979
	—	17,909,432	21,420,418	13,018,104	7,520,696

Segment information reported to the chief operating decision maker ("CODM"), the directors of Cosy Rich, for the purpose of resource allocation and assessment of segment performance focuses on one principal operating segment of the Cosy Rich Group, namely property investment which generates rental and related services income. The segment information is prepared based on accounting policies set out in note 4 and the CODM reviews the consolidated financial information of the Cosy Rich Group as a whole.

Segment revenue and losses are the same as the revenue and loss before taxation of the Cosy Rich Group presented on the consolidated statement of profit or loss and other comprehensive income, respectively.

No revenue from transaction with single external customer is 10% or more of the Cosy Rich Group's revenue for each reporting period over the Track Record Period.

7. OTHER INCOME

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Other rental related income	—	409,374	423,773	847,478	535,386
Bank interest income	282,267	211,448	47,057	22,716	11,516
	282,267	620,822	470,830	870,194	546,902

8. OTHER GAIN AND LOSS

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Net foreign exchange (loss) gain	(58,851)	(1,225,230)	(1,584,474)	(488,034)	613,087
Impairment loss on trade debtors	—	(1,733,060)	(3,491,439)	(4,936,940)	(362,585)
	(58,851)	(2,958,290)	(5,075,913)	(5,424,974)	250,502

9. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Interest on bank borrowings	15,205,555	40,809,028	38,221,528	20,348,611	17,345,833
Imputed interests on loans from shareholders	14,422,085	15,398,218	16,769,467	8,186,133	8,873,821
Imputed interests on loans from non-controlling shareholders of subsidiaries	137,071	147,597	330,559	77,779	—
Less: Amounts capitalised:					
- Investment properties under construction	(11,819,743)	(15,032,209)	(3,041,994)	(3,041,994)	—
- Properties under development for sale	(17,944,968)	(3,812,687)	(6,529,981)	(6,529,981)	—
	—	37,509,947	45,749,579	19,040,548	26,219,654

10. TAXATION

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Charge (credit) of deferred taxation (Note 23)	1,101,460	(6,806,519)	(38,028,784)	(25,011,169)	354,732

Entities established in the PRC are subject to the PRC Enterprise Income Tax rate of 25% on the estimated profit during the Track Record Period. No provision for PRC Enterprise Income Tax has been made in the Historical Financial Information as there is no assessable profit during the Track Record Period.

Taxation can be reconciled to the loss before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Loss before taxation	(10,487,644)	(121,297,246)	(333,258,367)	(186,138,692)	(54,279,410)
Tax at PRC Enterprise Income Tax rate of 25%	(2,621,911)	(30,324,311)	(83,314,592)	(46,534,673)	(13,569,853)
Tax effect of income not taxable for tax purpose	(4)	—	—	—	(236,905)
Tax effect of expenses not deductible for tax purpose	467,570	6,439,030	23,430,041	7,923,576	3,840,792
Tax effect of tax loss not recognised	3,255,805	17,078,762	21,855,767	13,599,928	10,320,698
Taxation charge (credit) for the year/period	1,101,460	(6,806,519)	(38,028,784)	(25,011,169)	354,732

At 31 December 2014, 2015, 2016 and 30 June 2017, the Cosy Rich Group has estimated unused tax losses of approximately RMB26,000,000, RMB94,327,000, RMB181,691,000 and RMB222,974,000 respectively available for offset against future profits that may be carried forward for 5 years starting from the year the tax losses incurred. No deferred tax asset has been recognised in respect of the tax losses as it is not probable that taxable profit will be available due to unpredictability of future profit streams.

11. LOSS AND TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Loss and total comprehensive expense for the year/period has been arrived at after charging (crediting):					
Auditor's remuneration	158,470	241,494	205,716	102,858	137,795
Directors' emoluments	—	—	—	—	—
Staff costs	10,773,482	21,956,975	19,049,877	10,773,298	9,717,879
Less: Amount capitalised to properties under development for sale	(5,088,729)	(1,363,066)	(835,439)	(835,439)	—
Amount capitalised to investment properties under construction	(3,905,190)	(1,051,572)	(410,406)	(410,406)	—
	1,779,563	19,542,337	17,804,032	9,527,453	9,717,879
Depreciation for furniture, fixture and equipment	95,973	1,582,347	1,004,845	494,166	586,788
Less: Amount capitalised to properties under development for sale	(35,150)	(45,406)	(27,017)	(27,017)	—
Amount capitalised to investment properties under construction	(45,803)	(58,855)	(13,272)	(13,272)	—
	15,020	1,478,086	964,556	453,877	586,788

12. LOSS PER SHARE

Loss per share has not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information in this report.

13. DIVIDENDS

No dividend was paid or declared by the directors of Cosy Rich during the Track Record Period.

14. INVESTMENT PROPERTIES/INVESTMENT PROPERTIES UNDER CONSTRUCTION

	Completed investment properties	Investment properties under construction	Total
	RMB	*RMB*	*RMB*
At 1 January 2014	—	445,219,000	445,219,000
Additions during the year	—	178,998,953	178,998,953
Increase in fair value recognised	—	4,405,838	4,405,838
Reclassification upon completion	465,000,000	(465,000,000)	—
At 31 December 2014	465,000,000	163,623,791	628,623,791
Increase (decrease) in fair value recognised	55,354,783	(82,580,859)	(27,226,076)
Transfer from properties held for sale	189,003,361	—	189,003,361
Transfer to properties under development for sale	—	(38,655,720)	(38,655,720)
Additions during the year	25,641,856	25,552,762	51,194,618
At 31 December 2015	735,000,000	67,939,974	802,939,974
Decrease in fair value recognised	(140,320,624)	(26,454,829)	(166,775,453)
Additions during the year	2,320,624	4,074,602	6,395,226
At 31 December 2016	597,000,000	45,559,747	642,559,747
Increase (decrease) in fair value recognised	8,000,000	(6,581,071)	1,418,929
Additions during the period	—	186,721	186,721
At 30 June 2017	605,000,000	39,165,397	644,165,397

The Cosy Rich Group's property interests held under operating leases to earn rentals or for capital appreciation purposes are measured using the fair value model and are classified and accounted for as investment properties/investment properties under construction, which have been pledged to secure the banking facilities granted to the Cosy Rich Group.

The properties are situated in the PRC under medium term lease. The fair value of the Cosy Rich Group's investment properties/investment properties under construction has been arrived at on the basis of valuations carried out at the date of transfer and at the end of each reporting period by the Directors of Cosy Rich with reference to the valuation carried out by an independent qualified professional valuer not connected to the Cosy Rich Group.

For completed investment properties, the valuations have been arrived on the basis of capitalisation of net income. In the valuation, the market rentals of all lettable units of the properties are assessed by reference to the rentals achieved in the lettable units as well as other lettings of similar properties in the neighbourhood. The capitalisation rate adopted is made by reference to the yield rates for the similar properties in the locality and adjusted the factors specific to the respective properties.

For investment properties under construction that are measured at fair value, the valuations have been arrived at assuming that the investment properties will be completed in accordance with the development proposals and the relevant approvals for the proposals have been obtained. The valuations have been arrived on the basis of capitalisation of estimated net income derived from the completed properties with consideration of the prevailing market yields. Costs of development are also taken into account including construction costs, finance costs and professional fees, as well as developer's profit margin which reflects the remaining risks associated with the development of the properties at the valuation date and the return that the developer would require for bringing them to completion status, which is estimated by the Directors of Cosy Rich based on their analysis of recent land transactions and market value of similar completed properties in the respective locations.

There has been no change to the valuation technique during the Track Record Period for investment properties and investment properties under construction. In estimating the fair value of the properties, the management has taken into consideration the highest and best use of the properties.

The major inputs used in the fair value measurement of investment properties are set out below:

Investment properties held by the Cosy Rich Group in the consolidated statement of financial position	**Fair value hierarchy**	**Valuation key input(s)**	**Significant unobservable input(s)**	**Relationship of unobservable inputs to fair value**	**Sensitivity**
Investment properties under construction that are measured at fair value	Level 3	The key input is: (1) Market unit rent (2) Capitalisation rate	Market unit rent, taking into account the time, location and individual factors between the comparables and the property as at 31 December 2014, 2015, 2016 and 30 June 2017 are RMB52-111, RMB57-121, RMB53-106 and RMB54-108 per square metre respectively.	The higher the market unit rent, the higher the fair value.	An increase in market unit rent used would result in a significant increase in fair value, and vice versa.

Investment properties held by the Cosy Rich Group in the consolidated statement of financial position	Fair value hierarchy	Valuation key input(s)	Significant unobservable input(s)	Relationship of unobservable inputs to fair value	Sensitivity
			Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition fixed at 6.5%.	The higher the capitalisation rate, the lower the fair value.	An increase in the capitalisation rate used would result in a significant decrease in fair value of the property, and vice versa.
Completed investment properties that are measured at fair value	Level 3	The key inputs is: (1) Market unit rent for future tenancy agreements; and (2) Capitalisation rate	Market unit rent for future tenancy agreements, taking into account the time, location, and individual factors, such as frontage and size between the comparables and the property as below: 31/12/2014: RMB52-111 per square metre 31/12/2015: RMB57-121 per square metre 31/12/2016: RMB53-106 per square metre 30/06/2017: RMB54-108 per square metre	The higher the market unit rent, the higher the fair value.	An increase in market unit rent used would result in a significant increase in fair value, and vice versa.
			Capitalisation rate, taking into account the capitalisation of rental income potential, nature of the property, and prevailing market condition, of 6.5%	The higher the capitalisation rate, the lower the fair value.	An increase in the capitalisation rate used would result in a significant decrease in fair value, and vice versa.

15. FURNITURE, FIXTURE AND EQUIPMENT

	Leasehold improvement *RMB*	Fixtures and equipment *RMB*	Total *RMB*
COST			
At 1 January 2014	—	449,165	449,165
Additions	837,305	652,656	1,489,961
At 31 December 2014	837,305	1,101,821	1,939,126
Additions	1,818,907	2,033,828	3,852,735
At 31 December 2015	2,656,212	3,135,649	5,791,861
Additions	13,583	371,262	384,845
At 31 December 2016	2,669,795	3,506,911	6,176,706
Additions	—	42,370	42,370
At 30 June 2017	2,669,795	3,549,281	6,219,076
DEPRECIATION			
At 1 January 2014	—	50,828	50,828
Charge for the year	—	95,973	95,973
At 31 December 2014	—	146,801	146,801
Charge for the year	1,110,105	472,242	1,582,347
At 31 December 2015	1,110,105	619,043	1,729,148
Charge for the year	386,249	618,596	1,004,845
At 31 December 2016	1,496,354	1,237,639	2,733,993
Charge for the period	265,284	321,504	586,788
At 30 June 2017	1,761,638	1,559,143	3,320,781
CARRYING VALUE			
At 31 December 2014	837,305	955,020	1,792,325
At 31 December 2015	1,546,107	2,516,606	4,062,713
At 31 December 2016	1,173,441	2,269,272	3,442,713
At 30 June 2017	908,157	1,990,138	2,898,295

The above items of furniture, fixture and equipment are depreciated on a straight-line basis at the following rates per annum:

Leasehold improvement	20% per annum
Fixture and equipment	20% per annum

16. PROPERTIES HELD FOR SALE/PROPERTIES UNDER DEVELOPMENT FOR SALE

The properties held for sale and properties under development for sale are situated in the Wuqing District, Tianjin, the PRC.

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Properties held for sale	284,250,669	121,000,000	91,000,000	78,000,000
Properties under development for sale (Note)	94,138,318	117,060,026	106,440,253	112,834,603
	378,388,987	238,060,026	197,440,253	190,834,603

Impairment loss (reversal of impairment loss) on properties held for sales and properties under development for sale at the end of reporting period are as follow:

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Impairment loss on properties held for sale	—	6,034,657	30,702,113	13,000,000
Impairment loss (reversal of impairment loss) on properties under development for sale	—	1,018,092	18,976,939	(6,014,256)
	—	7,052,749	49,679,052	6,985,744

Note: All properties under development for sale were expected to be completed and available for sale after one year from the end of the reporting period.

17. DEBTORS, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB	*RMB*	*RMB*	*RMB*
Trade debtors	—	5,167,406	9,912,218	9,208,393
Less: provision for impairment of trade debtors	—	(1,733,060)	(5,224,499)	(5,587,084)
	—	3,434,346	4,687,719	3,621,309
Deposits, prepayments and other receivables	8,965,757	23,444,386	20,351,287	12,584,211
	8,965,757	26,878,732	25,039,006	16,205,520

No credit period is granted to the customers for renting of properties. Rent is payable on presentation of demand note. No interest is charged on overdue debts.

The following is an aged analysis of trade debtors (based on the date on which revenue was recognised) at the end of the Track Record Period and were all past due:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB	*RMB*	*RMB*	*RMB*
Within 3 months	—	1,011,141	2,540,074	973,116
3 to 9 months	—	1,344,585	3,242,125	3,580,864
Over 9 months	—	2,811,680	4,130,019	4,654,413
	—	5,167,406	9,912,218	9,208,393

Movement of the allowance for doubtful debts deducted from the trade debtors are as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB	*RMB*	*RMB*	*RMB*
Balance at beginning of reporting period	—	—	1,733,060	5,224,499
Impairment losses recognised	—	1,733,060	3,491,439	362,585
Balance at end of the reporting period	—	1,733,060	5,224,499	5,587,084

The allowance for doubtful debts is assessed individually and provided on trade debtors who have either been in severe financial difficulties or defaulted payments. No further provision for impairment is considered necessary in respect of the amounts past due but not impaired as the Cosy Rich Group considers that the default risk is low after considering the rental deposits from the corresponding tenants, the creditworthiness and past payment history of the tenants and subsequent settlement after the end of the reporting period. No collateral is held over these receivables.

18. AMOUNTS DUE FROM/TO RELATED COMPANIES AND A SHAREHOLDER

The amounts are unsecured, interest free and repayable on demand. The related companies are fellow subsidiaries of a shareholder of Cosy Rich, which has joint control over Cosy Rich.

19. BANK BALANCES AND CASH

Other bank balances represent the balances earmarked for payments of certain properties under development.

Bank balances carry interest at prevailing market rates ranging from 0% to 0.35% per annum.

20. SHARE CAPITAL

	Number of shares	**Nominal value**
		USD
Authorised share capital:		
At 1 January 2014, 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017		
Ordinary shares of United States dollars ("USD") 1 each	50,000	50,000
Issued and fully paid:		
At 1 January 2014, 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017		
Ordinary shares of USD1 each	2	2
		RMB
Shown in the Historical Financial Information		13

21. LOANS FROM SHAREHOLDERS/NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

Loans from shareholders and non-controlling shareholders of subsidiaries represent loans payable on the amounts advanced for financing the acquisition, construction of properties under development for sale and investment properties under construction and working capital of the Cosy Rich Group.

Loans from shareholders with principal amounts of RMB235,120,549 and USD2,890,311 (equivalent to an aggregate amount of RMB252,806,362 as at 31 December 2014, RMB253,889,073 as at 31 December 2015, RMB255,170,636 as at 31 December 2016 and RMB254,700,672 as at 30 June 2017) and loans from non-controlling shareholders of subsidiaries with principal amount of RMB2,400,000 outstanding as at the end of each reporting period are interest-free. In accordance with the contractual terms of the shareholders deed, the amount is repayable only when Cosy Rich has surplus cash after repayment of any external borrowings, which was expected to happen by end of 2017. Accordingly, the amounts are classified as non-current as at 31 December 2014 and 2015 and classified as current as at 31 December 2016 and 30 June 2017.

The differences between the principal amounts of the advances and their fair values, determined based on the effective interest rate of 7.68% per annum on initial recognition in 2012 amounting to RMB86,909,572 and RMB752,905 were recognised in other reserve and non-controlling interests respectively.

For the years ended 31 December 2014, 2015, 2016 and six months ended 30 June 2016 and 30 June 2017, the respective imputed interest expenses were RMB14,559,156, RMB15,545,815, RMB17,100,026, RMB8,263,912 and RMB8,873,821, in which the respective amount capitalised to investment properties under construction and properties under development for sale were RMB14,559,156, RMB5,272,565, RMB2,804,402, RMB2,804,402 (unaudited) and nil.

22. SECURED BANK BORROWINGS

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Secured bank borrowings	350,000,000	350,000,000	300,000,000	300,000,000
Less: Amounts due within 12 months	—	(50,000,000)	(300,000,000)	(300,000,000)
Classified as non-current liabilities for reporting purposes	350,000,000	300,000,000	—	—

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB	*RMB*	*RMB*	*RMB*
Carrying amount repayable based on scheduled repayment dates set out in the loan agreement is as follows:				
Within one year	—	50,000,000	300,000,000	300,000,000
More than one year but not exceeding two years	350,000,000	300,000,000	—	—
	350,000,000	350,000,000	300,000,000	300,000,000

The bank borrowings bear fixed interest rate at 11.5% per annum and are secured by all of the Cosy Rich Group's investment properties, investment properties under construction, properties held for sale and properties under development for sale. The bank borrowings are repayable in 2017.

23. DEFERRED TAX LIABILITIES

The deferred tax liabilities for the fair value change on investment properties/investment properties under construction recognised and movement thereon during the Track Record Period are as follows:

	RMB
At 1 January 2014	44,319,175
Charge to profit or loss for the year	1,101,460
At 31 December 2014	45,420,635
Credit to profit or loss for the year	(6,806,519)
At 31 December 2015	38,614,116
Credit to profit or loss for the year	(38,028,784)
At 31 December 2016	585,332
Charge to profit or loss for the period	354,732
At 30 June 2017	940,064

24. OBLIGATION ARISING FROM PUT OPTIONS TO NON-CONTROLLING SHAREHOLDERS OF SUBSIDIARIES

In 2011, Cosy Rich entered into two agreements (the "Master Agreements") with independent third parties (who become the non-controlling shareholders of GG and LL as defined in this paragraph), in which Cosy Rich were granted the options, exercisable at the discretion of Cosy Rich to acquire 90% of the issued shares and shareholders' loans in Great Giant Investment Limited ("GG") and Lucky Lead Limited ("LL") for a total consideration of RMB218,364,933 (the "Transaction"). Consideration were fully settled and no further payment is required upon the exercise of the options.

After completion of the Transaction, Cosy Rich has control over the operation and management of GG and LL and their subsidiaries based on the terms as stipulated in the Master Agreements, rights to variable returns and ability to affect those returns through its involvement and power over GG and LL and their subsidiaries.

In the Master Agreements, the non-controlling shareholders of GG and LL also granted to Cosy Rich call options requiring the non-controlling shareholder of GG to sell all the remaining 10% issued shares of GG at a price which shall be the higher of RMB7.1 million and the fair market value of 10% issued shares of GG ("GG Call Option") and requiring the non-controlling shareholder of LL to sell all the remaining 10% issued shares of LL at a price which shall be the higher of RMB17.2 million and the fair market value of 10% issued shares of LL ("LL Call Option"). Both GG Call Option and LL Call Option are exercisable subject to satisfaction of certain conditions.

Cosy Rich also granted to the non-controlling shareholders of subsidiaries the put options ("GG and LL Put Options") requiring Cosy Rich to acquire all the remaining 10% issued shares of GG and LL at the same terms as the GG Call Option and LL Call Option.

At initial recognition, the obligation arising from put options issued to the non-controlling shareholders of subsidiaries amounting to RMB24,282,970 has been recognised in the consolidated statement of financial position as financial liability at amortised cost, with the corresponding debit to the non-controlling interests.

The directors of Cosy Rich have assessed that the fair value of both the put options and call options which are insignificant at 31 December 2014, 2015, 2016 and 30 June 2017.

25. CAPITAL RISK MANAGEMENT

The Cosy Rich Group manages its capital to ensure that entities in the Cosy Rich Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Cosy Rich Group's overall strategy remains unchanged over the Track Record Period.

The capital structure of the Cosy Rich Group consists of debts, which include loans from shareholders and non-controlling shareholders of subsidiaries, bank borrowings, amounts due to related companies and a shareholder and equity of Cosy Rich, comprising issued capital and reserves.

The directors of Cosy Rich review the capital structure periodically. As a part of this review, the directors of Cosy Rich consider the cost of capital and the risks associated with the capital and will adjust its overall capital structure through closely monitoring the debt balance and working capital.

26. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Financial assets				
Loans and receivables (including cash and cash equivalents)	158,818,905	29,565,542	30,341,553	28,951,857
Financial liabilities				
Amortised cost	821,600,221	879,255,573	1,025,226,895	1,085,929,823

(b) Financial risk management objectives and policies

The Cosy Rich Group's financial instruments include debtors and other payables, secured bank borrowings, loans from shareholders and non-controlling shareholders of subsidiaries, amounts due from/to related companies and a shareholder, bank balances and cash and obligation arising from put options to non-controlling shareholders of subsidiaries. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Cosy Rich Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Cosy Rich Group is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

Certain financial assets and liabilities of the Cosy Rich Group are denominated in foreign currencies which are different from the functional currency of the relevant group entity, i.e. RMB and therefore the Cosy Rich Group is exposed to foreign currency risk.

The Cosy Rich Group does not use any derivative contracts to hedge against its exposure to currency risk. The Cosy Rich Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Cosy Rich Group's foreign currency denominated monetary assets and monetary liabilities at the end of each of the reporting period are as follows:

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Assets				
Hong Kong Dollars ("HKD")	14,912	207,081	52,937	33,988
USD	1,108,781	1,177,404	2,385	2,304
EURO	2,206	2,099	2,162	2,293
Liabilities				
HKD	1,744,018	2,971,767	3,592,839	3,817,069
USD	15,141,457	17,222,660	19,730,205	19,947,333

Foreign currency sensitivity

The foreign currency risk is mainly concentrated on the fluctuation of the foreign currencies against RMB. The following table details the Cosy Rich Group's sensitivity to a 7% increase and decrease in the RMB against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 7% change in foreign currency rates. A positive (negative) number indicates a decrease (increase) in the loss for the year/period where the RMB strengthens against the relevant foreign currencies. For a 7% weakening of the RMB against the relevant foreign currencies, there would be an equal and opposite impact on the results.

	Year ended 31 December			Six months ended 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
HKD	121,037	193,528	247,793	264,816
USD	982,287	1,123,168	1,380,947	1,396,152
EURO	(154)	(147)	(151)	(161)

Interest rate risk

The Cosy Rich Group is exposed to fair value interest rate risk in relation to the fixed-rate bank borrowings (see note 22 for details of the bank borrowings). The Cosy Rich Group is also exposed to cash flow interest rate risk in relation to variable-rate bank balances. The cash flow interest rate risk is mainly concentrated on the fluctuation of Prescribed Interest Rate of the People's Bank of China arising from the Cosy Rich Group's bank balances.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year/period. A 100 basis points increase or decrease in variable-rate bank balances are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher/lower and all other variables were held constant, the loss for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 would decrease/(increase) as below:

	Year ended 31 December			Six months ended 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Decrease (increase) in loss for the year/period	1,467,486	45,600	65,728	63,732

Credit risk

As at 31 December 2014, 2015, 2016 and 30 June 2017, the Cosy Rich Group's maximum exposure to credit risk which cause a financial loss to the Cosy Rich Group in the event of the counterparties' failure to discharge their obligations in relation to the recognised financial assets are the carrying amount of those assets as stated in the consolidated statement of financial position.

The management closely monitors its credit exposure on regular basis to minimise its credit risk throughout the Track Record Period. In addition, the Cosy Rich Group reviews the recoverability of amount due from each counterparty at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

At 31 December 2014 and 2015, the credit risk of the Cosy Rich Group was primarily attributable to and concentrated on amounts due from related companies. The directors of Cosy Rich consider that the related companies have sufficient net assets to repay the debts and do not expect to incur a significant loss for uncollected amounts due from related companies. The amounts were fully settled in 2016.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

Liquidity risk

The Cosy Rich Group is exposed to liquidity risk as the Cosy Rich Group's current asset is insufficient to settle the current liabilities at 31 December 2014, 2015 and 2016 and 30 June 2017. The directors of Cosy Rich consider that the Cosy Rich Group is able to mitigate the risk as the shareholder of the Cosy Rich Group has agreed to provide adequate funds to enable the Cosy Rich Group to meet in full its financial obligations as and when they fall due in the foreseeable future.

Ultimate responsibility for liquidity risk management rests with the directors of Cosy Rich which has built an appropriate liquidity risk management framework for the management of the Cosy Rich Group's funding and liquidity management requirements. The Cosy Rich Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

The following table details the Cosy Rich Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Cosy Rich Group can be required to pay.

	Weighted average interest rate	Less than 3 months	3 months - 1 year	1 - 2 years	2 - 5 years	Total undiscounted cash flow	Carrying amount
	% per annum	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
At 31 December 2014							
Loans from shareholders	7.68	—	—	252,806,362	—	252,806,362	202,439,306
Loan from non-controlling shareholders of subsidiaries	7.68	—	—	2,400,000	—	2,400,000	1,921,844
Amount due to a shareholder	—	979,215	—	—	—	979,215	979,215
Amounts due to related companies	—	236,859,847	—	—	—	236,859,847	236,859,847
Other payables	—	5,117,039	—	—	—	5,117,039	5,117,039
Bank borrowings	11.5	10,062,500	30,746,528	88,221,528	322,472,917	451,503,473	350,000,000
Obligation arising from put options to non-controlling shareholders of subsidiaries	—	—	—	—	24,282,970	24,282,970	24,282,970
		253,018,601	30,746,528	343,427,890	346,755,887	973,948,906	821,600,221

	Weighted average interest rate	Less than 3 months	3 months - 1 year	1 - 2 years	2 - 5 years	Total undiscounted cash flow	Carrying amount
	% per annum	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
At 31 December 2015							
Loans from shareholders	7.68	—	—	253,889,073	—	253,889,073	218,920,235
Loan from non-controlling shareholders of subsidiaries	7.68	—	—	2,400,000	—	2,400,000	2,069,441
Amount due to a shareholder	—	1,039,162	—	—	—	1,039,162	1,039,162
Amounts due to related companies	—	266,845,053	—	—	—	266,845,053	266,845,053
Other payables	—	16,098,712	—	—	—	16,098,712	16,098,712
Bank borrowings	11.5	10,174,306	78,047,222	322,472,917	—	410,694,445	350,000,000
Obligation arising from put options to non-controlling shareholders of subsidiaries	—	—	—	—	24,282,970	24,282,970	24,282,970
		294,157,233	78,047,222	578,761,990	24,282,970	975,249,415	879,255,573
At 31 December 2016							
Loans from shareholders	7.68	—	255,170,637	—	—	255,170,637	236,971,266
Loan from non-controlling shareholders of subsidiaries	7.68	—	2,400,000	—	—	2,400,000	2,400,000
Amount due to a shareholder	—	1,110,118	—	—	—	1,110,118	1,110,118
Amounts due to related companies	—	443,107,418	—	—	—	443,107,418	443,257,418
Other payables	—	17,205,123	—	—	—	17,205,123	17,205,123
Bank borrowings	11.5	8,625,000	313,847,917	—	—	322,472,917	300,000,000
Obligation arising from put options to non-controlling shareholders of subsidiaries	—	—	—	24,282,970	—	24,282,970	24,282,970
		470,047,659	571,418,554	24,282,970	—	1,065,749,183	1,025,226,895
At 30 June 2017							
Loans from shareholders	7.68	—	254,700,672	—	—	254,700,672	245,375,122
Loan from non-controlling shareholders of subsidiaries	7.68	—	2,400,000	—	—	2,400,000	2,400,000
Amount due to a shareholder	—	1,084,098	—	—	—	1,084,098	1,084,098
Amounts due to related companies	—	500,523,156	—	—	—	500,523,156	500,523,156
Other payables	—	12,264,477	—	—	—	12,264,477	12,264,477
Bank borrowings	11.5	305,127,083	—	—	—	305,127,083	300,000,000
Obligation arising from put options to non-controlling shareholders of subsidiaries	—	—	—	24,282,970	—	24,282,970	24,282,970
		818,998,814	257,100,672	24,282,970	—	1,100,382,456	1,085,929,823

(c) **Fair value**

The directors of Cosy Rich consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

The fair values of such financial assets and financial liabilities are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

27. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Cosy Rich Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Cosy Rich Group's consolidated statements of cash flows as cash flows from financing activities.

	Amount due to a shareholder	Non-controlling shareholders loan	Shareholders' loans	Secured bank borrowings	Advances from related companies	Interest payable (included in other payables)	Total
	RMB	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
At 1 January 2014	975,678	1,784,773	187,953,346	—	142,082,051	—	332,795,848
Financing cash flow (note)	—	—	—	350,000,000	76,800,000	(15,205,555)	411,594,445
Interest expenses	—	137,071	14,422,085	—	—	15,205,555	29,764,711
Foreign exchange movement	3,537	—	63,875	—	—	—	67,412
At 31 December 2014	979,215	1,921,844	202,439,306	350,000,000	218,882,051	—	774,222,416
Financing cash flow (note)	—	—	—	—	20,000,000	(40,809,028)	(20,809,028)
Interest expenses	—	147,597	15,398,218	—	—	40,809,028	56,354,843
Foreign exchange movement	59,947	—	1,082,711	—	—	—	1,142,658
At 31 December 2015	1,039,162	2,069,441	218,920,235	350,000,000	238,882,051	—	810,910,889
Financing cash flow (note)	—	—	—	(50,000,000)	166,447,654	(37,167,361)	79,280,293
Interest expenses	—	330,559	16,769,467	—	—	38,221,528	55,321,554
Foreign exchange movement	70,956	—	1,281,564	—	—	—	1,352,520
At 31 December 2016	1,110,118	2,400,000	236,971,266	300,000,000	405,329,705	1,054,167	946,865,256
Financing cash flow (note)	—	—	—	—	52,891,645	(17,441,666)	35,449,979
Interest expenses	—	—	8,873,821	—	—	17,345,833	26,219,654
Foreign exchange movement	(26,020)	—	(469,965)	—	—	—	(495,985)
At 30 June 2017	1,084,098	2,400,000	245,375,122	300,000,000	458,221,350	958,334	1,008,038,904
(Unaudited)							
At 1 January 2016	1,039,162	2,069,441	218,920,235	350,000,000	238,882,051	—	810,910,889
Financing cash flow (note)	—	—	—	—	65,120,817	(13,692,844)	51,427,973
Interest expenses	—	77,779	8,186,133	—	—	20,348,611	28,612,523
Foreign exchange movement	22,020	—	70,389	—	—	—	92,409
At 30 June 2016	1,061,182	2,147,220	227,176,757	350,000,000	304,002,868	6,655,767	891,043,794

Note: The financing cash flows represent new bank loan raised, the repayment of bank borrowings, and advances from related companies and interest paid in the consolidated statements of cash flows.

28. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Historical Financial Information, during the years ended 31 December 2014 and 2015, the Cosy Rich Group entered into transactions with the following related company. These related companies are fellow subsidiaries of a shareholder of Cosy Rich.

		Year ended 31 December			Six months ended 30 June	
Name of related company	**Nature**	**2014**	**2015**	**2016**	**2016**	**2017**
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
					(unaudited)	
High Spirit Project Management Consultancy Limited 志達項目管理顧問有限公司	Design, consultancy and project management fee	8,990,032	2,047,693	—	—	—
Shui On Construction Co., Limited 瑞安建築有限公司	Construction work	154,533,074	—	—	—	—

(b) Details of balances with related companies are disclosed in the relevant notes to the Historical Financial Information.

(c) The key management personnel are directors of Cosy Rich, who are also directors and/or senior management of the shareholders. The directors of Cosy Rich are of the opinion that services provided to the Cosy Rich Group only occupied an insignificant amount of their time and therefore it is concluded that the directors of Cosy Rich were not remunerated for such services.

29. CAPITAL COMMITMENT

At the end of the Track Record Period, the Cosy Rich Group has capital commitment in respect of the capital expenditure of investment properties as below:

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Authorised but not contracted for	6,135,000	63,744,598	64,508,312	366,210
Contracted but not provided for	64,172,000	3,817,087	2,348,633	1,305,921
	70,307,000	67,561,685	66,856,945	1,672,131

30. OPERATING LEASE COMMITMENT

The Cosy Rich Group as lessee

At the end of the Track Record Period, the Cosy Rich Group had commitments for future minimum lease payments under non-cancellable operating leases which fall due as follows:

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Within one year	2,754,000	2,734,875	—	—
In the second to fifth years inclusive	2,524,500	—	—	—
	5,278,500	2,734,875	—	—

Operating leases for an office was terminated in 2016. Leases are negotiated for term of 11 months and 2 years at 31 December 2015 and 31 December 2014 respectively. The Cosy Rich Group did not have an option to purchase the leased asset at the expiry of the lease period.

The Cosy Rich Group as lessor

The Cosy Rich Group's investment properties are held for rental purposes. Properties held have committed tenants for 2 to 20 years.

At the end of the Track Record Period, the Cosy Rich Group had contracted with tenants for the following future minimum lease payments:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	RMB	*RMB*	*RMB*	*RMB*
Within one year	7,209,542	11,538,988	5,433,122	2,305,356
In the second to fifth years inclusive	14,753,846	31,152,389	20,175,897	6,267,551
After five years	383,629	14,413,302	13,619,234	14,419,581
	22,347,017	57,104,679	39,228,253	22,992,488

31. PARTICULARS OF SUBSIDIARIES

The acquisitions of the equity interests in Great Giant Investment Limited ("GG") and Lucky Lead Limited ("LL") were through the acquisition of options to acquire 90% issued shares of GG and LL. As Cosy Rich has control over the operation and management of GG and LL and their subsidiaries based on the terms as stipulated in the Master Agreements, rights to variable returns and ability to affect those returns through its involvement and power over GG and LL and their subsidiaries, GG and LL are accounted for as non-wholly owned subsidiaries of Cosy Rich.

Details of Cosy Rich's subsidiaries as at 31 December 2014, 2015, 2016, 30 June 2017 and at the date of this report are as follows:

Name of subsidiaries	Place of incorporation/ establishment and operation	Issued share capital/ registered capital	Attributable equity interest held Direct	Indirect	Principal activities
君偉投資有限公司 Great Giant Investment Limited (notes 3 and 4)	Hong Kong	HKD10,000	90%	—	Investment holding
領運有限公司 Lucky Lead Limited (notes 3 and 4)	Hong Kong	HKD10,000	90%	—	Investment holding
天津市聖偉房地產開發有限公司 Summer Great (Tianjin) Co., Ltd. (notes 1 and 5)	PRC	USD5,000,000	—	90%	Property development and leasing of investment properties
天津柯特尼商貿有限公司 Tianjin Kurtni Trade Co., Ltd. (notes 2 and 5)	PRC	USD100,000	—	90%	Investment holding
天津麥赫斯頓商貿有限公司 Tianjin Macherston Commerce and Trade Co., Ltd. (notes 2 and 5)	PRC	USD100,000	—	90%	Investment holding
嘉傑(天津)置業投資有限公司 (notes 2 and 5)	PRC	RMB330,000,000	—	90%	Property development and leasing of investment properties

Note 1 The company is a wholly-owned subsidiary of GG.

Note 2 The companies are wholly-owned subsidiaries of LL.

Note 3 Cosy Rich granted to the non-controlling shareholders put options requiring Cosy Rich to acquire all the remaining 10% issued shares of GG and LL. For details please refer to note 24.

Note 4 The statutory financial statements for the years ended year ended 31 December 2014, 2015 and 2016 were prepared in accordance with Hong Kong Financial Reporting Standards issued by the HKICPA and were audited by us.

Note 5 The statutory financial statements for the years ended 31 December 2014, 2015 and 2016 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by 北京中瑞誠會計師事務所有限公司, certified public accountants registered in the PRC.

32. CONTINGENT LIABILITIES

During the year ended 31 December 2016, the Cosy Rich Group received notices from the government authority in the PRC claiming that the Cosy Rich Group did not complete the construction of the investment properties under construction and properties under development for sale by the date as stipulated in the respective land grant contracts (i.e. 31 May 2016). A penalty of 0.02% of the land grant premium per day will be imposed until the completion of the construction.

As at 31 December 2016 and 30 June 2017, the estimated penalty is approximately RMB9 million and RMB18 million respectively. The management of Cosy Rich has communicated with the relevant government authority and has critically assessed the situation and are of the view that the likelihood of being penalised is remote as the Cosy Rich Group has appropriately applied for extension of deadline for the completion of construction works and proactively communicated with various government authority and adjusted the development plan in order to accommodate the latest planning requirements.

33. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Cosy Rich or its subsidiaries, or the Cosy Rich Group have been prepared in respect of any period subsequent to 30 June 2017 and up to the date of this report.

2. ACCOUNTANTS' REPORT ON HISTORICAL FINANCIAL INFORMATION OF WIN LEAD HOLDINGS LIMITED AND ITS SUBSIDIARIES TO THE DIRECTORS OF SOCAM DEVELOPMENT LIMITED

Deloitte. 德勤

Introduction

We report on the historical financial information of Win Lead Holdings Limited ("Win Lead") and its subsidiaries (together, the "Win Lead Group") set out on pages II-49 to II-83, which comprises the consolidated statements of financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017, and the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows for each of the three years ended 31 December 2016 and the six months ended 30 June 2017 (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 II-49 to II-83 forms an integral part of this report, which has been prepared for inclusion in the circular of SOCAM Development Limited (the "Company") dated 24 October 2017 (the "Circular") in connection with the proposed acquisition of Win Lead.

Directors' responsibility for the Historical Financial Information

The directors of Win Lead are responsible for the preparation of the Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 to the Historical Financial Information, and for such internal control as the directors of Win Lead determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

The directors of the Company are responsible for the contents of the Circular in which the Historical Financial Information of the Win Lead Group is included, and such information is prepared based on accounting policies materially consistent with those of the Company.

Reporting accountants' responsibility

Our responsibility is to express an opinion on the Historical Financial Information and to report our opinion to you. We conducted our work in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars" issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"). This standard requires that we comply with ethical standards and plan and perform our work to obtain reasonable assurance about whether the Historical Financial Information is free from material misstatement.

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountants' judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountants consider internal control relevant to the entity's preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of preparation set out in note 2 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 of Win Lead, as well as evaluating the overall presentation of the Historical Financial Information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountants' report, a true and fair view of the Win Lead Group's financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017, and of the Win Lead Group's financial performance and cash flows for the Track Record Period in accordance with the basis of preparation set out in Note 2 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Win Lead Group which comprises the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the six months ended 30 June 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of Win Lead are responsible for the preparation of the Stub Period Comparative Financial Information in accordance with the basis of preparation set out in note 2 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 that 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 accountants' report, is not prepared, in all material respects, in accordance with the basis of preparation set out in note 2 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 "Stock Exchange") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information, no adjustments to the Historical Financial Statements of the Win Lead Group as defined on page II-49 have been made.

Dividends

We refer to note 11 to the Historical Financial Information which states that no dividends have been paid by Win Lead in respect of the Track Record Period.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong
24 October 2017

HISTORICAL FINANCIAL INFORMATION OF THE WIN LEAD GROUP

Preparation of the Historical Financial Information

The Historical Financial Information in this report was prepared based on previously issued consolidated financial statements of the Win Lead Group for the three years ended 31 December 2016 and the six months ended 30 June 2017. The previously issued consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standard Board (the "IASB") and were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA as set out in note 2 to the Historical Financial Information (the "Historical Financial Statements of the Win Lead Group").

The Historical Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest dollar (RMB) except when otherwise indicated.

CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

		Year ended 31 December			Six months ended 30 June	
	NOTES	**2014**	**2015**	**2016**	**2016**	**2017**
		RMB	*RMB*	*RMB*	*RMB*	*RMB*
					(unaudited)	
Revenue	6	—	—	—	—	360,110,461
Cost of properties sold		—	—	—	—	(307,432,473)
Gross profit		—	—	—	—	52,677,988
Bank interest income		37,956	225,474	527,497	191,112	440,079
Net foreign exchange gain (loss)		2,187,672	594,412	(1,345,406)	(704,956)	(836,158)
Sales and marketing expenses		(2,565,857)	(16,329,797)	(16,652,845)	(7,649,242)	(9,455,553)
Administrative expenses		(1,502,235)	(2,116,344)	(5,564,120)	(2,637,765)	(4,480,668)
Finance costs	7	—	—	(4,226,484)	(832,699)	(1,006,235)
(Loss) profit before taxation		(1,842,464)	(17,626,255)	(27,261,358)	(11,633,550)	37,339,453
Taxation	8	—	—	—	—	—
(Loss) profit and total comprehensive (expense) income for the year/period	9	(1,842,464)	(17,626,255)	(27,261,358)	(11,633,550)	37,339,453

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

			As at 31 December		As at 30 June
	NOTES	**2014**	**2015**	**2016**	**2017**
		RMB	*RMB*	*RMB*	*RMB*
Non-current Asset					
Furniture, fixture and equipment	12	1,167,519	1,883,414	1,227,271	931,293
Current Assets					
Properties under development for sale	13	504,137,525	704,441,192	988,986,349	658,586,285
Properties held for sale	13	—	—	—	45,760,473
Other receivables, deposits and prepayments	14	10,607,730	37,645,193	58,889,929	30,546,222
Amounts due from shareholders	15	183,882,442	81,757,946	84,747,039	84,242,570
Amounts due from related companies	15	—	—	12,326	50,012,976
Prepaid land appreciation tax		—	2,576,634	17,260,262	21,222,265
Restricted bank deposits	16	—	4,394,324	35,905,964	1,832,304
Bank balances and cash	16	3,528,743	65,168,110	252,900,819	265,437,483
		702,156,440	895,983,399	1,438,702,688	1,157,640,578
Total Assets		703,323,959	897,866,813	1,439,929,959	1,158,571,871
Capital and Reserves					
Share capital	18	617	617	617	617
Reserves		61,727,548	44,101,293	16,839,935	54,179,388
Total Equity		61,728,165	44,101,910	16,840,552	54,180,005
Non-current Liabilities					
Bank borrowings	21	—	89,134,600	11,278,000	11,278,000
Loans from shareholders	19	434,481,246	—	—	—
		434,481,246	89,134,600	11,278,000	11,278,000
Current Liabilities					
Sales deposits received		—	116,373,761	613,564,974	352,358,688
Accruals and other payables		33,077,052	31,004,450	90,894,186	39,637,694
Amounts due to related companies	20	174,037,496	122,564,232	81,622,247	131,187,484
Bank borrowings	21	—	21,670,000	136,330,000	80,530,000
Loans from shareholders	19	—	473,017,860	489,400,000	489,400,000
		207,114,548	764,630,303	1,411,811,407	1,093,113,866
Total Liabilities		641,595,794	853,764,903	1,423,089,407	1,104,391,866
Total Equity and Liabilities		703,323,959	897,866,813	1,439,929,959	1,158,571,871

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Share capital	Other reserve	Accumulated losses	Total
	RMB	*RMB*	*RMB*	*RMB*
At 1 January 2014	617	51,877,952	(5,374,035)	46,504,534
Loss and total comprehensive expense for the year	—	—	(1,842,464)	(1,842,464)
Recognition of initial fair value adjustment on shareholder's loans	—	17,066,095	—	17,066,095
At 31 December 2014	617	68,944,047	(7,216,499)	61,728,165
Loss and total comprehensive expense for the year	—	—	(17,626,255)	(17,626,255)
At 31 December 2015	617	68,944,047	(24,842,754)	44,101,910
Loss and total comprehensive expense for the year	—	—	(27,261,358)	(27,261,358)
At 31 December 2016	617	68,944,047	(52,104,112)	16,840,552
Profit and total comprehensive income for the period	—	—	37,339,453	37,339,453
At 30 June 2017	617	68,944,047	(14,764,659)	54,180,005
Unaudited				
At 1 January 2016	617	68,944,047	(24,842,754)	44,101,910
Loss and total comprehensive expense for the period	—	—	(11,633,550)	(11,633,550)
At 30 June 2016	617	68,944,047	(36,476,304)	32,468,360

Note: Other reserve represents the effect of fair value adjustments on initial recognition of interest-free loans from shareholders repayable after 12 months from the date of borrowing.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	RMB	*RMB*	*RMB*	*RMB* (unaudited)	*RMB*
Operating activities					
(Loss) profit before taxation	(1,842,464)	(17,626,255)	(27,261,358)	(11,633,550)	37,339,453
Adjustments for:					
Interest income	(37,956)	(225,474)	(527,497)	(191,112)	(440,079)
Depreciation of furniture, fixture and equipment	59,163	217,004	445,817	220,876	228,650
Loss on disposal of furniture, fixture and equipment	—	—	6,133	—	—
Net exchange loss (gain)	(2,187,672)	(594,412)	1,345,406	704,956	836,158
Operating cash flows before movements in working capital	(4,008,929)	(18,229,137)	(25,991,499)	(10,898,830)	37,964,182
(Increase) decrease in properties under development for sale	(64,674,575)	(159,103,024)	(257,995,398)	(93,017,355)	263,302,572
(Increase) decrease in other receivables, deposits and prepayments	(6,466,190)	(29,614,097)	(35,928,364)	(23,831,626)	24,381,704
Increase (decrease) in accruals and other payables	3,896,376	7,857,398	59,889,736	(13,296,411)	(25,448,557)
Increase (decrease) in sales deposits received	—	116,373,761	497,191,213	223,927,326	(261,206,286)
Net cash (used in) from operating activities	(71,253,318)	(82,715,099)	237,165,688	82,883,104	38,993,615
Investing activities					
Purchase of furniture, fixture and equipment	(1,170,294)	(1,105,874)	(102,274)	(66,694)	(87,141)
Interest received	37,956	225,474	527,497	191,112	440,079
Advances to related companies	—	—	(12,326)	—	(50,000,650)
(Increase) decrease in amounts due from shareholders (note)	(12,633,038)	101,690,187	(4,103,087)	(4,062,728)	(371,960)
Proceeds on disposal of furniture, fixture and equipment	—	—	3,000	—	—
Placement of restricted bank deposits	—	(4,394,324)	(31,511,640)	(25,498,482)	—
Refund of restricted bank deposits	—	—	—	—	34,073,660
Acquisition of a subsidiary	(79,289,960)	—	—	—	—
Net cash (used in) from investing activities	(93,055,336)	96,415,463	(35,198,830)	(29,436,792)	(15,946,012)
Financing activities					
New bank borrowings raised	—	110,804,600	50,473,400	50,473,400	—
Repayment of bank borrowings	—	—	(13,670,000)	—	(55,800,000)
Interest paid	—	(14,491,054)	(9,864,153)	(5,990,948)	(4,316,447)
Advances from related companies (note)	33,127,787	6,256,461	—	—	50,266,950
Repayment to related companies (note)	—	(60,625,320)	(41,172,043)	(32,397,238)	—
Loans from shareholders	134,670,000	6,000,000	—	—	—
Net cash from (used in) financing activities	167,797,787	47,944,687	(14,232,796)	12,085,214	(9,849,497)
Net increase in cash and cash equivalents	3,489,133	61,645,051	187,734,062	65,531,526	13,198,106
Cash and cash equivalents at the beginning of the year/period	39,312	3,528,743	65,168,110	65,168,110	252,900,819
Effect of foreign exchange rate changes	298	(5,684)	(1,353)	(578)	(661,442)
Cash and cash equivalents at the end of the year/period					
Represented by bank balances and cash	3,528,743	65,168,110	252,900,819	130,699,058	265,437,483

Note: Due to cross boarder remittance restriction, certain fellow subsidiaries of a shareholder (the "Financing Shareholder") of Win Lead have unilaterally provided RMB denominated onshore loan in the PRC to 江蘇九西 as its working capital during the Track Record Period. According to the shareholders deed of Win Lead, the other shareholder of Win Lead should at the same time provide a shareholder loan with the same amount to Win Lead, and Win Lead should on-lend such amount to the Financing Shareholder to offset the funding unilaterally provided by the fellow subsidiaries of the Financing Shareholder.

The movement of on-lending loan granted by Win Lead to the Financing Shareholder was now included in "(increase) decrease in amounts due from shareholders" under investing activities, whereas the unilateral provision of onshore loan by the fellow subsidiaries of the Financing Shareholder was now included in the "advances from / (repayment to) related companies" under financing activities.

NOTES TO THE HISTORICAL FINANCIAL INFORMATION

1. GENERAL

Win Lead Holdings Limited ("Win Lead") is a private limited liability company incorporated in the British Virgin Islands. The address of the registered office of Win Lead is Vistra Corporate Services Centre, Wickhams Cay II, Road Town, Tortola, VG 1110, the British Virgin Islands.

Win Lead and its subsidiaries (collectively referred to as the "Win Lead Group") are principally engaged in property development and investment in the People's Republic of China (the "PRC"). The principal activities of Win Lead's subsidiaries are set out in note 17.

The Historical Financial Information is presented in RMB, which is also the functional currency of Win Lead.

2. BASIS OF PREPARATION OF HISTORICAL FINANCIAL INFORMATION

The Historical Financial Information of the Win Lead Group has been prepared for inclusion in the Circular in connection with the proposed acquisition of 50% equity interest in Win Lead by the Group.

The Historical Financial Information has been prepared based on the accounting policies set out in note 4 which conform with International Financial Reporting Standards ("IFRSs") issued by International Accounting Standards Board ("IASB"). In addition, the Historical Financial Information includes applicable disclosures required by the Rules Governing the Listing of Securities on the Stock Exchange.

3. ADOPTION OF NEW AND REVISED IFRSS

For the purpose of preparing and presenting the Historical Financial Information for the Track Record Period, the Win Lead Group has consistently applied the IFRSs, which are effective throughout the Track Record Period.

New and amendments to IFRSs in issue but not yet effective

The Win Lead Group has not early applied the following new and amendments to IFRSs that have been issued but are not yet effective:

IFRSs (Amendments)	Annual Improvements to IFRS Standards 2014 - 2016 Cycle except for amendments to IFRS 12[1]
IFRS 2 (Amendments)	Classification and Measurement of Share-based Payment Transactions[1]
IFRS 4 (Amendments)	Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts[1]
IFRS 9	Financial Instruments[1]
IFRS 10 and IAS 28 (Amendments)	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture[3]
IFRS 15	Revenue from Contracts with Customers and the related Amendments[1]
IFRS 16	Leases[2]
IFRS 17	Insurance Contracts[4]
IFRIC 22	Foreign Currency Transactions and Advance Consideration[1]
IFRIC 23	Uncertainty over Income Tax Treatments[2]
IAS 40 (Amendments)	Transfers of Investment Property[1]

1 Effective for annual periods beginning on or after 1 January 2018

2 Effective for annual periods beginning on or after 1 January 2019

3 Effective for annual periods beginning on or after a date to be determined

4 Effective for annual periods beginning on or after 1 January 2021

IFRS 15 Revenue from Contracts with Customers

IFRS 15 was issued in 2014 which establishes a single model to deal with revenue arising from contracts with customers. When IFRS 15 becomes effective, IFRS 15 will supersede IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.

IFRS 15 introduces a 5-step approach to revenue recognition:

- Step 1: Identify the contract(s) with a customer
- Step 2: Identify the performance obligations in the contract
- Step 3: Determine the transaction price
- Step 4: Allocate the transaction price to the performance obligations in the contract
- Step 5: Recognise revenue when the entity satisfies a performance obligation

With regard to step 5, an entity should recognise revenue when a performance obligation is satisfied, i.e. when "control" of the goods or services underlying the particular performance obligation is transferred to the customer. Specifically, IFRS 15 requires entities to recognise revenue over time when certain conditions are met. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.

In 2016, the IASB issued Clarifications to IFRS 15 in relation to the identification of performance obligations, principal versus agent considerations, as well as licensing application guidance.

The directors of Win Lead anticipate that the application of IFRS 15 in the future may result in more disclosures, however, the directors of Win Lead do not anticipate that the application of IFRS 15 will have a material impact on the timing and amounts of revenue recognised in the respective reporting periods.

Except as described above, the directors of Win Lead anticipate that the application of other new and amendments to IFRSs will have no material impact on the results and financial position of the Win Lead Group.

4. SIGNIFICANT ACCOUNTING POLICIES

The Historical Financial Information has been prepared under the historical cost basis at the end of each reporting periods, as explained in the accounting policies set out below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Win Lead Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in the Historical Financial Information is determined on such a basis, except for leasing transactions that are within the scope of IAS 17 *Leases*, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in IAS 2 *Inventories* or value in use in IAS 36 *Impairment of Assets*.

Basis of consolidation

The Historical Financial Information incorporate the financial statements of Win Lead and entities controlled by Win Lead (its subsidiaries). Control is achieved when Win Lead:

- has power over the investee;

- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Win Lead Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the elements of control listed above.

The results of subsidiaries acquired or disposed of during the year/period are included in the consolidated statements of profit or loss and other comprehensive income from the date the Win Lead Group gains control until the date when the Win Lead Group ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Win Lead Group.

All inter-company transactions and balances within the Win Lead Group are eliminated on consolidation.

Acquisition of a subsidiary not constituting a business

When the Win Lead Group acquires a group of assets and liabilities that does not constitute a business, the Win Lead Group identifies and recognises the individual identifiable assets acquired and liabilities assumed by allocating the purchase price first to the financial assets and financial liabilities at the respective fair value, the remaining balance of the purchase price is then allocated to other individual identifiable assets and liabilities on the basis of their relative fair values at the date of purchase. Such a transaction does not give rise to goodwill or bargain purchase gain.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods sold in the normal course of business, net of sales related taxes.

Sales of properties

Revenue from the sale of properties in the ordinary course of business is recognised when properties are delivered, and when all the following criteria are met:

- the significant risks and rewards of ownership of the properties are transferred to buyers;
- neither continuing managerial involvement to the degree usually associated with ownership nor effective control control over the properties are retained;
- the amount of revenue can be measured reliably;

- it is probable that the economic benefits associated with the transaction will flow to the Win Lead Group; and

- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

Payments received from purchasers prior to this stage are recorded as sales deposits received under current liabilities.

Others

Interest income from a financial asset is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Rentals payable under operating leases are charged to profit or loss on a straight-line basis over the relevant lease term. Benefits received and receivable as an incentive to enter into an operating lease are recognised as a reduction of rental expense over the lease term on a straight-line basis.

Properties held for sale

Properties held for sale are completed properties and are stated at the lower of cost and net realisable value. Costs relating to the development of properties, comprising prepaid lease payments for land, development costs and borrowing costs capitalised in accordance with the Win Lead Group's accounting policy and other direct costs attributable to such properties, are included in properties under development for sale until such time when they are completed. Net realisable value represents the estimated selling price less all anticipated costs to be incurred in marketing and selling.

Properties under development for sale

Properties under development, which are intended to be held for sale, are measured at the lower of cost and net realisable value. Costs relating to the development of properties includes prepaid lease payments for land, development costs and borrowing costs capitalised in accordance with the Win Lead Group's accounting policy and other direct costs attributable to such properties. These assets are recorded as current assets as they are expected to be realised in, or are intended for sale within the Win Lead Group's normal operating cycle. Net realisable value represents the estimated selling price less all anticipated costs of completion and costs to be incurred in marketing and selling. Upon completion, the assets are recorded as properties held for sale.

Furniture, fixture and equipment

Furniture, fixture and equipment are stated at cost less subsequent accumulated depreciation and impairment losses.

Depreciation is provided to write off the cost of items of furniture, fixture and equipment over their estimated useful lives and after taking into account their estimated residual value, if any, using the straight-line method. Both the useful life of an asset and its residual value and depreciation method, if any, are reviewed annually.

An item of furniture, fixture and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the consolidated statement of profit or loss and other comprehensive income in the year/period in which the item is derecognised.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, are capitalised as part of the cost of those assets. Capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in the consolidated statement of profit or loss and other comprehensive income in the period in which they are incurred.

Impairment of assets

At the end of the reporting period, the Win Lead Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately.

When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. A reversal of an impairment loss is recognised in profit or loss immediately.

Taxation

Taxation represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year/period. Taxable profit differs from "profit/loss before taxation" as reported in the consolidated statement of profit or loss and other comprehensive income because it excludes income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Win Lead Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Historical Financial Information and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Win Lead Group is able to control the reversal of the temporary differences and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset is realised, based on tax rate (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Win Lead Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the functional currency of the entity (foreign currencies) are recorded in the respective functional currency (i.e. the currency of the primary economic environment in which the entity operates) at the rates of exchange prevailing on the dates of the transactions. At the end of the reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing on the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are recognised in profit or loss in the period in which they arise.

Retirement benefits costs

Payments to state-managed retirement benefit schemes are recognised as an expense when employees have rendered service entitling them to the contributions.

Financial instruments

Financial assets and financial liabilities are recognised on the consolidated statement of financial position when a group entity becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

Financial assets

The Win Lead Group's financial assets are classified as loans and receivables. The classification depends on the nature and purpose of the financial assets and determined at the time of initial recognition. The accounting policies adopted in respect of each category of financial assets are set out below.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees on points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables (including other receivables, deposits, amounts due from shareholders and related companies, restricted bank deposits and bank balances and cash) are carried at amortised cost using the effective interest method, less any identified impairment loss (see the accounting policy on impairment loss on financial assets below).

Impairment of financial assets

Financial assets are assessed for any impairment at the end of the reporting period. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the financial assets have been affected.

Objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or

- breach of contracts, such as a default or delinquency in interest or principal payments; or

- it becoming probable that the borrower will enter bankruptcy or financial re-organisation.

An impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

The carrying amounts of financial assets are reduced by impairment directly.

If, in a subsequent period, the amount of impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial liabilities and equity

Financial liabilities and equity instruments issued by the Win Lead Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by Win Lead are recognised as the proceeds received, net of direct issue costs.

Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

Interest expense is recognised on an effective interest basis.

Financial liabilities

Financial liabilities (including other payables, loans from shareholders, amounts due to related companies and bank borrowings) are subsequently measured at amortised cost, using the effective interest method.

Derecognition

Financial assets are derecognised when the rights to receive cash flows from the assets expire or, the financial assets are transferred and the Win Lead Group has transferred substantially all the risks and rewards of ownership of the financial asset.

On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial liabilities are derecognised when the obligation specified in the relevant contract is discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Win Lead Group's accounting policies, which are described in note 4, the directors of Win Lead are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The key estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Determination of net realisable value of properties under development for sale and properties held for sale

Properties under development for sale and properties held for sale are stated at lower of the cost and net realisable value. The carrying value of properties under development for sale as at 31 December 2014, 2015, 2016 and 30 June 2017 were RMB504,137,525, RMB704,441,192, RMB988,986,349 and RMB658,586,285 respectively and properties held for sale as at 31 December 2014, 2015, 2016 and 30 June 2017 were nil, nil, nil and RMB45,760,473 respectively.

The net realisable value is the estimated selling price (based on the direct comparison method) less estimated selling expenses and estimated cost of completion (if any), which are determined based on the best available information and valuation performed by independent professional valuers. When the estimated selling prices is higher than the carrying value after impairment losses, reversal of an impairment loss is recognised as income.

6. REVENUE AND SEGMENT INFORMATION

Segment information reported to the chief operating decision maker ("CODM"), the directors of Win Lead, for the purpose of resource allocation and assessment of segment performance focuses on the single principal operating segment of the Win Lead Group, which is property development and sales. The segment information is prepared based on accounting policies set out in note 4 and the CODM reviews the consolidated financial information of the Win Lead Group as a whole.

Segment revenue represents revenue of the Win Lead Group. Segment profit represents the profit earned by property development and sales, and represented as (loss) profit for the year/period in the consolidated statement of profit or loss and other comprehensive income.

The Win Lead Group's operations and non-current assets are all located in the PRC within a single reportable segment. Therefore, no further analysis of segment information is presented.

No revenue from transaction with single external customer is 10% or more of the Win Lead Group's revenue of each reporting period over the Track Record Period. Accordingly, no further analysis of segment information is presented.

7. FINANCE COSTS

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
Guarantee fee paid to ultimate holding company of a shareholder of Win Lead	—	—	2,026,484	832,699	1,006,235
Interests on bank borrowings	—	14,491,054	9,864,153	5,990,948	4,316,447
Imputed interests on loans from shareholders	23,117,702	26,536,614	16,382,140	13,876,116	—
Less: Amounts capitalised:					
- Properties under development for sale	(23,117,702)	(41,027,668)	(26,246,293)	(19,867,064)	(4,316,447)
Other finance cost	—	—	2,200,000	—	—
	—	—	4,226,484	832,699	1,006,235

8. TAXATION

Entities established in the PRC are subject to the PRC Enterprise Income Tax rate of 25% on the estimated profit during the Track Record Period. No provision for PRC Enterprise Income Tax has been made for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 as there was no assessable profit during the periods. No provision for PRC Enterprise Income Tax has been made for the six months ended 30 June 2017 because of the utilisation of tax losses brought forward from previous years.

PRC Land Appreciation Tax is levied at progressive rates ranging from 30% to 60% on the appreciation of land value, being the proceeds from sales of properties less deductible expenditure including amortisation of land use rights, borrowing costs, business taxes and all property development expenditure. The tax is incurred upon transfer of property ownership.

Taxation for the year/period is reconciled to the (loss) profit before taxation per the consolidated statement of profit or loss and other comprehensive income as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
(Loss) profit before taxation	(1,842,464)	(17,626,255)	(27,261,358)	(11,633,550)	37,339,453
Tax at PRC Enterprise Income Tax rate of 25%	(460,616)	(4,406,564)	(6,815,340)	(2,908,388)	9,334,863
Tax effect of income not taxable for tax purpose	(556,407)	(9)	—	—	—
Tax effect of expenses not deductible for tax purpose	733,529	272,882	1,100,436	233,127	2,726,179
Tax effect of tax loss not recognised	283,494	4,133,691	5,164,904	2,675,261	—
Utilisation of tax loss previously not recognised	—	—	—	—	(10,847,422)
Others	—	—	550,000	—	(1,213,620)
Taxation for the year/period	—	—	—	—	—

At 31 December 2014, 2015, 2016 and 30 June 2017, the Win Lead Group has estimated unused tax losses of approximately RMB6,195,000, RMB22,730,000, RMB43,390,000 and nil respectively available for offset against future profits that may be carried forward for 5 years starting from the year the tax losses incurred. No deferred tax asset has been recognised at 31 December 2014, 2015, 2016 and 30 June 2017 as it is not probable that taxable profit will be available due to unpredictability of future profit streams.

9. (LOSS) PROFIT FOR THE YEAR/PERIOD

	Year ended 31 December			Six months ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*	*RMB*
				(unaudited)	
(Loss) profit for the year/period has been arrived at after charging:					
Auditor's remuneration	200,000	200,000	200,000	100,000	120,000
Director's emoluments	—	—	—	—	—
Loss on disposal of furniture, fixture and equipment	—	—	6,133	—	—
Cost of properties recognised as cost of sale	—	—	—	—	307,432,473
Staff costs	8,234,887	12,667,807	10,027,970	5,191,077	6,200,130
Less: Amount capitalised to properties under development for sale	(7,647,160)	(11,210,926)	(5,941,008)	(3,221,377)	(3,501,643)
	587,727	1,456,881	4,086,962	1,969,700	2,698,487
Depreciation for furniture, fixture and equipment	137,858	389,979	749,284	370,324	383,119
Less: Amount capitalised to properties under development for sale	(78,695)	(172,975)	(303,467)	(149,448)	(154,469)
	59,163	217,004	445,817	220,876	228,650

10. (LOSS) EARNINGS PER SHARE

(Loss) earnings per share has not been presented as its inclusion is not considered meaningful for the purpose of the Historical Financial Information included in this report.

11. DIVIDENDS

No dividend was paid or declared by the directors of Win Lead during the Track Record Period.

12. FURNITURE, FIXTURE AND EQUIPMENT

	RMB
COST	
At 1 January 2014	—
Acquisition of a subsidiary	135,083
Additions	1,170,294
At 31 December 2014	1,305,377
Additions	1,105,874
At 31 December 2015	2,411,251
Additions	102,274
Disposal	(182,661)
At 31 December 2016	2,330,864
Additions	87,141
At 30 June 2017	2,418,005
DEPRECIATION	
At 1 January 2014	—
Provided for the year	137,858
At 31 December 2014	137,858
Provided for the year	389,979
At 31 December 2015	527,837
Provided for the year	749,284
Eliminated on disposals	(173,528)
At 31 December 2016	1,103,593
Provided for the period	383,119
At 30 June 2017	1,486,712
CARRYING VALUE	
At 31 December 2014	1,167,519
At 31 December 2015	1,883,414
At 31 December 2016	1,227,271
At 30 June 2017	931,293

The furniture, fixture and equipment are depreciated on a straight-line basis at 20% per annum.

13. PROPERTIES UNDER DEVELOPMENT FOR SALE AND PROPERTIES HELD FOR SALE

The Win Lead Group's properties under development for sale and properties held for sale are situated in the PRC and stated at lower of cost and net realisable value. As at 31 December 2014, 2015, 2016 and 30 June 2017, properties under development for sale amounting to RMB504,137,525, RMB704,441,192, RMB638,479,278 and RMB658,586,285 are expected to be completed after one year.

14. OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Other receivables	4,713,219	17,430,261	24,162,679	13,648,943
Deposits	484,599	5,881,838	5,881,838	5,881,838
Prepayments	5,409,912	14,333,094	28,845,412	11,015,441
	10,607,730	37,645,193	58,889,929	30,546,222

15. AMOUNTS DUE FROM RELATED COMPANIES AND SHAREHOLDERS

The amounts are unsecured, interest free and repayable on demand. The related companies are fellow subsidiaries of a shareholder of Win Lead, which has joint control over Win Lead.

16. RESTRICTED BANK DEPOSITS, BANK BALANCES AND CASH

Bank balances carry interest at prevailing market rates which ranging from 0.1% to 0.35% per annum.

As at 31 December 2014, 2015, 2016 and 30 June 2017, respective restricted bank deposits of nil, RMB4,394,324, RMB35,905,964 and RMB1,832,304 are deposits placed in banks in relation to certain banking facility arrangements of the Win Lead Group. Such designated bank deposits are mainly earmarked for the settlement of project costs as well as repayment of bank loan and related interest expenses. In accordance with such facility arrangements, such designated deposits should be in place one month before the date of repaying loan principal and interests. Therefore, it is classified as current asset.

17. INVESTMENTS IN SUBSIDIARIES

During the Track Record Period and at the date of this report, Win Lead has direct and indirect equity interests in the following subsidiaries:

Name of subsidiaries	Place of incorporation/ establishment and operation	Authorised/ registered capital	Issued capital	Attributable equity interest held: As at 31 December 2014, 2015 and 2016 Direct	Indirect	As at 30 June 2017 and date of this report Direct	Indirect	Principle activity
Full Elite Investments Limited (note (iii))	Hong Kong	HKD1	HKD1	100%	—	100%	—	Investment holding
Honest City Holdings Limited (note (iv))	British Virgin Islands ("BVI")	USD1	USD1	—	100%	—	100%	Investment holding
Prime Luck Enterprise Limited (note (iii))	Hong Kong	HKD1	HKD1	—	100%	—	100%	Investment holding
上海盈吉投資諮詢有限公司 ("盈吉投資") (notes (i) and (iv))	People's Republic of China	Registered capital RMB20,000,000	—	—	100%	—	100%	Inactive
江蘇九西建設發展有限公司 ("江蘇九西") (notes (ii) and (v))	People's Republic of China	Registered capital RMB382,000,000 (2014: RMB245,000,000)	RMB382,000,000 (2014: RMB245,000,000)	—	100%	—	100%	Property development

Notes:

(i) 盈吉投資 was acquired from the joint venture of a shareholder on 30 July 2014 at RMB50,000. The registered capital has not been paid up as at 30 June 2017.

(ii) In October 2013, Win Lead has entered into the sale and purchase agreement with an independent third party for the acquisition of 65% equity interest of 江蘇九西 at consideration of RMB330,000,000. The transaction was completed in February 2014. According to the sale and purchase agreement, Win Lead has committed to increase the registered capital of 江蘇九西 to RMB245,000,000. After the capital injection, the shareholding held by Win Lead has increased from 65% to 73.57%.

In August 2014, Win Lead has entered into the sale and purchase agreement with an independent third party for acquisition of the remaining 26.43% equity interest at a consideration of RMB68,000,000. The transaction was completed in September 2014.

Since then, 江蘇九西 became the wholly-owned subsidiary of Win Lead.

In March 2015, Win Lead has further injected RMB137,000,000 to increase the registered capital to RMB382,000,000.

(iii) The statutory financial statements for the years ended 31 December 2014, 2015 and 2016 were prepared in accordance with HKFRSs issued by the HKICPA and were audited by us.

(iv) No audited financial statements have been prepared for Honest City Holdings Limited since its date of incorporation as there is no statutory requirement in BVI for the preparation of audited financial statements. No audited financial statements have been prepared for 盈吉投資as it was inactive since its date of establishment.

(v) The statutory financial statements for the years ended 31 December 2014, 2015 and 2016 were prepared in accordance with relevant accounting principles and financial regulations applicable to the PRC enterprises and were audited by 上海信光會計師事務所有限公司, certified public accountants registered in the PRC.

18. SHARE CAPITAL

	Number of shares	Nominal value
		USD
Authorised:		
At 1 January 2014, 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017		
Ordinary shares of United States dollars ("USD") 1 each	50,000	50,000
Issued and fully paid:		
At 1 January 2014, 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017		
Ordinary shares of USD1 each	100	100
		RMB
Shown in the Historical Financial Information		617

19. LOANS FROM SHAREHOLDERS

Loans from shareholders represent loans payable on the amounts advanced for financing the acquisition of the property project and working capital of the Win Lead Group.

Loans from shareholders with principal amounts of RMB477,400,000 as at 31 December 2014, RMB489,400,000 as at 31 December 2015, RMB489,400,000 as at 31 December 2016 and RMB489,400,000 as at 30 June 2017 are unsecured, interest-free. In accordance with the contractual terms of the shareholders deed, the amounts are repayable only when Win Lead has surplus cash after repaying the bank borrowings. The expected repayment date of the amounts are 30 June 2016. Accordingly, the amounts are classified as non-current as at 31 December 2014 and classified as current as at 31 December 2015, 31 December 2016 and 30 June 2017.

The differences between the principal amounts of the advances and their fair values, determined based on the effective interest rate of 1-year base lending rate as promulgated by the People's Bank of China on initial recognition amounting to RMB68,944,047 was recognised in other reserve.

For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2016 and 30 June 2017, the respective imputed interest expenses were RMB23,117,702, RMB26,536,614, RMB16,382,140, RMB13,876,116 (unaudited) and nil, in which the respective amount capitalised to properties under development for sale (note 13).

20. AMOUNTS DUE TO RELATED COMPANIES

The amounts are unsecured, interest-free and repayable on demand. The related companies are the fellow subsidiaries of a shareholder of Win Lead, which has joint control over Win Lead.

21. BANK BORROWINGS

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Secured bank borrowings	—	110,804,600	147,608,000	91,808,000
Less: Amounts due within 12 months	—	(21,670,000)	(136,330,000)	(80,530,000)
Classified as non-current liabilities for reporting purposes	—	89,134,600	11,278,000	11,278,000

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Carrying amount repayable based on scheduled repayment dates set out in the loan agreement are as follows:				
Within one year	—	21,670,000	136,330,000	80,530,000
More than one year but not exceeding two years	—	89,134,600	11,278,000	11,278,000
	—	110,804,600	147,608,000	91,808,000

The bank borrowings are denominated in RMB and secured by the properties under development for sale amounting to nil, RMB704,441,192, RMB988,986,349 and RMB658,586,285 as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively. The bank borrowings bear 1 to 5-year base lending rate as promulgated by the People's Bank of China.

22. CAPITAL RISK MANAGEMENT

The Win Lead Group manages its capital to ensure that entities in the Win Lead Group will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Win Lead Group's overall strategy remains unchanged over the Track Record Period.

The capital structure of the Win Lead Group consists of debts, which include loans from shareholders and amounts due to related companies and equity of Win Lead, comprising issued capital and reserves.

The directors of Win Lead review the capital structure periodically. As a part of this review, the directors of Win Lead consider the cost of capital and the risks associated with the capital. Based on recommendations of the directors of Win Lead, the Win Lead Group will adjust its overall capital structure through the issue of new shares, new debt or the redemption of existing debt.

23. FINANCIAL INSTRUMENTS

(a) Categories of financial instruments

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Financial assets				
Loans and receivables (including cash and cash equivalents)	192,609,003	174,632,479	403,610,665	421,056,114
Financial liabilities				
Amortised cost	630,818,625	708,509,852	720,862,462	715,033,178

(b) **Financial risk management objectives and policies**

The Win Lead Group's financial instruments include other receivables, deposits, amounts due from shareholders and related companies, restricted bank deposits, bank balances and cash, other payables, loans from shareholders, amounts due to related companies and bank borrowings. Details of these financial instruments are disclosed in respective notes. The risks associated with these financial instruments and the policies on how to mitigate these risks are set out below. The Win Lead Group manages and monitors these exposures to ensure appropriate measures are implemented in a timely and effective manner.

Market risk

The Win Lead Group is exposed primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

Foreign currency risk

Certain transactions of the Win Lead Group are denominated in foreign currencies which are different from the functional currency of Win Lead and its subsidiaries, i.e. RMB and therefore the Win Lead Group is exposed to foreign currency risk.

The Win Lead Group does not use any derivative contracts to hedge against its exposure to currency risk. The Win Lead Group manages its foreign currency risk by closely monitoring the movement of the foreign currency rate.

The carrying amounts of the Win Lead Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

	As at 31 December			**As at 30 June**
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Assets				
Hong Kong Dollars ("HKD")	116,681,356	28,594	4,461	26,650
USD	612	329	351	43,521,646
EURO	309	295	304	323
Liabilities				
HKD	853,559	5,389,402	7,867,596	52,463,983
EURO	—	5,959,968	6,137,712	6,509,664

Foreign currency sensitivity

The foreign currency risk is mainly concentrated on the fluctuation of the foreign currencies against RMB. The following table details the Win Lead Group's sensitivity to a 7% change in the RMB against the relevant foreign currencies.

The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the year/period end for a 7% change in foreign currency rates. A positive number indicates a decrease in the loss for the years ended 31 December 2014, 2015 and 2016, and an increase in the profit for the six months ended 30 June 2017 where the RMB strengthens 7% against the relevant foreign currencies. A negative number indicates an increase in the loss for the years ended 31 December 2014, 2015 and 2016, and a decrease in the profit for the six months ended 30 June 2017. For a 7% weakening of the RMB against the relevant foreign currencies, there would be an equal and opposite impact on the results.

	Year ended 31 December			**Six months ended 30 June**
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
HKD	(8,107,946)	375,257	550,419	3,670,613
USD	(43)	(23)	(25)	(3,046,515)
EURO	(22)	417,177	429,619	455,654

Interest rate risk

The Win Lead Group is exposed to cash flow interest rate risk in relation to variable-rate restricted bank deposits and bank balances and variable-rate bank borrowings. The Win Lead Group's cash flow interest rate risk is mainly concentrated on the fluctuation of prevailing interest rate and Prescribed Interest Rate of the People's Bank of China arising from the Win Lead Group's restricted bank deposits and bank balances and bank borrowings respectively. It is the Win Lead Group's policy to keep its borrowings at floating rate of interests so as to minimise the fair value interest rate risk.

Interest rate sensitivity

The sensitivity analysis below has been determined based on the exposure to interest rates at the end of each reporting period. The analysis is prepared assuming the financial instruments outstanding at the end of each reporting period were outstanding for the whole year/period. A 100 basis points increase or decrease in variable-rate restricted bank deposits, bank balances and bank borrowings are used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If interest rates had been 100 basis points higher and all other variables were held constant, the Win Lead Group's loss for the years ended 31 December 2014, 2015 and 2016 would decrease/(increase) and the profit for the six months ended 30 June 2017 would increase as below. For interest rates had been 100 basis points lower, there would be an equal and opposite impact on the results:

	Year ended 31 December			Six months ended 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Decrease (increase) in loss for the year/ increase in profit for the period	35,287	(412,422)	1,411,988	877,309

Credit risk

The Win Lead Group's maximum exposure to credit risk in the event of the counterparties' failure to perform their obligations in relation to the recognised financial assets is the carrying amount of those assets as stated in the consolidated statement of financial position.

The management closely monitors its credit exposure on regular basis to minimise its credit risk throughout the period. In addition, the Win Lead Group reviews the recoverability of amount due from each counterparty at the end of each reporting period to ensure that adequate impairment losses are made for irrecoverable amounts.

At 31 December 2014, 2015 and 2016, the credit risk of the Win Lead Group was primarily attributable to and concentrated on amounts due from shareholders, while at 30 June 2017, the credit risk of the Win Lead Group was primarily attributable to and concentrated on amounts due from related companies and shareholders. Since the amounts and loans owed by the Win Lead Group to the shareholders and related companies exceed the respective amounts due from them, the directors of Win Lead do not expect to incur a significant loss for uncollected amounts due from shareholders and related companies.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies or state-owned banks in the PRC.

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the directors of Win Lead which has built an appropriate liquidity risk management framework for the management of the Win Lead Group's funding and liquidity management requirements. The Win Lead Group manages liquidity risk by continuously monitoring forecast and actual cash flows.

The following table details the Win Lead Group's contractual maturity for its financial liabilities. The table has been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Win Lead Group can be required to pay. The table includes both interest and principal cash flows.

	Weighted average effective interest rate	On demand or less than 1 year	1 - 2 years	2 - 3 years	Total undiscounted cash flow	Carrying amount
	%	*RMB*	*RMB*	*RMB*	*RMB*	*RMB*
At 31 December 2014						
Loans from shareholders	6.11	26,536,614	450,863,386	—	477,400,000	434,481,246
Other payables	—	22,299,884	—	—	22,299,884	22,299,884
Amounts due to related companies	—	174,037,495	—	—	174,037,495	174,037,495
		222,873,993	450,863,386	—	673,737,379	630,818,625
At 31 December 2015						
Loans from shareholders	6.11	489,400,000	—	—	489,400,000	473,017,860
Other payables	—	2,123,160	—	—	2,123,160	2,123,160
Amounts due to related companies	—	122,564,232	—	—	122,564,232	122,564,232
Bank borrowings	5.00	27,119,938	91,469,936	—	118,589,874	110,804,600
		641,207,330	91,469,936	—	732,677,266	708,509,852
At 31 December 2016						
Loans from shareholders	6.11	489,400,000	—	—	489,400,000	489,400,000
Other payables	—	2,232,215	—	—	2,232,215	2,232,215
Amounts due to related companies	—	81,622,247	—	—	81,622,247	81,622,247
Bank borrowings	4.75	140,790,907	11,590,495	—	152,381,402	147,608,000
		714,045,369	11,590,495	—	725,635,864	720,862,462
At 30 June 2017						
Loans from shareholders	—	489,400,000	—	—	489,400,000	489,400,000
Other payables	—	2,637,694	—	—	2,637,694	2,637,694
Amounts due to related companies	—	131,187,484	—	—	131,187,484	131,187,484
Bank borrowings	4.75	82,220,153	11,322,642	—	93,542,795	91,808,000
		705,445,331	11,322,642	—	716,767,973	715,033,178

The amounts included above for variable interest rate instruments for financial liabilities are subject to change if changes in variable interest rates differ to those estimates of interest rates determined at the end of each reporting period over the Track Record Period.

(c) **Fair value**

The directors of Win Lead consider that the carrying amounts of financial assets and financial liabilities recorded at amortised cost in the Historical Financial Information approximate to their fair values.

The fair value of such financial assets and financial liabilities are determined in accordance with generally accepted pricing model based on discounted cash flow analysis.

24. RELATED PARTY TRANSACTIONS

(a) Save as disclosed elsewhere in the Historical Financial Information, the Win Lead Group entered into transactions with the following related companies.

		Year ended 31 December			**Six months ended 30 June**	
Name of related companies	**Nature**	**2014**	**2015**	**2016**	**2016**	**2017**
		RMB	*RMB*	*RMB*	*RMB* (unaudited)	*RMB*
上海首匯管理諮詢有限公司 Shanghai Shouhui Management Consultancy Limited (Note (i))	Design, consultancy and project management fee	3,476,490	13,905,960	13,905,960	6,952,980	6,952,980
北京瑞安建業房地產顧問有限公司 Beijing SOCAM Real Estate Consulting Co., Ltd. (Note (i))	Project management fee	3,101,846	4,696,336	4,980,003	2,638,769	2,409,812
SOCAM Development Limited (Note (ii))	Guarantee fee	—	—	2,026,484	832,699	1,006,235

Notes:

(i) The related companies are the fellow subsidiaries of a shareholder of Win Lead, which has joint control over Win Lead.

(ii) The related company is the ultimate holding company of a shareholder of Win Lead, which has joint control over Win Lead.

(b) Details of balances with related companies are disclosed in the relevant notes to the Historical Financial Information.

(c) The key management personnel are directors of Win Lead, who are also directors of a shareholder of Win Lead, which has joint control of Win Lead. The directors are of the opinion that services provided to Win Lead only occupied an insignificant amount of their time and therefore it is concluded that the directors of Win Lead were not remunerated for such services.

25. OPERATING LEASE COMMITMENT

At the end of the Track Record Period, the Win Lead Group had commitment for future minimum lease payment under non-cancellable lease which falls due as follows:

	As at 31 December			As at 30 June
	2014	**2015**	**2016**	**2017**
	RMB	*RMB*	*RMB*	*RMB*
Within one year	1,089,594	1,089,594	635,596	90,799
In the second and fifth year inclusive	1,725,190	635,596	—	—
	2,814,784	1,725,190	635,596	90,799

Lease is negotiated for average term of the year with fixed monthly rental over the term of the lease.

26. ACQUISITION OF PROPERTY INVENTORIES THROUGH ACQUISITION OF SUBSIDIARY

In October 2013, Win Lead entered into the sale and purchase agreement with an independent third party for the acquisition of 65% equity interest in 江蘇九西 at a consideration of RMB330,000,000. The transaction was completed in February 2014. According to the sale and purchase agreement, Win Lead has committed to increase the registered capital of 江蘇九西 to RMB245,000,000. After the capital injection, the shareholding held by Win Lead has increased from 65% to 73.57%.

In addition, Win Lead has acquired the remaining 26.43% equity interest from an independent third party at a consideration of RMB68,000,000. The transaction was completed in September 2014.

Since then, 江蘇九西 became the wholly-owned subsidiary of Win Lead.

The assets acquired and liabilities assumed did not constitute a business combination as defined in IFRS 3 "Business Combinations" and therefore, the acquisition was accounted for as assets acquisition.

The transaction was accounted for as assets acquisition and the net assets acquired in the transaction were as follows:

	RMB
Furniture, fixture and equipment	135,083
Properties under development for sale	416,266,553
Other receivables, deposits and prepayments	139,000
Bank balances and cash	710,040
Accruals and other payables	(19,250,676)
Net assets of the subsidiary acquired	398,000,000
Total consideration satisfied by:	
Cash consideration paid before 2014	270,730,000
Cash consideration paid in 2014	80,000,000
Cash consideration paid by a related company in 2014 (note 27 (ii))	37,340,000
Cash consideration paid by a related company in 2015 (note 27 (iii))	9,930,000
	398,000,000
Net cash outflow arising on acquisition:	
Cash consideration paid	(80,000,000)
Cash and cash equivalents acquired	710,040
	(79,289,960)

27. MAJOR NON-CASH TRANSACTIONS

i. During the year ended 31 December 2014, deposits of RMB270,730,000 have been transferred as consideration of acquisition of a subsidiary.

ii. During the year ended 31 December 2014, the related company paid RMB37,340,000 as consideration of acquisition of a subsidiary on behalf of the Win Lead Group.

iii. During the year ended 31 December 2015, the consideration payable of RMB9,930,000 was settled on behalf by a related company of Win Lead.

iv. During the year ended 31 December 2015, the shareholders' loan of RMB6,000,000 was received on behalf by a related company of Win Lead.

28. RECONCILIATION OF LIABILITIES ARISING FROM FINANCING ACTIVITIES

The table below details changes in the Win Lead Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, or future cash flows will be, classified in the Win Lead Group's consolidated statements of cash flows as cash flows from financing activities.

	Loans from shareholders	Bank borrowings	Advances from related companies	Total
	RMB	*RMB*	*RMB*	*RMB*
At 1 January 2014	293,759,639	—	103,569,709	397,329,348
Financing cash flow (note i)	134,670,000	—	33,127,787	167,797,787
Fair value changes (note ii)	(17,066,095)	—	—	(17,066,095)
Interest expenses	23,117,702	—	—	23,117,702
Non-cash change (note iii)	—	—	37,340,000	37,340,000
At 31 December 2014	434,481,246	—	174,037,496	608,518,742
Financing cash flow (note i)	6,000,000	96,313,546	(54,368,859)	47,944,687
Interest expenses	26,536,614	14,491,054	—	41,027,668
Foreign exchange movement	—	—	(1,034,405)	(1,034,405)
Non-cash change (note iii)	6,000,000	—	3,930,000	9,930,000
At 31 December 2015	473,017,860	110,804,600	122,564,232	706,386,692
Financing cash flow (note i)	—	26,939,247	(41,172,043)	(14,232,796)
Interest expenses	16,382,140	9,864,153	—	26,246,293
Foreign exchange movement	—	—	230,058	230,058
At 31 December 2016	489,400,000	147,608,000	81,622,247	718,630,247
Financing cash flow (note i)	—	(60,116,447)	50,266,950	(9,849,497)
Interest expenses	—	4,316,447	—	4,316,447
Foreign exchange movement	—	—	(701,713)	(701,713)
At 30 June 2017	489,400,000	91,808,000	131,187,484	712,395,484
(Unaudited)				
At 1 January 2016	473,017,860	110,804,600	122,564,232	706,386,692
Financing cash flow (note i)	—	44,482,452	(32,397,238)	12,085,214
Interest expenses	13,876,116	5,990,948	—	19,867,064
Foreign exchange movement	—	—	260,280	260,280
At 30 June 2016	486,893,976	161,278,000	90,427,274	738,599,250

Notes:

i. The financing cash flows represent new bank borrowings raised, repayment of bank borrowings, advances from/repayment to shareholders/related companies and interest paid in the consolidated statements of cash flows.

ii. The fair value changes represent the fair value adjustment on initial recognition of interest-free loans from shareholders.

iii. The non-cash change represents the non-cash transaction with related companies as mentioned in note 27.

29. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements of Win Lead or its subsidiaries, or the Win Lead Group have been prepared in respect of any period subsequent to 30 June 2017 and up to the date of this report.

A. UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The unaudited pro forma statements of assets and liabilities of the Enlarged Group (the "Unaudited Pro Forma Financial Information") set out below has been prepared by the Directors in accordance with paragraph 4.29 of the Listing Rules and is solely for the purpose to illustrate the effect of the proposed Acquisitions on the Group's financial position as at 30 June 2017 as if the proposed Acquisitions had been completed on 30 June 2017.

The Unaudited Pro Forma Financial Information is prepared based on (i) the unaudited condensed consolidated statement of financial position of the Group as at 30 June 2017 which has been extracted from the published interim report of the Group for the six months ended 30 June 2017; and (ii) the audited consolidated statements of financial position of the Target Groups as at 30 June 2017 which have been extracted from the accountants' reports thereon set out in Appendix II to this circular, after making certain pro forma adjustments that are (i) directly attributable to the Acquisitions; and (ii) factually supportable, as further described in the accompanying notes.

The Unaudited Pro Forma Financial Information is prepared based on a number of assumptions, estimates, uncertainties and currently available information, and is provided for illustrative purposes only. As a result of the hypothetical nature of the Unaudited Pro Forma Financial Information, it may not give a true picture of the actual financial position of the Group that would have been attained had the proposed Acquisitions been completed on 30 June 2017. Furthermore, the Unaudited Pro Forma Financial Information does not purport to predict the Enlarged Group's future financial position. The Unaudited Pro Forma Financial Information should be read in conjunction with the financial information of the Group, as incorporated by reference in Appendix I to this circular, and that of the Target Groups, as set out in Appendix II to this circular, and other financial information included elsewhere in this circular.

The Unaudited Pro Forma Financial Information

		Pro forma adjustments					
	The Group as at 30 June 2017	**Cosy Rich as at 30 June 2017**	**Win Lead as at 30 June 2017**				**Unaudited Pro forma Enlarged Group**
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	*(note 6)*	
Non-current Assets							
Investment properties	1,787	748	—	—	—	—	2,535
Property, plant and equipment	21	3	1	—	—	—	25
Interests in joint ventures	114	—	—	—	—	—	114
Available-for-sale investments	56	—	—	—	—	—	56
Club memberships	1	—	—	—	—	—	1
Amounts due from joint ventures	1,744	—	—	—	—	(264)	1,480
Amounts due from associates	1,297	—	—	—	—	—	1,297
Restricted bank deposits	137	—	—	—	—	—	137
	5,157	751	1	—	—	(264)	5,645
Current Assets							
Properties held for sale	214	91	53	—	—	—	358
Properties under development for sale	67	131	765	—	73	—	1,036
Debtors, deposits and prepayments	1,939	19	60	—	—	(8)	2,010
Amounts due from customers for contract work	184	—	—	—	—	—	184
Amounts due from joint ventures	762	—	—	184	—	(738)	208
Amounts due from associates	304	—	—	—	—	—	304
Amounts due from related companies	—	—	156	—	—	(148)	8
Tax recoverable	4	—	—	—	—	—	4
Restricted bank deposits	151	—	2	—	—	—	153
Bank balances, deposits and cash	1,193	15	308	(42)	(294)	—	1,180
	4,818	256	1,344	142	(221)	(894)	5,445

	The Group as at 30 June 2017	Cosy Rich as at 30 June 2017	Win Lead as at 30 June 2017	Pro forma adjustments			Unaudited Pro forma Enlarged Group
	HK$ million	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*	*HK$ million*
	(note 1)	*(note 2)*	*(note 3)*	*(note 4)*	*(note 5)*	*(note 6)*	
Current Liabilities							
Creditors and accrued charges	1,945	66	46	—	—	1	2,058
Sales deposits received	1	—	409	—	—	—	410
Derivative financial instruments	36	—	—	—	—	—	36
Amounts due to customers for contract work	376	—	—	—	—	—	376
Amounts due to joint ventures	107	—	—	—	—	—	107
Amounts due to associates	1	—	—	—	—	—	1
Amounts due to related companies	369	867	720	(137)	(284)	(1,166)	369
Amounts due to non-controlling shareholders of subsidiaries	12	3	—	—	—	—	15
Taxation payable	48	—	—	—	—	—	48
Bank borrowings due within one year	353	348	94	—	—	—	795
	3,248	1,284	1,269	(137)	(284)	(1,165)	4,215
Net Current Assets/(Liabilities)	1,570	(1,028)	75	279	63	271	1,230
Total Assets Less Current Liabilities	6,727	(277)	76	279	63	7	6,875
Non-current Liabilities							
Bank borrowings	566	—	13	—	—	—	579
Senior notes	2,146	—	—	—	—	—	2,146
Defined benefit liabilities	102	—	—	—	—	—	102
Deferred tax liabilities	112	1	—	8	32	—	153
Other financial liabilities	—	28	—	—	—	—	28
	2,926	29	13	8	32	—	3,008
Net Assets	3,801	(306)	63	271	31	7	3,867

Notes to the Unaudited Pro Forma Financial Information

1. The figures are extracted from the unaudited condensed consolidated financial statements of the Group as set out in the published interim report of the Company for the six months ended 30 June 2017.

2. The adjustment represents the inclusion of the assets and liabilities of the Cosy Rich Group, as extracted from the audited consolidated statement of financial position of the Cosy Rich Group as at 30 June 2017, as set out in Appendix II to this circular, and translated into HK$ at an exchange rate of RMB1.0 = HK$1.161.

3. The adjustment represents the inclusion of the assets and liabilities of the Win Lead Group, as extracted from the audited consolidated statement of financial position of the Win Lead Group as at 30 June 2017, as set out in Appendix II to this circular, and translated into HK$ at an exchange rate of RMB1.0 = HK$1.161.

4. The adjustment reflects the acquisition of the remaining 50% share interest in Cosy Rich and the CR Shareholder's Loan under the CR Sale and Purchase Agreement.

   Upon Completion, Wealth Frame will settle the CR Consideration amounting to HK$42 million, and assume the CR Shareholder's Loan of HK$148 million from the CR Vendor.

   The identifiable assets and liabilities of the Cosy Rich Group will be accounted for at their fair values using the acquisition accounting method in accordance with Hong Kong Financial Reporting Standard 3 (Revised) "Business Combinations" ("HKFRS 3") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

   For the purpose of the Unaudited Pro Forma Financial Information, the Directors assumed that the pro forma fair value of the identifiable assets and liabilities of the Cosy Rich Group are approximated to their respective carrying amounts at 30 June 2017 and hence the fair value adjustment is immaterial. The Directors estimated the fair value of the property inventories as at 30 June 2017 with reference to the properties valuation carried out by Savills, an independent professional valuer not connected with the Group.

   The adjustment of HK$184 million mainly represents reinstatement of the Group's advances to the Cosy Rich Group, which was previously reduced under equity accounting.

The recognition of goodwill on acquisition as if the CR Acquisition had been completed as at 30 June 2017 is as follows:

	HK$ million
CR Consideration	42
Share of post-acquisition loss in excess of cost of investment, adjusted for unrealised interest and others (note (i))	(162)
Carrying amount of identifiable net liabilities assumed	306
Carrying amount of the CR Shareholder's Loan assumed	(148)
Other fair value adjustment	11
Recognition of deferred tax liabilities	8
Pro forma goodwill arising on acquisition and fully impaired (note (ii))	57

(i) As a consequence of the CR Acquisition, Cosy Rich will become a wholly-owned subsidiary of the Company by way of step acquisition, as previously the Group accounted for its 50% share interest in Cosy Rich as interests in joint ventures. Under HKFRS 3, the Group is required to recognise a gain or loss between the carrying value of its previously held interest in Cosy Rich (while it is classified as interests in joint ventures) and the fair value of this interest at the date of the CR Acquisition. The Directors estimated the fair value of the Group's existing interest in Cosy Rich at the date of the CR Acquisition is approximated to its book value, which was previously recognised as interests in joint ventures by the Group at 30 June 2017, having no material profit or loss impact on the re-measurement of previously held interest as a result of the step acquisition of Cosy Rich.

(ii) The Directors have assessed whether the amount of pro forma goodwill may be impaired in accordance with HKAS 36 "Impairment of Assets". The Directors conclude that there is a full impairment of pro forma goodwill based on the estimation of the recoverable amount which is the fair value of the assets and liabilities of the Cosy Rich Group.

Since the fair values of the identifiable assets and liabilities of the Cosy Rich Group as at the date of completion when the Group obtains control over Cosy Rich will be different from their respective fair values used in the preparation of the Unaudited Pro Forma Financial Information, the actual amount of the identifiable assets and liabilities, and goodwill or discount on acquisition, whichever is applicable, to be recognised by the Group in its financial statements will be different from the estimated amounts shown in the Unaudited Pro Forma Financial Information.

5. The adjustment reflects the acquisition of the remaining 50% share interest in Win Lead and the WL Shareholder's Loan under the WL Sale and Purchase Agreement.

Upon Completion, Wealth Frame will settle the WL Consideration amounting to HK$294 million, and assume the WL Shareholder's Loan of HK$284 million from the WL Vendor.

The identifiable assets and liabilities of the Win Lead Group will be accounted for at their fair values using the acquisition accounting method in accordance with HKFRS 3 issued by the HKICPA.

For the purpose of the Unaudited Pro Forma Financial Information, the Directors assumed that with the exception of property inventories, the pro forma fair value of the identifiable assets and liabilities of the Win Lead Group are approximated to their respective carrying amounts at 30 June 2017. The Directors estimated the fair value of the property inventories as at 30 June 2017 with reference to the properties valuation carried out by Savills, an independent professional valuer not connected with the Group.

The recognition of discount on acquisition as if the WL Acquisition had been completed as at 30 June 2017 is as follows:

	HK$ million
WL Consideration	294
Fair value of the existing 50% share interest in Win Lead (note (i))	52
Carrying amount of identifiable net assets acquired	(63)
Carrying amount of the WL Shareholder's Loan assumed	(284)
Fair value adjustments to property inventories (note (ii))	(73)
Recognition of deferred tax liabilities	32
Pro forma discount on acquisition	(42)

(i) As a consequence of the WL Acquisition, Win Lead will become a wholly-owned subsidiary of the Company by way of step acquisition, as previously the Group accounted for its 50% share interest in Win Lead as interests in joint ventures. Under HKFRS 3, the Group is required to recognise a gain or loss between the carrying value of its previously held interest in Win Lead (while it is classified as interests in joint ventures) and the fair value of this interest at the date of the WL Acquisition. The Directors estimated the fair value of the Group's existing interest in Win Lead at the date of the WL Acquisition, with reference to the properties valuation, was approximately HK$52 million, which represented 50% of the business valuation of Win Lead, net of the carrying value of nil, which was previously recognised as interests in joint ventures by the Group at 30 June 2017, giving rise to a pro forma gain on step acquisition of Win Lead of HK$52 million.

(ii) The fair value adjustments represent the difference between (a) the aggregate of fair values of the properties held for sale and properties under development for sale totaling RMB768 million (equivalent to approximately HK$891 million); and (b) the aggregate of carrying amounts of properties held for sale and properties under development for sale totaling HK$818 million.

Since the fair values of the identifiable assets and liabilities of the Win Lead Group as at the date of completion when the Group obtains control over Win Lead will be different from their respective fair values used in the preparation of the Unaudited Pro Forma Financial Information, the actual amount of the identifiable assets and liabilities, and goodwill or discount on acquisition, whichever is applicable, to be recognised by the Group in its financial statements will be different from the estimated amounts shown in the Unaudited Pro Forma Financial Information.

6. The adjustment reflects elimination of intercompany balances within the Enlarged Group. The increase in net assets of HK$7 million after elimination of intercompany balances mainly represents the exchange difference between the exchange rates adopted in preparation of the Unaudited Pro Forma Financial Information and the interim report of the Group for the six months ended 30 June 2017.

7. No adjustment has been made to the Unaudited Pro Forma Financial Information for acquisition-related costs (including fees to legal advisors, reporting accountants, valuers, and other expenses) as the Directors determined that such costs are insignificant. The total acquisition-related costs are estimated to be approximately HK$2 million.

8. No adjustments have been made to adjust any trading results or other transactions of the Group or the Target Groups subsequent to 30 June 2017.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION OF THE ENLARGED GROUP

The following is the text of a report received from the reporting accountants, Deloitte Touche Tohmatsu, Certified Public Accountants, Hong Kong, for the purpose of inclusion in this circular, in respect of the unaudited pro forma financial information of the Enlarged Group as set out in Section A of Appendix III to this circular.

Deloitte. 德勤

To the Directors of SOCAM Development Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of SOCAM Development Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of assets and liabilities as at 30 June 2017 and related notes as set out on pages III-1 to III-7 of the circular issued by the Company dated 24 October 2017 (the "Circular"). The applicable criteria on the basis of which the Directors have compiled the unaudited pro forma financial information are described on pages III-1 to III-7 of the Circular.

The unaudited pro forma financial information has been compiled by the Directors to illustrate the impact of the conditional acquisition of 50% interest in Cosy Rich Limited and 50% interest in Win Lead Holdings Limited on the Group's financial position as at 30 June 2017 as if the transactions had taken place at 30 June 2017. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the six months ended 30 June 2017, on which a review report has been published.

Directors' Responsibilities 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 (the "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 behavior.

Our firm applies Hong Kong Standard on Quality Control 1 "Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance and Related Services Engagements" 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.

Reporting Accountants' 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 accountants plan and perform 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 an investment circular is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transactions 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 event or transaction at 30 June 2017 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 accountants' judgment, having regard to the reporting accountants' understanding of the nature of the Group, 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 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.

Deloitte Touche Tohmatsu
Certified Public Accountants
Hong Kong, 24 October 2017

MANAGEMENT DISCUSSION AND ANALYSIS ON THE TARGET GROUPS

Set out below is the management discussion and analysis on the Target Groups for the financial years ended 31 December 2014, 2015, 2016, and the six months ended 30 June 2016 and 2017 (the "Relevant Periods").

The Cosy Rich Group principally engages in property development and investment, and owns the Tianjin Project known as "Tianjin Veneto" located in the Wuqing District of Tianjin, the PRC. This high-grade mall has a total leasable floor area of approximately 98,000 square metres.

Phase 1 of the Tianjin Project was completed in 2014 and has been in operation since January 2015. It is designed as a niche retail mall, featuring Italian style pedestrian lanes. The mall revamping plan that began in 2016 will be completed by end of 2017. The Group has recently adjusted the tenant mix and upgraded facilities with the aim of providing visitors with the best possible experience. While enhancement works are ongoing, performance of the mall was adversely affected during the six months ended 30 June 2017. The occupancy rate of the mall was down 40% amid the change of the tenant mix, while footfall has seen a year-on-year increase in June 2017, an encouraging trend.

With regard to Phases 2 and 3 of the Tianjin Project, the development plan is being finalised for submission to the local government for approval.

The selling prices of retail spaces in Tianjin have recently experienced strong upsurge, and the Group considers that there will be considerable potential upside in the sales of the commercial premises in Phases 2 and 3 of the Tianjin Project after completion of development. In addition, China announced the "Xiongan New Area" plan in April 2017, destined to create a new economic zone and absorb part of the non-capital functions of Beijing over time. The zone is expected to emulate and improve on the success of the Shenzhen Special Economic Zone and the Shanghai Pudong New Area. Established neighbouring cities, including the port city of Tianjin, where the Tianjin Project is situated, look set to benefit in the medium and long term.

The Win Lead Group principally engages in property development, and owns the Nanjing Project, a property development project known as "Nanjing Scenic Villa" located in the Jiangning District of Nanjing, the PRC. The development, expected to comprise 344 villas on completion, has a total developable gross floor area of approximately 134,000 square metres and offers distinctive low-rise apartments with balconies in a garden and lakeside setting.

Phase 1 of the Nanjing Project was completed in January 2017, and the remaining phases are expected to be completed in 2019. Pre-sale of Phase 1 villas started in August 2015. Over 95% of the villas in Phase 1 has been sold, with 98% of the sold units handed over to buyers in the second quarter of 2017. Pre-sale of the first batch of villas in Phase 2 of the Nanjing Project commenced in July 2016, and over 80% of the villas launched for pre-sale was sold or subscribed for with a total revenue of over RMB400 million (equivalent to approximately HK$464 million) up to 31 July 2017. A further sales launch of the second batch of villas in Phase 2 is scheduled for the latter half of 2017. As Nanjing is among the best performing cities in China by GDP growth, the Group expects that the demand for mid- to high-end new residence in Nanjing to remain buoyant.

Financial review

Turnover and segmental information

The Cosy Rich Group

Turnover of the Cosy Rich Group represents the rental and management fee income receivable from the leasing of the completed retail portion of the Tianjin Project. No segmental information is presented since the Cosy Rich Group has one single segment which is property investment in the PRC.

For the years ended 31 December 2014, 2015 and 2016, the Cosy Rich Group reported turnover of nil, RMB17.91 million (equivalent to approximately HK$20.79 million) and RMB21.42 million (equivalent to approximately HK$24.86 million) respectively.

As Phase 1 of the Tianjin Project was opened by stages since January 2015, no turnover was recognised in 2014, whereas improvement was shown in 2016 after lease agreements with tenants were progressively signed.

For the six months ended 30 June 2016 and 2017, the Cosy Rich Group reported turnover of RMB13.02 million (equivalent to approximately HK$15.12 million) and RMB7.52 million (equivalent to approximately HK$8.73 million) respectively.

As part of the mall revamping plan of the Tianjin Project, certain underperforming old tenants have been negotiated out and the enhancement works have been actively carried out since the second half of 2016. The performance of the mall was adversely affected by this and the turnover dropped by around 40% during the six months ended 30 June 2017 when compared with the same period in 2016.

The Win Lead Group

Turnover of the Win Lead Group represents the sales of properties of the Nanjing Project. No segmental information is presented since the Win Lead Group has one single segment which is property development in the PRC.

Phase 1 of the Nanjing Project was completed in January 2017 and the pre-sold units were handed over to the buyers in the second quarter of 2017. Therefore, turnover was recognised during the six months ended 30 June 2017, while no turnover was recorded for the years ended 31 December 2014, 2015 and 2016, and the six months ended 30 June 2016.

(Loss) profit and total comprehensive (expense) income for the year/period

The Cosy Rich Group

For the years ended 31 December 2014, 2015 and 2016, the Cosy Rich Group recorded a net loss of RMB11.59 million (equivalent to approximately HK$13.46 million), RMB114.49 million (equivalent to approximately HK$132.92 million) and RMB295.23 million (equivalent to approximately HK$342.76 million) respectively.

In 2014, Phase 1 of the Tianjin Project was in construction stage, various costs and expenses directly related to the construction as well as finance costs were capitalised. After completion of the construction works of that phase at the beginning of 2015, such costs and expenses were not eligible for capitalisation and have been charged to profit or loss since then.

In addition, the increase in net loss was largely due to fair value loss on investment properties/investment properties under construction, as well as impairment loss on properties held/under development for sale provided in respective financial years. For the years ended 31 December 2014, 2015 and 2016, the aggregate of fair value changes and impairment losses on properties, net of deferred tax, is gain of RMB3.30 million (equivalent to approximately HK$3.83 million), loss of RMB27.47 million (equivalent to approximately HK$31.89 million) and loss of RMB178.43 million (equivalent to approximately HK$207.16 million) respectively.

For the six months ended 30 June 2016 and 2017, the Cosy Rich Group recorded a net loss of RMB161.13 million (equivalent to approximately HK$187.07 million) and RMB54.63 million (equivalent to approximately HK$63.43 million) respectively. The decrease in net loss was mainly due to the reduction in fair value loss and impairment losses on properties, net of deferred tax, from RMB109.07 million (equivalent to approximately HK$126.63 million) to RMB5.92 million (equivalent to approximately HK$6.87 million).

The Win Lead Group

For the years ended 31 December 2014, 2015 and 2016, the Win Lead Group recorded a net loss of RMB1.84 million (equivalent to approximately HK$2.14 million), RMB17.63 million (equivalent to approximately HK$20.47 million) and RMB27.26 million (equivalent to approximately HK$31.65 million) respectively.

Pre-sale of the first phase of the villas of the Nanjng Project started in August 2015, and more sales and marketing activities were carried out since then. Increased expenses for sales commission and marketing expenses were thus incurred in 2015 and 2016.

For the six months ended 30 June 2016 and 2017, the Win Lead Group recorded a net loss of RMB11.63 million (equivalent to approximately HK$13.50 million) and a net profit of RMB37.34 million (equivalent to approximately HK$43.35 million) respectively. The net profit for the interim period of 2017 was mainly due to the recognition of property sales upon handover of the pre-sold villas of the Nanjing Project to the buyers in the second quarter of 2017, while no turnover and profit from property sales was recognised in the same period of 2016.

Liquidity and financial resources

The Target Groups manage their capital to ensure that they will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. During the Relevant Periods, the Target Groups mainly financed their operations by pre-sales of the property assets, obtaining funding from their shareholders and interest-bearing bank borrowings.

The Cosy Rich Group

The Cosy Rich Group reported net assets of RMB188.40 million (equivalent to approximately HK$218.73 million) and RMB84.22 million (equivalent to approximately HK$97.78 million) as at 31 December 2014 and 2015 respectively, and net liabilities of RMB210.26 million (equivalent to approximately HK$244.11 million) and RMB264.89 million (equivalent to approximately HK$307.54 million) as at 31 December 2016 and 30 June 2017 respectively.

As at 31 December 2014, 2015 and 2016, and 30 June 2017, the Cosy Rich Group's bank balances and cash amounted to RMB146.75 million (equivalent to approximately HK$170.38 million), RMB4.56 million (equivalent to approximately HK$5.29 million), RMB6.57 million (equivalent to approximately HK$7.63 million) and RMB12.75 million (equivalent to approximately HK$14.80 million) respectively.

As at 31 December 2014, 2015 and 2016, and 30 June 2017, the Cosy Rich Group's bank borrowings amounted to RMB350.00 million (equivalent to approximately HK$406.35 million), RMB350.00 million (equivalent to approximately HK$406.35 million), RMB300.00 million (equivalent to approximately HK$348.30 million) and RMB300.00 million (equivalent to approximately HK$348.30 million) respectively, with the maturity profile as follows:

	31 December			**30 June**
	2014	**2015**	**2016**	**2017**
	RMB million	*RMB million*	*RMB million*	*RMB million*
Amounts repayable:				
Within one year	—	50.00	300.00	300.00
Over one year	350.00	300.00	—	—
	350.00	350.00	300.00	300.00

All of the bank borrowings held by the Cosy Rich Group are denominated in RMB, bear fixed interest at 11.5% per annum and are secured by the investment properties, investment properties under construction, properties held for sale and properties under development for sale.

As at 31 December 2014 and 2015, the net gearing ratio of the Cosy Rich Group, calculated as net bank borrowings (represented by bank borrowings, net of cash and cash equivalents and other bank balances) over shareholders' equity, were 107.9% and 410.2% respectively. The net gearing ratios were not applicable as at 31 December 2016 and 30 June 2017 as the Cosy Rich Group had negative shareholders' equity.

The Win Lead Group

The Win Lead Group reported net assets of RMB61.73 million (equivalent to approximately HK$71.67 million), RMB44.10 million (equivalent to approximately HK$51.20 million), RMB16.84 million (equivalent to approximately HK$19.55 million) and RMB54.18 million (equivalent to approximately HK$62.90 million) as at 31 December 2014, 2015 and 2016, and 30 June 2017 respectively.

As at 31 December 2014, 2015 and 2016, and 30 June 2017, the Win Lead Group's restricted bank deposits and bank balances and cash amounted to RMB3.53 million (equivalent to approximately HK$4.10 million), RMB69.56 million (equivalent to approximately HK$80.76 million), RMB288.81 million (equivalent to approximately HK$335.31 million) and RMB267.27 million (equivalent to approximately HK$310.30 million) respectively.

As at 31 December 2014, 2015 and 2016, and 30 June 2017, the Win Lead Group's bank borrowings amounted to nil, RMB110.80 million (equivalent to approximately HK$128.64 million), RMB147.61 million (equivalent to approximately HK$171.38 million) and RMB91.81 million (equivalent to approximately HK$106.59 million) respectively, with the maturity profile as follows:

	31 December			30 June
	2014	**2015**	**2016**	**2017**
	RMB million	*RMB million*	*RMB million*	*RMB million*
Amounts repayable:				
Within one year	—	21.67	136.33	80.53
Over one year	—	89.13	11.28	11.28
	—	110.80	147.61	91.81

All of the bank borrowings held by the Win Lead Group are denominated in RMB, bear interest equal to 1 to 5-year base lending rate as promulgated by the People's Bank of China and are secured by properties under development for sale.

As at 31 December 2015, the net gearing ratio of the Win Lead Group, calculated as net bank borrowings (represented by bank borrowings, net of restricted bank deposits and bank balances and cash) over shareholders' equity, was 93.5%. The net gearing ratios as at 31 December 2014, 31 December 2016 and 30 June 2017 were not applicable as the Win Lead Group had net cash position.

Significant investments, material acquisitions and disposals

The Target Groups did not have any significant investments, material acquisitions or disposals of subsidiaries, associates and joint ventures during the Relevant Periods.

Future Plan for Material Investments or Capital Assets

As at the Latest Practicable Date, the Target Groups have no plan for material investments or capital assets.

Number and Remuneration of Employees

As at 31 December 2014, 2015, 2016 and 30 June 2017, the number of employees in the Target Groups was approximately 70, 99, 100, 96 respectively.

For the years ended 31 December 2014, 2015, 2016, and the six months ended 30 June 2017, the Target Groups reported total staff costs of RMB19.00 million (equivalent to approximately HK$22.06 million), RMB34.63 million (equivalent to approximately HK$40.21 million), RMB29.08 million (equivalent to approximately HK$33.76 million), and RMB15.92 million (equivalent to approximately HK$18.48 million) respectively.

Since the Target Groups are being managed by the Group, remuneration policies, bonus, share option schemes and training schemes of the Group have been consistently applied to the Target Groups. Please refer to the Company's annual reports for the details of the relevant policies.

Contingent Liabilities

During the year ended 31 December 2016, the Cosy Rich Group received notices from the government authority in the PRC claiming that the Cosy Rich Group did not complete the remaining construction works of Phases 2 and 3 of the Tianjin Project by 31 May 2016, the date as stipulated in the respective land grant contracts. A penalty of 0.02% of the land cost per day may be imposed until the completion of the construction. The potential late penalties as at 31 December 2016 and 30 June 2017 are estimated to be approximately RMB9.00 million (equivalent to approximately HK$10.45 million) and RMB18.00 million (equivalent to approximately HK$20.90 million) respectively.

The management is of the view that the likelihood of being penalised is remote, since the delay is mainly caused by the changing requirements imposed by the government authorities for the approval of development plan. The management has appropriately applied for extension of the completion deadline of construction work, and proactively communicated with various government authorities to continuously adjust the development plan in order to accommodate the government's requirement.

Foreign Exchange Exposure

The incomes from operations of the Target Groups are mainly conducted in RMB. The bank financings as well as the sources of repayment are also RMB denominated. Therefore, the foreign currency exposure of the Target Groups is not significant. It is the Target Groups' policy not to enter into derivative transactions for speculative purposes.

Property Valuation

Reconciliation of the value of the Target Groups' properties at 30 June 2017 from the accountants' report per Appendix II to this circular to the valuation as at 31 July 2017 per Appendix V to this circular:

The Cosy Rich Group

The carrying amount of the properties held by the Cosy Rich Group at 30 June 2017 amounting to RMB835 million is the same as the valuation as at 31 July 2017 per Appendix V to this circular.

The Win Lead Group

	Properties under development for sale	**Properties held for sale**	**Total**
	RMB million	*RMB million*	*RMB million*
Carrying amount as at 30 June 2017 per accountants' report	658.59	45.76	704.35
Additional construction costs for properties under development for sale from 1 July 2017 to 31 July 2017 per management accounts	6.26	—	6.26
Costs transferred to profit or loss upon sales recognition	—	(5.62)	(5.62)
Carrying amount as at 31 July 2017 per management accounts	664.85	40.14	704.99
Add: valuation surplus	52.15	9.06	61.21
Valuation as at 31 July 2017	717.00	49.20	766.20

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Savills Valuation and Professional Services Limited, an independent valuer, in connection with their opinion of values of the properties as at 31 July 2017.

The Directors
SOCAM Development Limited
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Shui On Centre
6-8 Harbour Road
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savills
第一太平戴維斯

Savills Valuation and
Professional Services Limited
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savills.com

24 October 2017

Dear Sirs,

Instructions

In accordance with the instructions from SOCAM Development Limited (the "Company") for us to value the properties (the "Properties") situated in the People's Republic of China ("PRC") held by the Target Groups, we confirm that we have carried out inspections, made relevant enquiries and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the Properties as at 31 July 2017 (the "valuation date") for inclusion in a circular.

Basis of Valuation

Our valuation is our opinion of the market value of the property concerned which we would define as intended to mean "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".

Market value is understood as the value of an asset or liability estimated without regard to costs of sale or purchase (or transaction) and without offset for any associated taxes or potential taxes.

Our valuation is prepared in compliance with the requirements set out in Chapter 5 and Practice Note 12 to the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and in accordance with The HKIS Valuation Standards (2012 Edition) published by The Hong Kong Institute of Surveyors.

Valuation Methodology

In valuing the property in Group I, which is held by the Target Groups for sale in the PRC, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market assuming sale with benefit of vacant possession.

In valuing the property in Group II, which is held by the Target Groups for investment in the PRC, we have made reference to the comparable market transactions as available in the market and where appropriate, valued the property on the basis of capitalisation of incomes as shown on the schedules handed to us with due allowance for reversionary income potential of the properties.

In valuing the properties in Group III, which are held by the Target Groups for development, we have valued the properties on the basis that they will be developed and completed in accordance with the latest development proposals provided to us. We have assumed that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In arriving at our opinion of values, we have adopted the direct comparison approach by making reference to comparable sales transactions as available in the market and have also taken into account the costs that were expended and that will be expended to complete the developments to reflect the quality of the completed developments.

Title Investigation

We have been provided with copies of extracts of title documents relating to the Properties. However, we have not searched the original documents to verify ownership or to ascertain the existence of any amendments which may not appear on the copies provided to us. In the course of our valuation, we have relied to a very considerable extent on the information given by the Company and the legal opinion issued by the PRC's legal adviser to the Company, Zhong Lun Law Firm (中倫律師事務所), regarding the titles to the Properties.

Source of Information

In the course of our valuation, we have relied to a very considerable extent on information given by the Company and accepted advice given to us on such matters as planning approvals, statutory notices, easements, tenure, particulars of occupancy, development proposals, total and outstanding construction costs, estimated completion dates, site and floor areas, transaction records, sale prices, sales and purchase agreements, tenancy details and all other relevant matters. Dimensions, measurements and areas included in the valuation certificates are based on the information provided to us and are therefore only approximations. No on-site measurements have been taken. We have no reason to doubt the truth and accuracy of the information provided to us by the Company, which is material to our valuation. We have also sought confirmation from the Company that no material facts have been omitted from the information supplied. We consider that we have been provided with sufficient information to reach an informed view.

Valuation Assumptions

In the course of our valuation, unless otherwise stated, we have assumed that transferable land use rights in respect of the Properties for their respective specific terms at nominal annual land use fees have been granted and that any land grant premium payable has already been fully paid. We have also assumed that, unless otherwise stated, the owners of the Properties have good legal titles to the Properties and have free and uninterrupted rights to use, occupy, lease or assign the Properties for the whole of the respective unexpired terms as granted.

No allowance has been made in our valuation for any charges, mortgages or amounts owing on any property nor for any expenses or taxation which may be incurred in effecting a sale. Unless otherwise stated, it is assumed that the Properties are free from encumbrances, restrictions and outgoings of an onerous nature which could affect their values.

Site Inspection

We have inspected the exterior and, wherever possible, the interior of the Properties. Site inspections of the Properties were carried out in between July and August 2017 by our Ms. Iris Pu and Mr. Sam Ngai. During the course of our inspections, we did not note any serious defects. However, no structural survey has been made and we are therefore unable to report that the Properties are free from rot, infestation and any other defects. No tests were carried out on any of the services. We have not carried out investigations on site to determine the suitability of the ground conditions and the services etc. for any future development. Our valuation is prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period.

Currency

Unless otherwise stated, all money amounts stated are in Renminbi (“RMB”).

We enclose herewith our summary of values and valuation certificates.

Yours faithfully,
For and on behalf of
Savills Valuation and Professional Services Limited
Anthony C K Lau
MRICS MHKIS RPS(GP)
Director

Note: Mr. Anthony C.K. Lau is a professional surveyor who has over 24 years’ experience in valuation of properties in Hong Kong and the PRC.

SUMMARY OF VALUES

No.	Property		Market value in existing state as at 31 July 2017 *(RMB)*
Group I — Property held for sale in the PRC			
1.	Various unsold units of Zone A of Nanjing Scenic Villa, West of Zhaodang Reservoir, Guli Jiedao, Jiangning District, Nanjing, Jiangsu Province, PRC		49,200,000
		Group I Sub-total:	49,200,000
Group II — Property held for investment in the PRC			
2.	Phases 1A and 1B of Tianjin Veneto, Northeast of Qianjin Road, Southeast of Cuitong Road and southwest of Qiangguo Road, Wuqing District, Tianjin, PRC		683,000,000
		Group II Sub-total:	683,000,000

No.	Property	Market value in existing state as at 31 July 2017 *(RMB)*
Group III — Properties held for development in the PRC		
3.	Zones B and C of Nanjing Scenic Villa, West of Zhaodang Reservoir, Guli Jiedao, Jiangning District, Nanjing, Jiangsu Province, PRC	717,000,000
4.	Phases 2 and 3 of Tianjin Veneto, Northeast of Qianjin Road, Southeast of Cuitong Road and southwest of Qiangguo Road, Wuqing District, Tianjin, PRC	152,000,000
	Group III Sub-total:	869,000,000
	Grand Total:	1,601,200,000

VALUATION CERTIFICATE

Group I — Property held for sale in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2017
1.	Various unsold units of Zone A of Nanjing Scenic Villa, West of Zhaodang Reservoir, Guli Jiedao, Jiangning District, Nanjing, Jiangsu Province, PRC	Nanjing Scenic Villa (the "Development") comprises three parcels of land with a total site area of approximately 110,513.00 sq m (1,189,562 sq ft). The Development is planned to be developed into a large-scale low-density residential development with various ancillary facilities. The Development is located approximately 35 kilometres from the city centre of Nanjing. Developments in the vicinity are dominated by low-density residential developments. The property comprises various unsold units of Zone A of the Development with a total gross floor area of approximately 2,125.41 sq m (22,878 sq ft). Breakdown of areas and uses of the property are listed as follows:	As at the valuation date, the property was vacant.	RMB49,200,000 (Renminbi Forty Nine Million and Two Hundred Thousand)

	Approximate Gross Floor Area sq m	sq ft
Detached Villa	1,111.00	11,959
Semi-detached Villa	366.29	3,943
Low-rise	648.12	6,976
Total	2,125.41	22,878

As advised by the Company, the property was completed in January 2017.

The land use rights of the property have been granted for a term due to expire on 17 January 2081 for residential use.

Notes:

1. Pursuant to the Contract for Grant of Land Use Rights — No. 3201212009CR0086 entered into between Nanjing Land Resources Bureau Jiangning Branch (南京市國土資源局江寧分局) and Jiangsu Jiuxi Construction and Development Co., Ltd. (江蘇九西建設發展有限公司) ("Jiangsu Jiuxi"), an indirect wholly-owned subsidiary of Win Lead Holdings Limited, the land use rights of three parcels of land with a total site area of approximately 110,511.10 sq m have been agreed to be granted to Jiangsu Jiuxi for terms of 40 years and 70 years for commercial, accommodation and beverage and residential uses respectively.

2. Pursuant to the State-owned Land Use Rights Certificate issued by the People's Government of Nanjing — Ning Jiang Guo Yong (2011) Di No. 03804, the land use rights of a parcel of land with a site area of 29,114.40 sq m have been granted to Jiangsu Jiuxi for a term due to expire on 17 January 2081 for residential use.

3. Pursuant to three Pre-sale Permits — Ning Fang Xiao Di Nos. 2015200069, 2015200121 and 2015200143 dated between 29 July 2015 and 14 December 2015, Zone A of the Development were permitted for pre-sale.

4. Pursuant to twenty one Completion Certificates — Nos. 3201151302050101-JX-001 to 021 dated between 5 January 2017 and 9 January 2017, the construction works of Zone A of the Development with a total gross floor area of approximately 34,349.20 sq m have been examined and such examination has been recorded.

   As advised by the Company, the property only comprises portion of the gross floor area as mentioned in the said completion certificates.

5. Pursuant to the following Real Estate Title Certificates, the building ownership of portion of the property with a total gross floor area of approximately 404.64 sq m is vested in Jiangsu Jiuxi. Details of the said certificates are as follows:

Certificate No.	**Gross Floor Area** *(sq m)*	**Usage**
Su (2017) Ning Jiang Bu Dong Chan Quan Di No. 0192426	202.54	Residential
Su (2017) Ning Jiang Bu Dong Chan Quan Di No. 0192427	202.10	Residential

6. As advised by the Company, a semi-detached villa of the property with a gross floor area of approximately 366.29 sq m has been contracted for sales at a consideration of approximately RMB8,300,000 as at the valuation date, which have been taken into account in our valuation.

7. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   i. Jiangsu Jiuxi has possessed the legal ownership of the property and is entitled to transfer, lease, mortgage or by other legal means to dispose of the property except for the pre-sold unit; and

   ii. the property is free from any mortgages.

8. We have issued a valuation report to the Company dated 29 August 2017 for the valuation of the property with a total gross floor area of approximately 2,500.46 sq m as at 30 June 2017 for accounting purpose. The market value of the property as at 30 June 2017 is RMB56,600,000.

VALUATION CERTIFICATE

Group II — Property held for investment in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2017
2.	Phases 1A and 1B of Tianjin Veneto, Northeast of Qianjin Road, Southeast of Cuitong Road and southwest of Qiangguo Road, Wuqing District, Tianjin, PRC	Tianjin Veneto (the "Development") is a large-scale commercial complex with various ancillary facilities erected on two parcels of land with a total site area of approximately 102,032.30 sq m (1,098,276 sq ft). The Development is located approximately 40 kilometres from the city centre of Tianjin. Developments in the vicinity are dominated by various residential developments. The property comprises Phases 1A and 1B of the Development with a total gross floor area of approximately 66,083.92 sq m (711,321 sq ft). It was completed in 2014. Breakdown of areas of the property is listed as follows:	As at the valuation date, portion of the property with a total lettable gross floor area of approximately 21,967.00 sq m was subject to various tenancies with the latest one due to expire on 26 October 2036 at a monthly income of approximately RMB530,000 whilst the remaining portion of the property was vacant.	RMB683,000,000 (Renminbi Six Hundred and Eighty Three Million)

	Approximate Gross Floor Area sq m	sq ft
Phase 1A	30,771.26	331,219
Phase 1B	32,786.50	352,911
Ancillary Facilities	2,526.16	27,191
Total	66,083.92	711,321

The land use rights of the property have been granted for two concurrent terms due to expire on 5 September 2051 and 6 November 2051 for commercial and financial uses respectively.

Notes:

1. Pursuant to 17 Real Estate Title Certificates — Fang Di Zheng Jin Zi Di Nos. 122011515417 to 122011515419, 122011518286 to 122011518289 and 1220815010986 to 1220815010995, dated between 9 June 2015 and 10 July 2015, the building ownership rights of the property with a total gross floor area of 66,083.92 sq m are vested in Summer Great (Tianjin) Co., Ltd. (天津市聖偉房地產開發有限公司) ("Summer Great") and Jiajie (Tianjin) Property Investment Co., Ltd. (嘉傑(天津)置業投資有限公司) ("Jiajie"), both are indirect non wholly-owned subsidiaries of Cosy Rich Limited.

2. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   i. Jiajie and Summer Great have possessed the legal ownership of the property. Except for the mortgaged portion, Jiajie and Summer Great are entitled to transfer, lease, mortgage or by other legal means to dispose of the property; and

   ii. the property is subject to various mortgages.

3. We have issued a valuation report to the Company dated 29 August 2017 for the valuation of the property as at 30 June 2017 for accounting purpose. The market value of the property as at 30 June 2017 is RMB683,000,000.

VALUATION CERTIFICATE

Group III — Properties held for development in the PRC

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2017
3.	Zones B and C of Nanjing Scenic Villa, West of Zhaodang Reservoir, Guli Jiedao, Jiangning District, Nanjing, Jiangsu Province, PRC	Nanjing Scenic Villa (the "Development") comprises three parcels of land with a total site area of approximately 110,513.00 sq m (1,189,562 sq ft). The Development is planned to be developed into a large-scale low-density residential development with various ancillary facilities. The Development is located approximately 35 kilometres from the city centre of Nanjing. Developments in the vicinity are dominated by low-density residential developments. The property comprises Zone B and Zone C of the Development with a total gross floor area of approximately 97,941.33 sq m (1,054,232 sq ft) upon completion. Breakdown of areas and uses of the property are listed as follows:	As at the valuation date, the property was under construction.	RMB717,000,000 (Renminbi Seven Hundred and Seventeen Million) (see Note 11)

	Approximate Gross Floor Area sq m	sq ft
Semi-detached Villa	7,176.17	77,244
Connected Villa	60,966.76	656,240
Corporate Villa	12,723.90	136,960
Car Parking Space	13,370.93	143,923
Facilities	3,703.57	39,865
Total	97,941.33	1,054,232

As advised by the Company, the property is scheduled for completion by December 2019.

The land use rights of the property have been granted for terms due to expire on 17 January 2051 and 17 January 2081 for commercial and residential use respectively.

Notes:

1. Pursuant to the Contract for Grant of Land Use Rights — No. 3201212009CR0086 entered into between Nanjing Land Resources Bureau Jiangning Branch (南京市國土資源局江寧分局) and Jiangsu Jiuxi Construction and Development Co., Ltd. (江蘇九西建設發展有限公司) ("Jiangsu Jiuxi"), an indirect wholly-owned subsidiary of Win Lead Holdings Limited, the land use rights of three parcels of land with a total site area of approximately 110,511.10 sq m have been agreed to be granted to Jiangsu Jiuxi for terms of 40 years and 70 years for commercial, accommodation and beverage and residential uses respectively.

2. Pursuant to two State-owned Land Use Rights Certificates issued by the People's Government of Nanjing, the land use rights of two parcels of land with a total site area of 81,398.60 sq m have been granted to Jiangsu Jiuxi. Details of the said certificates are listed as follows:

Certificate No.	Date of Issuance	Site Area *(sq m)*	Usage	Land Use Term Expiry Date
Ning Jiang Guo Yong (2012) Di No. 21552	2 November 2012	9,955.60	Commercial	17 January 2051
Ning Jiang Guo Yong (2012) Di No. 21934	2 November 2012	71,443.00	Residential	17 January 2081

3. Pursuant to the Planning Permit for Construction Land — Di Zi Di No. 320115201280033 issued by Nanjing Planning Bureau dated 19 October 2012, Jiangsu Jiuxi was permitted to use a parcel of land with a site area of approximately 110,513.00 sq m for development.

4. Pursuant to the Planning Permit for Construction Works — Jian Zi Di No. 320115201410766 issued by Nanjing Planning Bureau dated 25 November 2014, the total approved construction scale of the Development is approximately 138,909.40 sq m.

5. Pursuant to four Commencement Permit for Construction Works — Nos. 320115201511030201, 320115201604140101, 320115201601260101 and 320101920140254 issued by Nanjing Jianning Construction Bureau dated between 24 December 2014 and 14 April 2016, the construction works of Zone B and Zone C of the Development with a total construction scale of approximately 98,613.40 sq m were approved for commencement.

6. Pursuant to two Pre-sale Permits — Nos. Ning Fang Xiao Di 2016200082 and 2016200102 dated between 28 July 2016 and 14 September 2016, portion of Zone B of the Development was permitted for pre-sale.

7. As advised by the Company, the total construction cost expended for the property as at the valuation date was approximately RMB172,000,000, and the estimated outstanding construction cost to be expended as at the valuation date would be approximately RMB411,000,000. We have taken into account the said amounts in our valuation.

8. As advised by the Company, a portion of the property with a total gross floor area of approximately 22,783.27 sq m has been contracted for sales at a total consideration of approximately RMB400,000,000, which have been taken into account in our valuation.

9. The market value of the property as if completed as at the valuation date is in the sum of RMB1,506,000,000.

10. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

    i. Jiangsu Jiuxi has possessed the land use rights of the property and is entitled to transfer, lease, mortgage or by other legal means to dispose of the property within the residual term of its land use rights except for the mortgaged portion;

    ii. Jiangsu Jiuxi has obtained the necessary permits, approvals and certificates for the construction of the property;

    iii. the property is subject to various mortgages;

    iv. Jiangsu Jiuxi is in the process of applying for further extension of the completion date of the property; and

v. Jiangsu Jiuxi might be in breach of the land grant contract due to the delay in the completion of the property. However, according to the information provided by the Company, the cause of delay in completion is due to force majeure or the acts of relevant government authorities. Therefore, Jiangsu Jiuxi may not be liable to bear the consequences of breaching the land grant contract if the Company clearly states the reasons of the delay to the relevant government authorities.

11. As per instructions from the Company, we have disregarded the penalty (if any) for the delay in the completion of the property in undertaking our valuation.

12. We have issued a valuation report to the Company dated 29 August 2017 for the valuation of the property as at 30 June 2017 for accounting purpose. The market value of the property as at 30 June 2017 is RMB711,000,000.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 31 July 2017
4.	Phases 2 and 3 of Tianjin Veneto, Northeast of Qianjin Road, Southeast of Cuitong Road and southwest of Qiangguo Road, Wuqing District, Tianjin, PRC	Tianjin Veneto (the "Development") is a large-scale commercial complex with various ancillary facilities erected on two parcels of land with a total site area of approximately 102,032.30 sq m (1,098,276 sq ft). The Development is located approximately 40 kilometres from the city centre of Tianjin. Developments in the vicinity are dominated by various residential developments. The property comprises Phases 2 and 3 of the Development and is proposed to be developed into a shopping mall with a total gross floor area of approximately 32,640.70 sq m (351,341 sq ft) upon completion. As advised by the Company, the property is estimated to be completed in June 2019. The land use rights of the property have been granted for two concurrent terms due to expire on 5 September 2051 and 6 November 2051 for commercial and financial uses respectively.	As at the valuation date, the construction works of the property were suspended.	RMB152,000,000 (Renminbi One Hundred and Fifty Two Million) (see Notes 10 and 11)

Notes:

1. Pursuant to three State-owned Land Use Rights Grant Contracts issued by Tianjin Municipal Bureau of Land Resources and Housing Administration, Wuqing Land Resources Branch, the land use rights of three parcels of land with a total site area of 102,032.30 sq m have been agreed to be granted to Summer Great (Tianjin) Co., Ltd. (天津市聖偉房地產開發有限公司) ("Summer Great") and Jiajie (Tianjin) Property Investment Co., Ltd. (嘉傑(天津)置業投資有限公司) ("Jiajie"), both are indirect non wholly-owned subsidiaries of Cosy Rich Limited. Details of the said contracts are listed as follows:

Contract No.	Grantee	Date of Contract	Site Area *(sq m)*	Usage	Land Use Term
TJ11182011018	Jiajie	21 July 2011	40,196.20	Commercial and Financial	40 years
TJ11182011019	Jiajie	21 July 2011	31,863.70	Commercial and Financial	40 years
TJ11182011020	Summer Great	21 July 2011	29,972.40	Commercial and Financial	40 years

2. Pursuant to two Tianjin Real Estate Title Certificates issued by Tianjin Municipal Bureau of Land Resources and Housing Administration, the land use rights of two parcels of land with a total site area of 102,032.30 sq m have been granted to Summer Great and Jiajie. Details of the said certificates are listed as follows:

Certificate No.	Registered Owner	Date of Issuance	Site Area *(sq m)*	Usage	Land Use Term Expiry Date
Feng Di Zheng Jin Zi Di No. 122051101246	Summer Great	2 December 2011	29,972.40	Commercial and Financial	6 November 2051
Feng Di Zheng Jin Zi Di No. 122051200189	Jiajie	27 March 2012	72,059.90	Commercial Service	5 September 2051

3. Pursuant to two supplementary agreements to State-owned Land Use Right Grant Contracts Nos. TJ11182011018, TJ11182011019 and TJ11182011020 signed between Tianjin Municipal Bureau of Land Resources and Housing Administration, Wuqing Land Resources Branch and Jiajie and also Summer Great on 5 November 2014, the completion date of the construction works has been amended to 31 May 2016.

4. Pursuant to two Planning Permits for Construction Land — Nos. 2011 Wu Qing Di Zheng 0223 and 2012 Wu Qing Di Zheng 0057 issued by Tianjin Wuqing Planning Bureau dated 30 December 2011 and 22 March 2012 respectively, Jiajie and Summer Great were permitted to use two parcels of land with a total site area of approximately 102,032.30 sq m for development.

5. Pursuant to three Planning Permits for Construction Works — Nos. 2014 Wu Qing Jian Zheng 0083, 2014 Wu Qing Jian Zheng 0084 and 2014 Wu Qing Jian Zheng 0085 issued by Tianjin Wuqing District Planning Bureau dated between 11 April 2014 and 18 April 2014, the total approved construction scale for Phases 2 and 3 of the Development is approximately 76,841.36 sq m (including below ground area of 9,826.89 sq m).

6. Pursuant to two Commencement Permits for Construction Works — Nos. 1201142014121204171 and 1201142014121203171 issued by Tianjin Wuqing District Construction Administration Bureau both dated 12 December 2014, the construction works with a total construction scale of 76,841.36 sq m for Phases 2 and 3 of the Development were permitted for commencement.

7. As advised by the Company, the total construction cost expended for the property as at the valuation date was approximately RMB69,700,000. We have taken into account the said amount in our valuation.

8. The market value of the property as if completed as at the valuation date is in the sum of RMB420,000,000.

9. We have been provided with a legal opinion on the title to the property issued by the Company's PRC legal adviser, which contains, inter alia, the following information:

   i. Jiajie and Summer Great have possessed the land use rights of the property and is entitled to transfer, lease, mortgage or by other legal means to dispose of the property within the residual term of its land use rights except for the mortgaged portion;

   ii. Jiajie and Summer Great have obtained the necessary permits, approvals and certificates for the construction of the property;

iii. the property is subject to various mortgages;

iv. Jiajie and Summer Great are in the process of applying for further extension of the completion date of the property; and

v. due to the delay in completion of the property, Jiajie and Summer Great are liable to a penalty for such delay. However, as advised by the Company, the delay in the completion of the property was not just made by the Company unilaterally. In the circumstances, the Company can liaise with the relevant government authorities to clearly state the reasons for the delay in the completion in order to either reduce or waive the penalty.

10. As per instructions from the Company, we have disregarded the penalty (if any) for the delay in the completion of the property in undertaking our valuation.

11. Pursuant to the development proposal supplied by the Company, the total gross floor area of the proposed development will be approximately 32,640.70 sq m upon completion which is less than the total construction scale as stated in the Planning Permits for Construction Works mentioned in Note 5. As per specific instructions from the Company, we have only valued the property based on the latest proposed development with a total gross floor area of approximately 32,640.70 sq m.

12. We have also issued a valuation report to the Company dated 29 August 2017 for the valuation of the property as at 30 June 2017 for accounting purpose. The market value of the property as at 30 June 2017 is RMB152,000,000.

1. RESPONSIBILITY STATEMENT

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular 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 any statement herein or this circular misleading.

2. DISCLOSURE OF INTERESTS OF DIRECTORS AND CHIEF EXECUTIVE

At the Latest Practicable Date, the interests and short positions of the Directors and chief executive of the Company in the shares of the Company which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code for Securities Transactions by Directors of Listed Issuers set out in Appendix 10 of the Listing Rules (the "Model Code") or which were required to be entered in the register required to be kept under section 352 of the SFO were as follows:

Long positions in shares of the Company

	Number of shares				Approximate percentage of issued shares
Name of Director	**Personal interests**	**Family interests**	**Other interests**	**Total**	*(Note 1)*
Mr. Lo Hong Sui, Vincent	—	312,000 *(Note 2)*	234,381,000 *(Note 3)*	234,693,000	48.44%
Mr. Wong Yuet Leung, Frankie	3,928,000	—	—	3,928,000	0.81%

Notes:

1. Based on 484,410,164 shares of the Company in issue at the Latest Practicable Date.

2. These shares were beneficially owned by Ms. Loletta Chu ("Mrs. Lo"), the spouse of Mr. Lo Hong Sui, Vincent ("Mr. Lo"). Under the SFO, Mr. Lo was deemed to be interested in such shares and both Mr. Lo and Mrs. Lo were also deemed to be interested in 234,381,000 shares mentioned in Note 3 below.

3. These shares were beneficially owned by Shui On Company Limited ("SOCL"). Of these 234,381,000 shares beneficially owned by SOCL, 232,148,000 shares were held by SOCL itself and 2,233,000 shares were held by Shui On Finance Company Limited, an indirect wholly-owned subsidiary of SOCL. SOCL was owned by the Bosrich Unit Trust, the trustee of which was Bosrich Holdings (PTC) Inc. ("Bosrich"). The units of the Bosrich Unit Trust were the property of a discretionary trust, of which Mr. Lo was one of the discretionary beneficiaries and HSBC International Trustee Limited ("HSBC Trustee") was the trustee. Accordingly, Mr. Lo, Mrs. Lo, HSBC Trustee and Bosrich were deemed to be interested in such shares under the SFO.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or chief executive of the Company had any interests or short positions in the shares, underlying shares and debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required to be notified to the Company and the Stock Exchange pursuant to the provisions of Divisions 7 and 8 of Part XV of the SFO (including interests or short positions which they were taken or deemed to have been taken under such provisions of the SFO) or the Model Code or which were required to be entered in the register required to be kept under section 352 of the SFO.

At the Latest Practicable Date, there was no contract or arrangement subsisting in which any of the Directors was materially interested and which was significant in relation to the business of the Enlarged Group.

Certain tenancy agreements subsist between certain members of the Group as lessees and certain subsidiaries of SOCL (being a company controlled by Mr. Lo) as lessors in respect of the leasing of certain office premises owned by the group companies of SOCL in Hong Kong and the PRC, the aggregate amount of the rental and management fees of which was approximately HK$1.5 million for the nine-month period ended 30 September 2017. Save as disclosed above, since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up), none of the Directors had any direct or indirect interest in any assets which had been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group.

At the Latest Practicable Date, save as disclosed below, none of the Directors was a director or an employee of a company which had an interest or short position in the shares and underlying shares of the Company which would fall to be disclosed to the Company under the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Director	Name of company which had such discloseable interest or short position	Position within such company
Mr. Lo Hong Sui, Vincent	SOCL	director
Mr. Wong Yuet Leung, Frankie	SOCL	director

3. SERVICE CONTRACTS

At the Latest Practicable Date, none of the Directors had entered or proposed to enter into, with any member of the Group, a service contract which is not expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation).

4. COMPETING BUSINESS INTERESTS OF DIRECTORS

At the Latest Practicable Date, the following Directors were considered to have interests in the business, which competed or was likely to compete, either directly or indirectly, with the business of the Group pursuant to Rule 8.10 of the Listing Rules as set out below:

(a) Mr. Lo is a director and the controlling shareholder of SOCL which, through its subsidiaries, including (among others) Shui On Land Limited ("SOL"), principally engages in property development and investment projects in the PRC.

(b) Mr. Lo is a director of Great Eagle Holdings Limited which, through its subsidiaries, engages in (among others) property development and investment, and trading of building materials in the PRC.

(c) Mr. Wong Yuet Leung, Frankie is a director of SOCL which, through its subsidiaries, including (among others) SOL, principally engages in property development and investment projects in the PRC.

As the Board is independent from the boards of directors of the aforesaid companies and the above Directors are unable to control the Board, the Group is capable of carrying on its business independently of, and at arm's length from, the businesses of such companies.

Save as disclosed above, at the Latest Practicable Date, none of the Directors or their respective close associates had any interest in the business, which competed or was likely to compete, either directly or indirectly, with the business of the Group (as would be required to be disclosed under Rule 8.10 of the Listing Rules as if each of them were a controlling shareholder).

5. LITIGATION

At the Latest Practicable Date, there was no litigation or claim of material importance known to the Directors to be pending or threatened against any member of the Enlarged Group.

6. MATERIAL CONTRACTS

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by the members of the Enlarged Group within the two years immediately preceding the issue of this circular, which were or might be material:

(a) supplemental guarantee restructuring deeds dated 17 October 2016 and 17 October 2017 entered into between the Company and China Cinda Asset Management Co., Ltd., Beijing Branch ("CCAM") whereby CCAM agreed not to demand the fulfillment of the Company's guarantee obligations under the corporate guarantee dated 2 April 2007 entered into by the Company in favour of the original lending bank for a loan granted to Beijing ZhongTian HongYe Real Estate Consulting Co., Ltd. (a former wholly-owned subsidiary of China Central Properties Limited, which was previously an associate of the Company and, since

June 2009, has become an indirect wholly-owned subsidiary of the Company) in an outstanding principal amount of approximately RMB542 million, which was subsequently acquired by CCAM, for a period up to 18 October 2018 in consideration of the Company paying compensation fees in a total amount of RMB24 million to CCAM;

(b) a contribution agreement dated 31 December 2015 entered into among Main Zone Group Limited ("Main Zone", a wholly-owned subsidiary of the Company), Innovate Zone Group Limited ("Innovate Zone", a wholly-owned subsidiary of SOL), Many Gain International Limited ("Many Gain", a wholly-owned subsidiary of Yida China Holdings Limited ("Yida"), together with Main Zone and Innovate Zone, the "JV Shareholders") and Richcoast Group Limited ("Richcoast", together with its subsidiaries, the "Dalian Group", which holds a property project known as Dalian Tiandi located in Dalian, the PRC (the "Dalian Project")) whereby the JV Shareholders agreed, among other things, to provide additional funding to the Dalian Group by way of shareholders' loans in an aggregate amount of not exceeding RMB781 million for the Dalian Project, which shall be contributed by Main Zone as to approximately RMB171.8 million, Innovate Zone as to approximately RMB374.9 million and Many Gain as to approximately RMB234.3 million in proportion to the effective interests of 22%, 48% and 30% held by the Company, SOL and Yida in the Dalian Group respectively;

(c) a sale and purchase agreement dated 4 January 2016 entered into between Link Reach Holdings Limited ("Link Reach", an indirect wholly-owned subsidiary of the Company) as vendor and Angel View International Limited ("Angel View") as purchaser whereby Angel View agreed to (i) acquire from Link Reach its entire share interest in New Prime Investments Limited ("New Prime", which via a project company established in the PRC, namely 遵義天時利房地產開發有限公司 (Zunyi Tinsley Real Estate Development Co., Ltd.*) ("Zunyi Tinsley"), holds two land parcels located in Zunyi, Guizhou, the PRC for property development) together with the outstanding shareholder's loan owed by New Prime to Link Reach; and (ii) provide a loan to Zunyi Tinsley for its settlement of the advances owed by it to an onshore affiliate of Link Reach, for a total transaction amount of approximately RMB388 million;

(d) a framework agreement dated 29 August 2016 entered into between Great Market Limited ("Great Market", an indirect wholly-owned subsidiary of the Company) as vendor and 江蘇南碧房地產開發有限公司 (Jiangsu Nan Bi Property Development Co., Ltd.*) ("Jiangsu Nan Bi") as purchaser whereby Jiangsu Nan Bi agreed to (i) acquire 35% equity interest in Nanjing Jiangnan Cement Co., Ltd. ("Nanjing Jiangnan Cement", which principally engages in manufacturing and trading of cement in Nanjing, the PRC) from Great Market; and (ii) provide loans to Nanjing Jiangnan Cement for its partial settlement of the advances owed by it to Great Market and its affiliates, for a total transaction amount of approximately RMB147.6 million (subject to adjustment);

* *For identification purpose only*

(e) a sale and purchase agreement dated 4 August 2017 entered into between the Company as seller and seven employees of the Group (the "Employees", including, among others, Mr. Choi Yuk Keung, Lawrence, Mr. Chan Ngai Shing, David, Mr. Ng Yat Hon, Gilbert and Mr. Lee Kwok Fai) as purchasers whereby the Employees, pursuant to an employee equity participation arrangement, agreed to acquire from the Company an aggregate of 15% share interest in Shui On Contractors Limited (which, via its subsidiaries, principally engages in the construction business in Hong Kong and Macau) for a total consideration of HK$75 million;

(f) the CR Sale and Purchase Agreement; and

(g) the WL Sale and Purchase Agreement.

7. EXPERTS' QUALIFICATIONS AND CONSENTS

The following are the qualifications of the experts who have given their opinions or advice, which are contained in this circular:

Name	Qualification
Deloitte Touche Tohmatsu	Certified Public Accountants
Savills	Independent professional property valuer
Zhong Lun Law Firm	PRC legal adviser

Deloitte Touche Tohmatsu, Savills and Zhong Lun Law Firm have given and have not withdrawn their respective written consents to the issue of this circular with the inclusion of their letters, reports and/or summary of their opinions (as the case may be) and references to their names in the form and context in which they respectively appear herein.

Deloitte Touche Tohmatsu, Savills and Zhong Lun Law Firm have confirmed that, at the Latest Practicable Date:

(a) they did not have any shareholding, directly or indirectly, in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group;

(b) they did not have any direct or indirect interest in any assets which had since 31 December 2016 (being the date to which the latest published audited consolidated financial statements of the Group were made up) been acquired or disposed of by or leased to any member of the Enlarged Group, or were proposed to be acquired or disposed of by or leased to any member of the Enlarged Group;

(c) the reports of Deloitte Touche Tohmatsu are given as of the date of this circular for incorporation herein;

(d) the property valuation report of Savills is given as of the date of this circular for incorporation herein; and

(e) the opinion of Zhong Lun Law Firm is given as of the date of this circular and has been provided to Savills for the purpose of preparing the property valuation report.

8. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during business hours at the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong from the date of this circular up to and including 13 November 2017:

(a) the memorandum of association and bye-laws of the Company;

(b) the annual reports of the Company for the years ended 31 December 2015 and 2016;

(c) the interim report of the Company for the six months ended 30 June 2017;

(d) the material contracts referred to in the section headed "Material Contracts" in this appendix;

(e) the accountants' reports of the Target Groups from Deloitte Touche Tohmatsu, the text of which is set out in Appendix II to this circular;

(f) the report from Deloitte Touche Tohmatsu on the unaudited pro forma financial information of the Enlarged Group, the text of which is set out in Appendix III to this circular;

(g) the property valuation report from Savills, the text of which is set out in Appendix V to this circular;

(h) the written consents referred to in the section headed "Experts' Qualifications and Consents" in this appendix; and

(i) this circular.

9. MISCELLANEOUS

(a) The company secretary of the Company is Ms. Chan Yeuk Ho, Karen, an Associate of The Institute of Chartered Secretaries and Administrators and The Hong Kong Institute of Chartered Secretaries.

(b) The principal share registrar and transfer office of the Company is Conyers Corporate Services (Bermuda) Limited, Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda.

(c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Standard Limited, Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(d) The registered office of the Company is at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda. The head office and principal place of business of the Company in Hong Kong is at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong.

(e) The English text of this circular shall prevail over the Chinese text, in case of any inconsistency.

瑞安建業有限公司*
SOCAM Development Limited
(Incorporated in Bermuda with limited liability)
(Stock Code: 983)

NOTICE IS HEREBY GIVEN that a special general meeting of SOCAM Development Limited (the "Company") will be held at Oasis Room, 8th Floor, Renaissance Harbour View Hotel Hong Kong, 1 Harbour Road, Wanchai, Hong Kong on Monday, 13 November 2017 at 3:00 p.m. for the purpose of considering and, if thought fit, passing (with or without amendments) the following resolution as an ordinary resolution of the Company:

ORDINARY RESOLUTION

"**THAT**:

(a) the entering into of the CR Sale and Purchase Agreement (as defined in the circular of the Company dated 24 October 2017 (the "Circular"), a copy of which agreement is tabled at the meeting and marked "A" and signed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder, including the CR Acquisition (as defined in the Circular), be hereby approved, ratified and confirmed;

(b) the entering into of the WL Sale and Purchase Agreement (as defined in the Circular, a copy of which agreement is tabled at the meeting and marked "B" and signed by the chairman of the meeting for identification purpose) and the transactions contemplated thereunder, including the WL Acquisition (as defined in the Circular), be hereby approved, ratified and confirmed; and

(c) the directors of the Company be hereby authorised for and on behalf of the Company to execute any such documents, instruments and agreements and to do any such acts or things as may be deemed by such directors in their absolute discretion to be incidental to, ancillary to or in connection with the CR Sale and Purchase Agreement, the WL Sale and Purchase Agreement and the transactions contemplated thereunder."

By Order of the Board
SOCAM Development Limited
Chan Yeuk Ho, Karen
Company Secretary

Hong Kong, 24 October 2017

* *For identification purpose only*

Notes:

(1) Any shareholder entitled to attend and vote at the above meeting or any adjournment or postponement thereof (as the case may be) is entitled to appoint one or more proxies to attend and, on a poll, vote in his/her stead. A proxy need not be a shareholder of the Company.

(2) To be valid, a form of proxy, together with the power of attorney or other authority (if any) under which it is signed, or a certified copy thereof, must be lodged with the head office of the Company at 34th Floor, Shui On Centre, 6-8 Harbour Road, Hong Kong not later than 48 hours before the time appointed for holding the meeting or any adjournment or postponement thereof (as the case may be). Completion and return of the proxy form will not preclude a shareholder from attending and voting in person at the meeting or any adjournment or postponement thereof (as the case may be) should he/she so wish.

(3) In accordance with Rule 13.39(4) of the Listing Rules, the above resolution will be put to vote at the meeting by way of poll. An explanation of the detailed procedures of voting by poll will be provided to the shareholders at the meeting.

(4) For the purpose of determining the shareholders' entitlement to attend and vote at the meeting, the register of members of the Company will be closed from Wednesday, 8 November 2017 to Monday, 13 November 2017 (both dates inclusive), during which period no transfer of shares will be registered. In order to be eligible to attend and vote at the meeting, all completed transfer documents accompanied by the relevant share certificates must be lodged with the Company's branch share registrar in Hong Kong, Tricor Standard Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, for registration not later than 4:30 p.m. on Tuesday, 7 November 2017.

(5) If a Typhoon Signal No.8 or above is hoisted or a Black Rainstorm Warning Signal is in force at or at any time after 1:00 p.m. on the day of the meeting, the meeting will be postponed to a later date. In this event, the Company will, as soon as practicable, post an announcement on its website and on the website of the Stock Exchange to notify shareholders of the date, time and place of the postponed meeting.

The meeting will be held as scheduled when an Amber or Red Rainstorm Warning Signal is in force. Shareholders should decide on their own whether they would attend the meeting under unfavourable weather conditions bearing in mind their own situations.