



Thing On Enterprise Limited
晉安實業有限公司

(Incorporated in the Cayman Islands with limited liability)

Stock Code : 2292

GLOBAL OFFERING

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



IMPORTANT

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



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(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering	:	180,000,000 Shares (subject to the Over-allotment Option)
Number of Hong Kong Offer Shares	:	18,000,000 Shares (subject to adjustment)
Number of International Offer Shares	:	162,000,000 Shares (subject to adjustment and the Over-allotment Option)
Offer Price	:	not more than HK\$1.24 per Offer Share and expected to be not less than HK\$1.00 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)
Nominal Value	:	HK\$0.00005 per Share
Stock Code	:	2292

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager



KGI Capital Asia Limited

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

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

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or about Monday, 8 January 2018 and, in any event, not later than Friday, 12 January 2018. The Offer Price will be not more than HK\$1.24 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share unless otherwise announced. The Sole Global Coordinator (for itself and on behalf of the Underwriters), may, with our consent, reduce the number of Offer Shares and/or the Offer Price range below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such case, notices of the reduction in the number of Offer Shares and/or the Offer Price range will be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese), and on the website of our Company at www.toenterprise.com and the website of the Stock Exchange at www.hkexnews.hk not later than the morning of the last day for lodging applications under the Hong Kong Public Offering. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus. If, for any reason, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price, the Global Offering (including the Hong Kong Public Offering) will not proceed and will lapse.

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

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement to subscribe for, and to procure applicants for the subscription for, the Hong Kong Offer Shares, are subject to termination by the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) if certain grounds arise prior to 8:00 a.m. on the day that trading in the Offer Shares commences on the Stock Exchange. Such grounds are set out in "Underwriting — Hong Kong Public Offering — Grounds for termination" in this prospectus. It is important that you refer to that section for further details.

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities law in the United States and may not be offered, sold, pledged or transferred within the United States or to, or for the account or benefit of, U.S. persons, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act. The Offer Shares are being offered and sold outside the United States in offshore transactions in reliance on Regulation S under the U.S. Securities Act.

28 December 2017

EXPECTED TIMETABLE

- Latest time to complete electronic applications under
HK eIPO White Form service through the designated
website at **www.hkeipo.hk** (*Note 2*) 11:30 a.m. on Monday,
8 January 2018
- Application lists of the Hong Kong Public Offering open (*Note 3*) 11:45 a.m. on Monday,
8 January 2018
- Latest time to complete payment of **HK eIPO White Form**
applications by effecting internet banking transfer(s) or
PPS payment transfer(s) 12:00 noon on Monday,
8 January 2018
- Latest time to give **electronic application instructions**
to HKSCC (*Note 4*) 12:00 noon on Monday,
8 January 2018
- Latest time to lodge **WHITE** and **YELLOW** Application Forms 12:00 noon on Monday,
8 January 2018
- Application lists of the Hong Kong Public Offering close 12:00 noon on Monday,
8 January 2018
- Expected Price Determination Date (*Note 5*) Monday, 8 January 2018
- Announcement of the Offer Price, level of indications of
interest in the International Offering, the basis of allotment
and the results of applications in the Hong Kong Public Offering
to be published in the South China Morning Post (in English) and
the Hong Kong Economic Times (in Chinese), our website at
www.toenterprise.com and the website of the Stock Exchange at
www.hkexnews.hk on Monday, 15 January 2018
- Announcement of results of allocations in the Hong Kong
Public Offering (with successful applicants' identification
document numbers, where appropriate) to be available
through a variety of channels including our website
at **www.toenterprise.com** and the website of the Stock Exchange
at **www.hkexnews.hk** (for further details, please
see "How to Apply for the Hong Kong Offer Shares
— Publication of Results" in this prospectus) from Monday, 15 January 2018
- Results of allocations in the Hong Kong Public Offering will
be available at **www.tricor.com.hk/ipo/result** with a "search
by ID Number/Business Registration Number" function on Monday, 15 January 2018

EXPECTED TIMETABLE

Despatch of **HK eIPO White Form** e-Auto Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications and wholly or partially successful applications (if applicable) pursuant to the Hong Kong Public Offering on or before (*Notes 6 to 8*) Monday, 15 January 2018 (*Note 1*)

Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before (*Notes 6 & 7*) Monday, 15 January 2018

Dealings in the Shares on the Stock Exchange expected to commence on 9:00 a.m. on Tuesday, 16 January 2018

The application for the Hong Kong Offer Shares will commence on Thursday, December 28, 2017 through Monday, January 8, 2018, being slightly longer than normal market practice of four days. The application monies (including the brokerages, SFC transaction levies and Hong Kong Stock Exchange trading fees) will be held by the receiving bank on behalf of the Company and the refund monies, if any, will be returned to be applicants without interest on Monday, January 15, 2018. Investors should be aware that the dealings in the shares on the Stock Exchange are expected to commence on Tuesday, January 16, 2018.

Notes:

1. All times and dates refer to Hong Kong local times and dates, except as otherwise stated. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure of the Global Offering” in this prospectus.
2. You will not be permitted to submit your application through the designated website at www.hkeipo.hk after 11:30 a.m. on the last day for submitting applications. If you have already submitted your application and obtained a payment reference number from the designated website prior to 11:30 a.m., you will be permitted to continue the application process (by completing payment of application monies) until 12:00 noon on the last day for submitting applications, when the application lists close.
3. If there is a “**black**” rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 8 January 2018, the application lists will not open on that day. For further details, please see the section headed “How to Apply for the Hong Kong Offer Shares — Effect of Bad Weather on the Opening of the Application Lists” in this prospectus.
4. Applicants who apply for Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC should refer to “How to apply for the Hong Kong Offer Shares — Applying by Giving Electronic Application Instructions to HKSCC via CCASS” in this prospectus.
5. The Price Determination Date is expected to be on or around Monday, 8 January 2018. If, for any reason, the Offer Price is not agreed on or before Friday, 12 January 2018 between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters), the Global Offering will not proceed and will lapse accordingly.
6. Share certificates for the Hong Kong Offer Shares are expected to be issued on or before Monday, 15 January 2018 but will only become valid certificates of title provided that (a) the Global Offering has become unconditional in all respects; and (b) none of the Underwriting Agreements has been terminated in accordance with its terms.
7. Applicants for 1,000,000 Hong Kong Offer Shares or more on **WHITE** Application Forms or through the **HK eIPO White Form** service who provided all information required by your Application Form, you may collect their refund cheques (where relevant) and/or Share certificates (where relevant) personally may collect refund cheques (where relevant) and/or Share certificates (where relevant) from our Hong Kong Share Registrar from 9:00 a.m. to 1:00 p.m. on Monday, 15 January 2018 or any other day that we publish in the newspaper as the date of despatch of Share certificates/e-Auto Refund payment instructions/refund cheques.

EXPECTED TIMETABLE

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

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

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

8. e-Auto Refund payment instructions/refund cheques will be despatched in respect of wholly or partially unsuccessful applications and in respect of successful applications if the Offer Price is less than the maximum Offer Price of HK\$1.24 per Offer Share.

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

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IMPORTANT NOTICE TO INVESTORS

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

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor and the Underwriters have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus or the Application Forms must not be relied on by you as having been authorized by us, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor, any of the Underwriters, any of our or their respective directors, officers, representatives or advisers or any other person involved in the Global Offering.

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SUMMARY

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

OUR BUSINESS

Overview

We engage in property investment in Hong Kong with a principal focus in office, retail and industrial properties leasing and in the property management business. Our investment property portfolio covers Grade A office space in core business areas, retail shops in prime urban areas, and industrial building units in a developed urban area. As at the Latest Practicable Date, we owned an investment property portfolio of 36 properties with an aggregate saleable area of approximately 92,136 sq.ft.* and a total value attributable to our Group of approximately HK\$1,619.1 million as at 30 September 2017 as valued by the Property Valuer. As at the Latest Practicable Date, we had an investment property portfolio comprising (i) office; (ii) retail; and (iii) industrial properties with a total saleable area of approximately 36,049 sq.ft., 21,107 sq.ft., and 34,980 sq.ft., respectively*, and a total value attributable to our Group of HK\$989.6 million, HK\$501.5 million and HK\$128.0 million as at 30 September 2017, respectively. As at 31 December 2014, 2015 and 2016 and 30 September 2017, the fair value of our investment properties in our portfolio attributable to our Group amounted to approximately HK\$1,385.9 million, HK\$1,305.0 million, HK\$1,639.1 million and HK\$1,619.1 million, respectively. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, we recorded net aggregate fair value gain on our investment properties of approximately HK\$77.6 million, HK\$115.5 million, HK\$214.3 million and HK\$77.9 million, respectively.

We lease our investment properties for recurring rental income, which is our principal source of revenue. We also provide related value-added property management services to our tenants. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our Group recorded rental income of approximately HK\$33.1 million, HK\$33.6 million, HK\$37.1 million and HK\$21.2 million, respectively, of which approximately 72.3%, 69.3%, 63.4% and 57.9%, respectively, was derived from rental of office properties, approximately 13.2%, 16.4%, 18.4% and 24.2%, respectively, was derived from rental of retail properties and approximately 14.5%, 14.3%, 18.2% and 17.9%, respectively, was derived from rental of industrial properties.

During the Track Record Period and up to the Latest Practicable Date, we acquired 26 investment properties and disposed five investment properties. Among all these properties we acquired during the Track Record Period, 23 properties were acquired in 2016, of which 21 properties were located in the

* The figures included the whole of Property 31 (of which we are interested in one-third share).

SUMMARY

same building, i.e. Wanchai Commercial Centre comprising Properties 4 to 21 (Wanchai Office Properties) and Properties 30 to 32 (Wanchai Retail Properties). We set out below a brief analysis of the contribution of the Wanchai Properties to our Group for the periods indicated:

	Effective rental return by market value of the relevant properties for the six months ended 30 June 2017 <i>(Note 1)</i>	Occupancy rate as at 30 June 2017 <i>(Note 2)</i>	Saleable area as at 30 September 2017 <i>(Note 3)</i>	Fair value attributable to our Group as at 30 September 2017
Wanchai Properties	2.4%	97.0%	26,290 sq.ft.	HK\$481.6 million
All investment properties	2.5%	98.3%	92,136 sq.ft.	HK\$1,619.1 million
Wanchai Properties as a percentage of all investment properties	N/A	N/A	28.5%	29.7%

Notes:

1. The effective rental return by market value of the relevant properties is calculated by dividing the annualized average effective monthly rental by the fair value of such properties as at the end of the relevant period.
2. Occupancy rate is calculated based on saleable area of the properties.
3. The figures included the whole of Property 31 (of which we are interested in one-third share).

Commencing in January 2016, we extended the provision and scope of property management services to other property owners which are Independent Third Parties for property management fees. For the year ended 31 December 2016, we were engaged by other independent property owners to provide property management services. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our Group recorded property management fee income of approximately HK\$3.6 million, HK\$3.9 million, HK\$4.2 million and HK\$2.5 million, respectively. The property management fee income contributed approximately 9.9%, 10.4%, 10.2% and 10.6% of our Group's total revenue for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

SUMMARY

Investment Property Portfolio

Among all the listed companies in Hong Kong, the Industry Consultant considered 15 listed companies that are comparable with us in terms of industry, market capitalization and the net fixed asset value. Based on the information available in the most recent annual reports or interim reports of these 15 listed companies in the year of 2017, we ranked 10th in terms of the gross yield and 13th in terms of fair value of investment properties.

Our office spaces are located in core business areas, namely, Central and Wan Chai. Our retail premises are located in prime urban areas with convenient access to public transportation, including Wan Chai, North Point, Mong Kok and Kwun Tong.

The chart below shows the breakdown of our investment property portfolio by location (Hong Kong Island and Kowloon) and by type of property (office/retail/industrial), on the basis of fair value attributable to the Group as at 31 December 2014, 2015, 2016 and 30 September 2017 as valued by the Property Valuer.

Investment Properties	Fair value attributable to the Group as at 31 December						Fair value attributable to the Group as at 30 September	
	2014		2015		2016		2017*	
	(HK\$' 000)	%	(HK\$' 000)	%	(HK\$' 000)	%	(HK\$' 000)	%
Hong Kong Island								
Office	1,084,900	78.3%	945,100	72.4%	903,700	55.1%	989,610	61.1%
Retail	118,600	8.6%	123,100	9.4%	361,070	22.0%	372,067	23.0%
Industrial	102,000	7.4%	114,020	8.7%	118,000	7.2%	128,000	7.9%
Kowloon								
Retail	80,400	5.8%	122,800	9.4%	124,200	7.6%	129,400	8.0%
Industrial	0	0.0%	0	0.0%	132,130	8.1%	0	0.0%
Total:	<u>1,385,900</u>	<u>100.0%</u>	<u>1,305,020</u>	<u>100.0%</u>	<u>1,639,100</u>	<u>100.0%</u>	<u>1,619,077</u>	<u>100.0%</u>

* The figures excluded Disposed Property 5 since it was disposed on 16 May 2017.

SUMMARY

The chart below shows the breakdown of our investment property portfolio by location (Hong Kong Island and Kowloon) and by type of property (office/retail/industrial), on the basis of saleable area as at the Latest Practicable Date derived from property valuation report set out in Appendix III to this prospectus.

Investment Properties	Number of properties	Saleable area <i>approximate sq. ft.</i>
Hong Kong Island		
Office	21	36,049
Retail	11	13,883 [#]
Industrial	1	34,980
Kowloon		
Retail	3	7,224
Industrial	—	—
Total:	<u>36</u>	<u>92,136</u>

The figures included the whole of Property 31 (of which we are interested in one-third share).

Rental Income

The monthly rental derived from our properties is the principal source of our income. During the Track Record Period, we were able to steadily increase our rental income and did not experience any material fluctuations.

The following table sets out the average effective monthly rental per sq. ft. and average effective rental return of our property portfolio in Hong Kong during the Track Record Period:

Investment Properties	Average effective monthly rental per sq.ft.				Average effective rental return ^(Note 2)			
	Year ended 31 December		Six months ended 30 June		Year ended 31 December		Six months ended 30 June	
	2014	2015	2016	2017	2014	2015	2016	2017
	<i>HK\$/sq.ft.</i>	<i>HK\$/sq.ft.</i>	<i>HK\$/sq.ft.</i>	<i>HK\$/sq.ft.</i>	%	%	%	%
Hong Kong Island								
Office	52.2	60.4	52.0	54.4	2.3%	2.4%	2.4%	2.4%
Retail	85.8	96.2	57.8	58.0	2.5%	2.7%	2.3%	2.3%
Industrial	11.4	11.4	11.4	11.4	4.7%	4.4%	4.1%	3.8%
Kowloon								
Retail	24.7	42.2	42.2	24.7	2.4%	3.0%	2.9%	2.3%
Industrial	N/A	N/A	39.0	32.5	N/A	N/A	3.3%	2.8%

SUMMARY

Note 1: N/A means no rental income was generated in the relevant year

Note 2: The average effective rental return of each group of properties held by the Group during the Track Record Period (including those which had been disposed of) is calculated as the weighted average of effective monthly rental return by market value for those investment which had been leased out with respect to the market value in each group of properties for the respective year/period.

Note 3: For disposed properties which do not have fair value in the relevant year, reference is made to the fair value of such properties in the previous year.

PROPERTY VALUATION REPORT

Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent property valuer, valued the market values of our property interests as at 30 September 2017. Please see the section headed “Appendix III — Property Valuation Report” in this prospectus for further details. In connection with the valuation, except for Property 29 (advertising spaces), the Property Valuer applied the direct comparison approach for the property interests, assuming sale of the property interests in their existing state with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the relevant market. For Property 29 (advertising spaces), the Property Valuer has valued the property interest by income approach by taking into account the rental income of the properties achievable in the existing market, which has been capitalized to determine the market value at an appropriate capitalization rate.

In conducting its valuation, the Property Valuer has made certain assumptions. You are advised that the appraised value of our property interests should not be taken as their actual realizable value or a forecast of their realizable value. Please see the section headed “Risk Factors — Risks relating to our business — Our results may fluctuate due to increases or decreases in the appraised fair value of our investment properties and the appraised fair value of our investment properties may differ from the actual realizable value and is subject to change” of this prospectus.

For additional details of our property portfolio, please refer to the paragraph “Investment Property Portfolio” in the section headed “Business” of this prospectus and the section headed “Property Valuation” in Appendix III to this prospectus.

SUMMARY

Sensitivity Analysis

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our gain arising from changes in fair value of investment properties on our profit before tax during the Track Record Period, assuming all other variables remain constant. Fluctuations in our gain arising from changes in fair value of investment properties are assumed to be 10%, 20% and 30%.

	Changes in %		
	+/- 10%	+/- 20%	+/- 30%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hypothetical fluctuations			
Increase/decrease in profit before tax for the respective year/period			
Year ended 31 December 2014.....	+/-7,762	+/-15,524	+/-23,287
Year ended 31 December 2015.....	+/-11,554	+/-23,108	+/-34,662
Year ended 31 December 2016.....	+/-21,427	+/-42,853	+/-64,280
Six months ended 30 June 2017	+/-7,787	+/-15,572	+/-23,359

Prospective investors should note that the above sensitivity analysis is for reference only and should not be viewed as an actual effect.

Property Acquisitions and Divestments

The following table sets out the movement of our investment properties during the Track Record Period and up to the Latest Practicable Date:

Number of investment properties	Year ended 31 December			Six months ended 30 June	Period subsequent to the Track Record Period and up to the Latest Practicable Date
	2014	2015	2016	2017	Date
As at the beginning of the relevant period	15	16	16	38	36
Acquisitions during the relevant period	1	2	23	0	0
Disposals during the relevant period	0	2	1	2	0
As at the end of the relevant period	16	16	38	36	36

SUMMARY

Occupancy rate

As at the Latest Practicable Date, over 98.3% of the saleable area of our investment properties were subject to lease, involving a total of 40 tenancy agreements and/or arrangement. As at 31 December 2014, 2015 and 2016 and 30 June 2017, the occupancy rates of our investment properties during the Track Record Period are summarized as follows:

Historical occupancy rates

	As at 31 December			As at 30 June
	2014	2015	2016	2017
Office	93.2%	100.0%	98.5%	97.8%
Retail	94.7%	100.0%	96.5%	96.5%
Industrial	100.0%	97.2%	96.8%	100.0%

Note 1: Investment properties which were disposed by our Group during the Track Record Period are included in this table.

Note 2: Occupancy rate is calculated based on saleable area of the properties.

Note 3: The method/assumption of calculating the occupancy rate is:

(1) *Occupancy indicates that a unit was physically occupied as at 31 December 2014, 2015 and 2016 and 30 June 2017.*

(2) *The analysis is conducted based on the saleable area of the properties.*

Term of lease

The following table sets out information relating to the expiry of the leases of our investment properties as at 30 June 2017:

	Year of expiry of tenancy	Number of tenancy agreements and/or arrangement	Saleable area ^(Note)	Rental	Approximate percentage of total saleable area of our investment properties as at 30 June 2017	Approximate percentage of our total rental income for the month ended 30 June 2017
				income for the month ended 30 June 2017	at 30 June 2017	for the month ended 30 June 2017
			<i>approximate</i> <i>sq.ft.</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>(%)</i>
Tenancies expiring (as at 30 June 2017)	2017	13	47,273	702	51.3	21.3
	2018	11	15,909	650	17.3	19.7
	2019	10	16,724	1,130	18.2	34.2
	2020 or beyond	6	10,711	817	11.6	24.8
Vacant properties	—	—	1,519	—	1.6	—
Total		40	92,136	3,299	100.0	100.0

Note: The figures included the whole of Property 31 (of which we are interested in one-third share).

SUMMARY

Tenants

Our Group's customers are mainly tenants of our investment properties. As at the Latest Practicable Date, we had a total number of 40 tenants. In the history of our operations, we have established stable relationships with our tenants, the tenant who we have the longest relationship with has leased properties from us for over 19 years. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the revenue received in relation to our Group's five largest tenants for each relevant period accounted for approximately 63.7%, 70.5%, 66.3% and 38.5%, respectively, of our Group's total revenue for the respective year whilst the revenue received in relation to the largest tenant accounted for approximately 31.1%, 32.5%, 29.6% and 10.4%, respectively, of our Group's total revenue for the corresponding year. As at 30 June 2017, in respect of our five largest tenants, our business relationships ranged from eight months to five years. For more information, please refer to the paragraph "Tenants" in the section headed "Business" of this prospectus.

SUMMARY OF COMBINED FINANCIAL INFORMATION

The following tables set forth our summary of combined financial information for the periods indicated below:

Selected Items of the Combined Statements of Comprehensive Income

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>	<i>(HK\$'000)</i>
Revenue	36,751	37,478	41,294	23,696
Gross profit	31,141	32,842	36,989	19,812
Gain on disposals of investment properties	—	64,838	—	—
Changes in fair value of investment properties	<u>77,622</u>	<u>115,541</u>	<u>214,266</u>	<u>77,863</u>
Profit and total comprehensive income attributable to owner of our Company	109,310	205,507	240,845	95,410
Adjusted net profits (excluding the changes in fair value of investment properties and gain on disposals of investment properties)	31,688	25,128	26,579	17,547

SUMMARY

The following table sets forth the rental income from our investment properties and property management fee income in Hong Kong for the periods indicated:

	Year ended 31 December						Six months ended 30 June	
	2014		2015		2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Rental income —								
Office properties	23,956	65.2	23,268	62.1	23,503	56.9	12,269	51.8
Rental income —								
Retail properties	4,373	11.9	5,524	14.7	6,810	16.5	5,125	21.6
Rental income —								
Industrial properties	4,800	13.1	4,800	12.8	6,758	16.4	3,782	16.0
Property management fee income	3,622	9.8	3,886	10.4	4,223	10.2	2,520	10.6
Total	<u>36,751</u>	<u>100.0</u>	<u>37,478</u>	<u>100.0</u>	<u>41,294</u>	<u>100.0</u>	<u>23,696</u>	<u>100.0</u>

Please refer to the section headed “Financial Information — Description of selected items in combined statements of comprehensive income” for detailed analysis of our revenue.

Summary of combined statements of financial position

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Non-current assets	1,399,795	1,318,167	1,651,428	1,597,027
Current assets	206,628	29,997	537,391	4,208
Current liabilities	1,046,495	582,744	852,434	169,386
Non-current liabilities	1,029	1,014	331,134	331,188
Net current liabilities	(839,867)	(552,747)	(315,043)	(165,178)
Total equity and liabilities	1,606,423	1,348,164	2,188,819	1,601,235

Net Current Liabilities

We recorded net current liabilities of approximately HK\$839.9 million, HK\$552.7 million, HK\$315.0 million and HK\$165.2 million as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively. Our net current liabilities as at 31 December 2014, 2015, 2016 and 30 June 2017 were partially attributable to (i) the utilization of advances from ultimate holding company to finance our acquisitions of investment properties; and (ii) the amount due to ultimate holding company of approximately HK\$1,034.5 million, HK\$570.3 million, HK\$781.7 million and HK\$150.9 million as at the respective year/period end. During the six months ended 30 June 2017, HK\$630.9 million of amount due to ultimate holding company was settled and the remaining balance of the amount due to the ultimate holding company as at 31 October 2017 was approximately HK\$154.3 million, which has been capitalized before Listing. For more details, please refer to the paragraph headed “Financial Information — Net current liabilities” in this prospectus.

SUMMARY

Cash Flow and Working Capital

	Year ended 31 December			Six months ended 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	22,454	19,997	30,355	8,973
Net cash generated from/(used in) investing activities	—	229,567	(527,748)	(1,021)
Net cash (used in)/generated from financing activities	(21,485)	(249,915)	527,229	(37,959)
Cash and cash equivalents at the end of the year/period	2,558	2,207	32,043	2,036

During the Track Record Period, we funded the acquisition of investment properties by internal resources, property disposal proceeds, advances from our ultimate holding company and debt financing. Please refer to the section headed “Financial Information — Liquidity Financial and Capital Resources” of this prospectus.

Going forward, we intend to finance our operations and capital expenditures using, among others, borrowings. We expect this will lead to an increase in the amount of finance expenses, as well as an increase in our gearing ratio.

Key Financial Ratios

The following table sets out a summary of certain financial ratios during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June
	2014	2015	2016	2017
	As at 31 December			As at 30 June
	2014	2015	2016	2017
Return on equity ⁽¹⁾	19.6%	26.9%	24.0%	17.5% ⁽⁶⁾
Return on total assets ⁽²⁾	6.8%	15.2%	11.0%	12.0% ⁽⁶⁾
Current ratio ⁽³⁾	0.20	0.05	0.63	0.02
Gearing ratio ⁽⁴⁾	N/A	N/A	32.8%	30.0%
Net debt to equity ratio ⁽⁵⁾	N/A	N/A	29.7%	29.8%

Notes:

- (1) Return on equity for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively was calculated based on the profit attributable to equity holders for the respective periods divided by the total equity attributable to our owners as of the respective dates and multiplied by 100%.

SUMMARY

- (2) Return on total assets for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively was calculated based on the profit attributable to equity holders for the respective periods divided by the total assets of the respective periods and multiplied by 100%.
- (3) Current ratios as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively were calculated based on the total current assets as of the respective dates divided by the total current liabilities as at the respective dates.
- (4) Gearing ratios as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively were calculated based on the total debt as of the respective dates divided by equity attributable to our owners as at the respective dates and multiplied by 100%.
- (5) Net debt to equity ratios as of 31 December 2014, 2015 and 2016 and 30 June 2017 were calculated based on net debts (being total debt net of cash and cash equivalents) as of the respective dates divided by equity attributable to our owners as of the respective dates.
- (6) For the six months ended 30 June 2017, return on equity and return on total assets are annualized by dividing the actual profit for the period by 181 days and multiplied by 365 days.

Please refer to the section headed “Financial Information — Key Financial Ratios” of this prospectus for an analysis of our key financial ratios.

OUR STRENGTHS

We believe that our success is primarily attributable to the following competitive strengths:

- We hold properties with steady high occupancy rate and capital appreciation potential which are able to generate stable income from a long-term investment perspective;
- We have an experienced and capable management team with strong business acumen;
- We have a strong proprietary in-house database;
- We have established long-term relationships with our tenants through regular communications and value-added property management services; and
- We have built an established network to source investments, divestments and leasing opportunities.

OUR STRATEGIES ON FUTURE DEVELOPMENT

We intend to enhance our market position by implementing the following strategies:

- To increase our rental income, we will continue to expand our investment property portfolio, identify and evaluate potential acquisition opportunities, and acquire properties with steady high occupancy rate and capital appreciation potential which are able to generate stable income from a long-term investment perspective when appropriate opportunities arise;

SUMMARY

- We intend to continue to pursue property enhancement activities, such as reconfiguration, sub-division and facilities upgrade, to rationalize the use of our property space and maximize the rental values; and
- We intend to expand and strengthen our value-added property management services to our tenants and to other independent property owners.

Our Board believes that these value-added property management services can assist us to broaden our income source by leveraging our knowledge and experience in the properties leasing business, hence, strengthening our competitiveness in the property market in Hong Kong.

THE CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalisation Issue (but without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), Thing On Group will hold 75% of the entire issued share capital of our Company. Thing On Group is held as to 100% by Mr. Richard Wong *JP*. Accordingly, Thing On Group and Mr. Richard Wong *JP* are regarded as our Controlling Shareholders under the Listing Rules. Thing On Group is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date. The Directors are satisfied that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates after the Global Offering. Our Directors and senior management, Mr. Richard Wong *JP*, Mr. Ryan Wong and Mr. Roland Wong, are also directors of Thing On Group. Mr. Richard Wong *JP* is the father of Mr. Ryan Wong and Mr. Roland Wong. For more information, please refer to the section headed “Relationship with Controlling Shareholders” of this prospectus.

As at the Latest Practicable Date, other than the business carried out by our Group, Mr. Richard Wong *JP* and/or Thing On Group were also interested in other businesses which will not be included in our Group upon the Listing. These businesses mainly include (a) a residential property investment in Hong Kong; (b) investment in properties outside of Hong Kong (including but not limited to properties in the PRC and United Kingdom); and (c) securities and futures brokerage, gold and silver trading, and money lending business and family office investments. For more information on the excluded properties of the Controlling Shareholders, please refer to the paragraph “Information of Other Businesses of Our Controlling Shareholders” in the section headed “Relationship with Controlling Shareholders” of this prospectus.

SUMMARY OF RISK FACTORS

We believe that there are certain risks and uncertainties involved in our operations, some of which are beyond our control. As a property investment company focused on investing and leasing properties in Hong Kong, our business operation is subject to some material risks pertinent to the local property market or intrinsic in the nature of our business. These risks are set out in the section headed “Risk Factors” of this prospectus and certain of the risks are summarized below.

- Our results may fluctuate due to increases or decreases in the appraised fair value of our investment properties and the appraised fair value of our investment properties may differ from the actual realizable value and is subject to change.

SUMMARY

- Our business and results of operations are affected by the performance of the Hong Kong property market, the policies of the Hong Kong Government and other regulatory bodies.
- We are dependent on rental income from our investment properties.
- Compliance obligations and costs relating to our properties could have an adverse effect on our business.

LEGAL COMPLIANCE

During the Track Record Period and up to the Latest Practicable Date, there were instances of building orders issued by the Building Authority in respect of three of our investment properties in our portfolio as at the Latest Practicable Date. These building orders relate, for example, works required to be carried out in respect of some of our investment properties or in the common areas and parts of the buildings in which our investment properties are located. Based on the searches conducted on the Land Registry and as advised by our Legal Counsel, as at the Latest Practicable Date, the said building orders were either complied with and/or are of no further legal effect, and our Group was not liable in respect of any of the said building orders. For further details, please refer to the paragraph “Legal Compliance” in the section headed “Business” of this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering) (the “Net Proceeds”), assuming an Offer Price of HK\$1.12, being the mid-point of the indicative Offer Price range, will be approximately HK\$173.1 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the Net Proceeds in the following manner:

- Approximately HK\$155.8 million, or 90%, will be used for acquisitions of new investment properties to our existing investment property portfolio. We have been actively looking at investment opportunities presented by various sources including agents, brokers and potential vendors and we have submitted tenders and bids during the first half of 2017 after taking into consideration factors including rental rate, occupancy rate, rental return, property size, latest valuation, market price by way of in-house research reports, interest rate and government policies relating to the property market in Hong Kong. When selecting acquisition targets, our Group primarily focuses on acquiring office, retail and industrial properties in Hong Kong as our Board believes that such properties offer steady growth with a strong rental demand and capital appreciation potential. As at the Latest Practicable Date, our Directors confirmed that we had not identified any target investment properties for acquisition. Also, we do not have a target number of property acquisitions which we aim to achieve, nor do we have a fixed ratio for investment in office, retail and industrial properties;

SUMMARY

- Approximately HK\$8.7 million, or 5% will be used for the expansion and strengthening of our value-added property management services; and
- Approximately HK\$8.7 million, or 5% will be used for working capital and other general corporate purposes.

LISTING EXPENSES

We expect to incur a total of approximately HK\$28.5 million of listing expenses (assuming an Offer Price of HK\$1.12, being the mid-point of the indicative Offer Price range between HK\$1.00 and HK\$1.24, and assuming that the Over-allotment Option is not exercised). During the Track Record Period, we incurred approximately HK\$7.3 million listing expenses, of which approximately HK\$5.8 million was recognized in our combined statements of comprehensive income and approximately HK\$1.5 million is expected to be charged against equity upon the Listing. We estimate that we will incur approximately HK\$7.8 million to be charged against equity upon the Listing and approximately HK\$13.4 million to be charged to our combined statement of comprehensive income for the remaining period of the year ending 31 December 2017 and the year ending 31 December 2018.

GLOBAL OFFERING STATISTICS ⁽¹⁾

	<u>Based on the Offer Price of HK\$1.00 per Share</u>	<u>Based on the Offer Price of HK\$1.24 per Share</u>
Our Company's market capitalization upon completion of the Global Offering	HK\$720.0 million	HK\$892.8 million
Unaudited pro forma adjusted net assets per Share ⁽²⁾	HK\$1.96	HK\$2.02

Notes:

- (1) All statistics in the above table are based on the assumption that the Over-allotment Option is not exercised and that 720,000,000 Shares will be in issue and outstanding immediately following the completion of the Global Offering.
- (2) The unaudited pro forma adjusted net tangible asset value per Share is calculated after making the adjustments referred to in Appendix II to this prospectus.

DIVIDEND

No dividend was declared or paid by our Company and other subsidiaries during the Track Record Period. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. As at the Latest Practicable Date, our Group does not expect to declare any dividend in 2017 and 2018 as our Directors consider that it will be in the interest of our Company and our Shareholders as a whole to retain the earnings of our Group primarily for the acquisition of new investment properties to our existing investment property portfolio, therefore our Group currently does not have any pre-determined dividend payout ratio. In any event and from 2019 onwards, our Directors may recommend a payment of dividends in the future after taking into account of the factors stated in the section headed "Financial Information — Dividend" in this prospectus.

SUMMARY

RECENT DEVELOPMENTS

Subsequent to the Track Record Period and up to the Latest Practicable Date, there was no material change in our Group's rental income, rental yield, major expenses and rental default status by tenants. The amount due to the ultimate holding company as at 31 October 2017 was approximately HK\$154.3 million, which has been capitalized before Listing on 15 December 2017.

For the year ending 31 December 2017, the following factors may affect our net profit and financial position: (i) decrease in fair value gains of our investment properties; (ii) increase in one-off listing expenses; and (iii) increase in finance costs due to the increase in interest expenses on borrowings.

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or the prospects of our Group since 30 June 2017 and there has been no event since 30 June 2017 which would materially affect the information in our combined financial statements included in the Accountant's Report set forth in Appendix I to this prospectus, in each case except as otherwise disclosed herein.

DEFINITIONS

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

“Application Form(s)”	WHITE, YELLOW and GREEN application form(s) or, where the context so requires, any of them relating to the Hong Kong Public Offering
“Articles” or “Articles of Association”	the articles of association of our Company conditionally adopted on 15 December 2017 which will come into effect upon the Listing, as amended, supplemented or otherwise modified from time to time
“Asset Partners”	Asset Partners Group Limited, a company incorporated in the BVI on 9 August 2001 and a direct wholly-owned subsidiary of our Company
“Assignment Deed”	the deed of assignment dated 15 December 2017 entered into between our Company as assignee and Thing On Group as assignor in respect of the transfer of the entire shareholders’ loans in the amount of HK\$154,264,463 owed by each of Thing On Investment (China), Asset Partners, Value Shine, Lightway Group, Fulltow Investments, Wealth Range, Super Express, Fancy Terrace, Excellent Generation and Power Net in consideration of one Share issued and allotted by the Company
“Audit Committee”	the audit committee of our Board
“Board of Directors” or “Board”	the board of Directors
“Branding Good”	Branding Good Limited, a company incorporated in the BVI on 26 October 2016 and a direct wholly-owned subsidiary of our Company
“Business Day” or “business day”	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
“BVI”	the British Virgin Islands
“Capitalization Issue”	the issue of Shares to be made upon capitalization of certain sums standing to the credit of the share premium account of our Company as referred to in “Statutory and General Information — A. Further information about our Group — 3. Resolutions in writing of our Sole Shareholder passed on 15 December 2017” in Appendix V to this prospectus
“CCASS”	the Central Clearing and Settlement System established and operated by HKSCC

DEFINITIONS

“CCASS Clearing Participant”	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
“CCASS Custodian Participant”	a person admitted to participate in CCASS as a custodian participant
“CCASS Investor Participant”	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
“CCASS Participant”	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
“China” or “PRC”	the People’s Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region and Taiwan
“Cayman Companies Law” or “Companies Law”	the Company Law (2016 Revision) of the Cayman Islands, as amended, supplemented or otherwise modified from time to time
“Companies Ordinance”	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Companies (Winding Up and Miscellaneous Provisions) Ordinance”	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
“Company” or “our Company”	Thing On Enterprise Limited (晉安實業有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 19 May 2016
“Controlling Shareholder(s)”	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the controlling shareholders of our Company, being Mr. Richard Wong <i>JP</i> and Thing On Group
“Corporate Governance Code”	the Corporate Governance Code set out in Appendix 14 to the Listing Rules
“Deed of Indemnity”	the deed of indemnity dated 15 December 2017 entered into by our Controlling Shareholders in favour of our Company to provide certain indemnities, particulars of which are set out in “Statutory and General Information — E. Other Information — 1. Estate duty, tax and other indemnities” in Appendix V to this prospectus

DEFINITIONS

“Deed of Non-competition”	the deed of non-competition dated 15 December 2017 and executed by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed “Relationship with Controlling Shareholders” in this prospectus
“Director(s)”	the director(s) of our Company
“Excellent Generation”	Excellent Generation Limited, a company incorporated in the BVI on 8 August 2016 and a direct wholly-owned subsidiary of our Company
“Fancy Terrace”	Fancy Terrace Limited, a company incorporated in the BVI on 11 June 2013 and a direct wholly-owned subsidiary of our Company
“Fession Group”	Fession Group Limited, a company incorporated in the BVI on 13 September 2012 and was a direct wholly-owned subsidiary of our Company prior to its disposal on 25 January 2017
“Fulltow Investments”	Fulltow Investments Limited, a company incorporated in the BVI on 15 October 2012 and a direct wholly-owned subsidiary of our Company
“Global Offering”	the Hong Kong Public Offering and the International Offering
“Grandtex Development”	Grandtex Development Limited, a company incorporated in Hong Kong on 27 January 1994 and an indirect wholly-owned subsidiary of our Company
“Green Application Form(s)”	the application form(s) to be completed by the HK eIPO White Form Service Provider
“Group”, “our Group”, “we”, “our” or “us”	our Company and its subsidiaries or, where the context so requires, with respect to the period before which our Company became the holding company of our current subsidiaries
“HIBOR”	Hong Kong Interbank Offer Rate, the rate of interest offered on Hong Kong dollar loans by banks in the interbank market for a specified period ranging from overnight to one year
“HK\$” or “Hong Kong dollars” or “HK dollars” or “HKD”	Hong Kong dollars, the lawful currency of Hong Kong

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“HK eIPO White Form”	the application for Hong Kong Offer Shares to be issued in the applicant’s own name by submitting applications online through the designated website of HK eIPO White Form at www.hkeipo.hk
“HK eIPO White Form Service Provider”	the HK eIPO White Form Service Provider designated by our Company, as specified on the designated website at www.hkeipo.hk
“HKFRS”	Hong Kong Financial Reporting Standards issued by the Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKSCC Nominees”	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
“Hong Kong” or “HKSAR” or “HK”	the Hong Kong Special Administrative Region of the PRC
“Hong Kong Government”	the government of Hong Kong
“Hong Kong Offer Shares”	18,000,000 new Shares (subject to adjustment as set out in “Structure of the Global Offering” in this prospectus) initially being offered by our Company for subscription pursuant to the Hong Kong Public Offering at the Offer Price
“Hong Kong Public Offering”	the offer of Hong Kong Offer Shares for subscription by the public in Hong Kong for cash (subject to adjustment as set out in “Structure of the Global Offering” in this prospectus) at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) on the terms and subject to the conditions described in this prospectus and the Application Forms, as further described in “Structure of the Global Offering — The Hong Kong Public Offering” in this prospectus
“Hong Kong Share Registrar”	Tricor Investor Services Limited
“Hong Kong Underwriters”	the underwriters of the Hong Kong Public Offering as listed in “Underwriting — Hong Kong Underwriters” in this prospectus
“Hong Kong Underwriting Agreement”	the underwriting agreement dated 27 December 2017 relating to the Hong Kong Public Offering entered into by, among others, our Company, the Controlling Shareholders, the Sole Global Coordinator and the Hong Kong Underwriters as further described in “Underwriting — Hong Kong Public Offering — Hong Kong Underwriting Agreement” in this prospectus

DEFINITIONS

“Independent Third Party(ies)”	individual(s) or company(ies) which, as far as the Directors are aware after having made all reasonable enquiries, is(are) not connected person(s) of our Company within the meaning of the Listing Rules
“Investment Committee”	the investment committee of our Group which is accountable to the Board
“Integral Grow”	Integral Grow Limited, a company incorporated in the BVI on 3 October 2013 and was a direct wholly-owned subsidiary of our Company prior to its disposal on 28 June 2016
“International Offering”	the conditional placing of the International Offer Shares to professional, institutional and individual investors at the Offer Price, as further described in “Structure of the Global Offering” in this prospectus
“International Offer Shares”	162,000,000 new Shares initially being offered by our Company for subscription at the Offer Price under the International Offering together with, where relevant, any additional Shares which may be issued by the Company pursuant to any exercise of the Over-allotment Option
“International Underwriters”	the underwriters for the International Offering who are expected to enter into the International Underwriting Agreement to underwrite the International Offering
“International Underwriting Agreement”	the underwriting agreement relating to the International Offering which is expected to be entered into by, among others, our Company, our Controlling Shareholder(s), the Sole Global Coordinator and the International Underwriters
“Landsea Green Properties”	Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司) (formerly known as Shenzhen High-tech Holdings Limited (深圳科技控股有限公司)), a company incorporated in Bermuda with limited liability whose shares are listed on the Main Board of the Stock Exchange with stock code 106.HK
“Latest Practicable Date”	19 December 2017, being the latest practicable date for the purpose of ascertaining certain information contained in this prospectus prior to its publication
“Leasing Committee”	the Leasing Committee of our Group
“Legal Counsel”	Lee Yee Hung, barrister-at-law of Hong Kong and legal adviser to our Company as to certain aspects of Hong Kong law relating to our Group

DEFINITIONS

“Lightway Group”	Lightway Group Limited, a company incorporated in the BVI on 13 September 2012 and a direct wholly-owned subsidiary of our Company
“Listing”	the listing of the Shares on the Main Board of the Stock Exchange
“Listing Committee”	the listing committee of the Stock Exchange
“Listing Date”	the date on which dealings in the Shares first commence on the Main Board of the Stock Exchange
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange, as amended, supplemented or otherwise modified from time to time
“Main Board”	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
“Memorandum of Association” or “Memorandum”	the memorandum of association of our Company, as amended, supplemented or otherwise modified from time to time
“Mr. FH Wong”	Mr. Wong Fung Hing (王逢興), our chief executive officer
“Mr. Richard Wong”	Mr. Wong Chung Tak Richard <i>JP</i> (王聰德), (also known as Mr. Wong Chung Tak (王聰德)), founder of our Group, the chairman of our Board and our non-executive Director
“Mr. Roland Wong”	Mr. Wong Ka Yeung Roland (王家揚), our executive Director
“Mr. Ryan Wong”	Mr. Wong Man Yeung Ryan (王文揚), our general manager
“Nomination Committee”	the nomination committee of our Board
“Offer Price”	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) of not more than HK\$1.24 and expected to be not less than HK\$1.00 at which the Offer Shares are to be issued pursuant to the Global Offering, to be determined as further described in “Structure and Conditions of the Global Offering — Conditions of the Global Offering” in this prospectus
“Offer Share(s)”	the Hong Kong Offer Share(s) and the International Offer Share(s) together with, where relevant, any additional Shares to be issued and allotted pursuant to any exercise of the Over-allotment Option

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“Over-allotment Option”	the option expected to be granted by our Company to the Sole Global Coordinator and the International Underwriters, exercisable by the Sole Global Coordinator (on behalf of the International Underwriters), pursuant to which our Company may be required to allot and issue up to 27,000,000 additional Offer Shares (representing in aggregate 15% of the initial Offer Shares) at the Offer Price to cover over-allocations in the International Offering, if any, details of which are described in “Structure and Conditions of the Global Offering — Over-allotment Option” in this prospectus
“Power Net”	Power Net Properties Limited, a company incorporated in the BVI on 20 July 2016 and a direct wholly-owned subsidiary of our Company
“Price Determination Agreement”	the price determination agreement to be entered into between our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) on the Price Determination Date to record and fix the Offer Price
“Price Determination Date”	the date, expected to be on or about Monday, 8 January 2018 but no later than Friday, 12 January 2018, on which the Offer Price is fixed for the purposes of the Global Offering, or such other date as may be agreed between the Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters)
“Property Valuer”	Jones Lang LaSalle Corporate Appraisal and Advisory Limited
“Regulation S”	Regulation S under the U.S. Securities Act
“Remuneration Committee”	the remuneration committee of our Board
“Reorganization”	the reorganization of our Group in preparation for the Listing, details of which are set out in “History, Reorganization and Corporate Structure” in this prospectus
“Renminbi” or “RMB”	Renminbi, the lawful currency of the PRC
“SFC”	the Securities and Futures Commission of Hong Kong
“SFO”	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong) as amended, supplemented or otherwise modified from time to time
“Share(s)”	ordinary share(s) with nominal value of HK\$0.00005 each in the share capital of our Company

DEFINITIONS

“Shareholder(s)”	holder(s) of Shares
“Share Exchange Agreement”	the agreement dated 15 December 2017 entered into between our Company and Thing On Group in respect of the transfer of the entire issued share capital of each of Asset Partners, Branding Good, Excellent Generation, Fancy Terrace, Fulltow Investments, Lightway Group, Power Net, Super Express, Thing On Investment (China), Value Shine and Wealth Range for a consideration of HK\$1
“Share Option Scheme”	a share option scheme conditionally adopted by our Company on 15 December 2017, a summary of principal terms of which is set out in “Statutory and General Information — A. Further Information about our Group — D. Share Option Scheme” in Appendix V to this prospectus
“Sole Bookrunner”, “Sole Global Coordinator”, “Sole Lead Manager” or “Sole Sponsor”	KGI Capital Asia Limited, a licensed corporation under the SFO to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities as defined in the SFO
“Stadium Holdings”	Stadium Holdings Limited, a company incorporated in Hong Kong on 16 February 2000 and was an indirect wholly-owned subsidiary of our Company prior to the disposal of its holding company, Fession Group, on 25 January 2017
“Stabilizing Manager”	KGI Capital Asia Limited, a licensed corporation under the SFO to engage in type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance), regulated activity as defined in the SFO
“Stock Borrowing Agreement”	the stock borrowing agreement to be entered into on or about the Price Determination Date between Thing On Group and the Stabilizing Manager
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Super Express”	Super Express Properties Limited, a company incorporated in the BVI on 29 October 2013 and a direct wholly-owned subsidiary of our Company
“Takeovers Code”	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended, supplemented or otherwise modified from time to time
“Thing On Group”	Thing On Group Limited, a company incorporated in the BVI on 8 September 2003 and is directly wholly-owned by Mr. Richard Wong <i>JP</i>

DEFINITIONS

“Thing On Investment (China)”	Thing On Investment (China) Limited, a company incorporated in the BVI on 6 September 2001 and a direct wholly-owned subsidiary of our Company
“Thing On Holdings”	Thing On Holdings Limited, a company incorporated in Hong Kong on 27 September 1985 and an indirect wholly-owned subsidiary of our Company
“Track Record Period”	the period comprising the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017
“Trinity Sino”	Trinity Sino Limited, a company incorporated in Hong Kong on 3 March 2010 and an indirect wholly-owned subsidiary of our Company
“Underwriters”	the Hong Kong Underwriters and the International Underwriters
“Underwriting Agreements”	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
“United States”, “U.S.” or “US”	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
“US dollar(s)”, “US\$” or “USD”	United States dollars, the lawful currency of the United States
“U.S. Securities Act”	the United States Securities Act of 1933, as amended, supplemented or otherwise modified from time to time, and the rules and regulations promulgated thereunder
“Value Shine”	Value Shine Limited, a company incorporated in the BVI on 15 May 2009 and a direct wholly-owned subsidiary of our Company
“Wanchai Office Properties”	the office properties located in Wanchai Commercial Centre identified as Properties 4-21 in this prospectus
“Wanchai Properties”	collectively, the Wanchai Office Properties and the Wanchai Retail Properties
“Wanchai Retail Properties”	the retail properties located in Wanchai Commercial Centre identified as Properties 30-32 in this prospectus
“Wealth Range”	Wealth Range Limited, a company incorporated in the BVI on 28 February 2013 and a direct wholly-owned subsidiary of our Company

DEFINITIONS

“Yue Tin” Yue Tin Development Limited, a company incorporated in Hong Kong on 20 March 1990 and an indirect wholly-owned subsidiary of our Company

% per cent

In this prospectus, unless the context otherwise requires, the terms “associate(s)”, “close associate(s)”, “connected person(s)”, “connected transaction(s)”, “controlling shareholder(s)”, “core connected person(s)”, “subsidiary(ies)” and “substantial shareholder(s)” shall have the meanings given to such terms in the Listing Rules, unless the context otherwise requires.

Unless otherwise expressly stated or the context otherwise requires, all data in this prospectus are as of the Latest Practicable Date.

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

GLOSSARY OF TECHNICAL TERMS

This glossary of technical terms contains explanations of certain terms used in this prospectus in connection with our Group and our business. These terms and their given meanings may not correspond to standard industry definitions.

“average effective monthly rental”	in relation to any property for any year or period, the quotient of (a) the rental income of that property attributable to that year or period, which for this purpose shall be a 365-day year with 12 equal months with any rent-free period amortized throughout the life of the relevant leases, divided by (b) the number of months in that year or period in which our Group had the benefit of a lease for such property in that year or period
“Building Authority”	the Director of Buildings under the Buildings Ordinance, who is the head of the Buildings Department
“Buildings Department”	the Buildings Department of the Government of Hong Kong, which provides services to owners and occupants in both existing and new buildings in private sector through enforcement of the Buildings Ordinance
“building order”	means an order issued by the Building Authority under the Buildings Ordinance
“Buildings Ordinance”	the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong)
“CAGR”	compound annual growth rate
“deed of mutual covenant”	in respect of a multi-ownership building in Hong Kong, the legal document registered with the Land Registry which sets out the rights, interests and obligations of the owners, occupiers, tenants and property management agents in respect of the control, administration, maintenance and management of private properties, common parts and facilities of the building
“GFA”	gross floor area
“Land Registry”	the Land Registry of Hong Kong
“occupancy rate”	in relation to any property, means a number, expressed as a percentage representing the days on which a property is subject to tenancy in a 365-day year (or such shorter time as our Group held such property in the relevant year)

GLOSSARY OF TECHNICAL TERMS

“occupation permit”	a written permit issued by the Building Authority of Hong Kong pursuant to section 21 of the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) which permits the occupation of a new building for the purposes stated in the permit or the corresponding document issued by the relevant authority in another jurisdiction
“rental income”	in relation to any property, the amount of the rental income recognized from the property, comprising rent, license fees, and other income recognized in respect of the property
“saleable area”	in respect of a unit, comprises the floor area exclusively allocated to that unit, including balconies and other similar features, but excluding common areas such as staircases, lift shafts, lobbies and communal toilets. It shall be the area contained within the enclosing walls of the unit measured up to the exterior face of an external wall or the centre line of a separating wall between adjoining units, as the case may be. Enclosing walls separating a unit from a lightwell, a lift shaft or any similar vertical shaft, or a common area, shall be deemed an external wall and its full thickness shall be included. All internal partitions and columns within the unit shall be included
“sq.ft.”	square feet. Where an area in square metre is converted into square feet, we have applied a conversion ratio of 1 square metre : 10.764 square feet
“sq. m.”	square metre
“warning notice”	means a notice issued by the Building Authority under section 24C(1) of the Buildings Ordinance

FORWARD-LOOKING STATEMENTS

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

- our operations and business prospects;
- our business strategies and plan to achieve these strategies;
- our tenancy agreements on hand;
- our future debt levels and capital needs;
- the regulatory environment of our industry in general;
- our financial conditions and performance;
- the nature of, and potential for, future development of our business; and
- future development in our industry.

The words “aim”, “anticipate”, “believe”, “can”, “could”, “estimate”, “expect”, “intend”, “may”, “might”, “plan”, “project”, “potential”, “continue”, “seek”, “will”, “would”, “is/are likely to” and the negative of these terms and other similar expressions, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect our current views with respect to future events and are not a guarantee of future performance. Actual results may differ materially from information contained in the forward-looking statements as a result of a number of risks, uncertainties and factors, including but not limited to the risk factors described in the section headed “Risk Factors” in this prospectus. One or more of these risks or uncertainties may materialize.

Subject to the requirements of applicable laws, rules and regulations, we do not have any obligation to update or otherwise revise the forward-looking statements in this prospectus, whether as a result of new information, future events or otherwise. As a result of these and other risks, uncertainties and assumptions, the forward-looking events and circumstances discussed in this prospectus might not occur in the way we expect, or at all. Accordingly, you should not place undue reliance on any forward-looking information. All forward-looking statements contained in this prospectus are qualified by reference to the cautionary statements set forth in this section as well as the risks and uncertainties as set out in the section headed “Risk Factors” in this prospectus.

RISK FACTORS

In addition to other information in this prospectus, you should carefully consider the following risk factors before making any investment decision in relation to the Offer Shares. You should pay particular attention to the fact that we are incorporated in the Cayman Islands and that all of our Group's operations are conducted in Hong Kong. Any of the following risks, as well as other risks and uncertainties that are not yet identified or that we currently think are immaterial, may materially and adversely affect our business, financial condition, results of operations, prospects, or otherwise cause a decrease in the trading price of the Offer Shares and cause you to lose part or all of the value of your investment in the Offer Shares.

RISKS RELATING TO OUR BUSINESS

Our results may fluctuate due to increases or decreases in the appraised fair value of our investment properties and the appraised fair value of our investment properties may differ from the actual realizable value and is subject to change

Our investment properties are principally held for recurring rental income and/or capital appreciation. Our investment properties are stated at their estimated fair value at the end of each reporting period with reference to the valuations obtained from independent property valuer. Gains or losses arising from changes in the fair value of our investment properties are included in our combined statements of comprehensive income in the period in which they arise. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, we recognized fair value gains on our investment properties of approximately HK\$77.6 million, HK\$115.5 million, HK\$214.3 million and HK\$77.9 million, respectively, which represented approximately 66.8%, 54.8%, 87.1% and 79.4% of our profit before tax, respectively. The increase in fair value of investment properties were non-cash and non-taxable gains which did not constitute any cash nor tax effect on our financial results during the Track Record Period. Please refer to the Accountant's Report set out in Appendix I to this prospectus for details of the fair value changes in respect of our investment properties over the Track Record Period.

The amount of revaluation adjustments has been, and will continue to be, significantly affected by prevailing property market conditions and is subject to property market fluctuations. We cannot assure you that changes in property market conditions will continue to create fair value gains on our investment properties at previous levels or at any level at all, or that the fair value of our investment properties will not decrease in the future. In particular, the fair value of our investment properties could decline in the event that, among other things, implementation of Hong Kong Government policies which aim at stabilizing the property prices, or any global market fluctuations and economic downturn. There is no assurance that the fair value on our investment properties will increase.

Fair value of our investment properties are assessed by our Property Valuer and are calculated based on certain assumptions adopted by them. We cannot assure you that the assumptions used by our Property Valuer will be realized. Assumptions used by our Property Valuer when valuing our investment properties may exceed the corresponding parameters in the current market and/or corresponding historical parameters associated with our investment properties. As a result, the appraised value of our investment properties may differ from their actual realizable value or a forecast

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of their realizable value. In addition, upward adjustments represent unrealized capital gain on our investment properties and do not generate cash flow to our Group. Please refer to Appendix III — Property Valuation Report to this prospectus for further information regarding the assumptions adopted by the Property Valuer.

If any of the assumptions adopted by our Property Valuer in reaching the appraised values of our investment properties proves to be inaccurate, the appraised values of our investment property may be materially affected. As a result, the appraised values of our properties may differ materially from the sale of our investment properties in the market and should not be taken as their actual or estimated realizable value. Unforeseeable changes in circumstances such as any downturn in national and local economic conditions, tightening of government austerity measures with respect to the property sector, any deterioration in the macroeconomic environment or for other reasons may also adversely affect the value of our investment properties.

Any such decrease in the fair value of our investment properties will reduce our profits and could have a material adverse effect on our results of operations, financial condition and business prospects. We may also record a loss for a year as a result of such decrease in fair value of our investment properties.

Our business and results of operations are affected by the performance of the Hong Kong property market and the policies of the Hong Kong Government and of other regulatory bodies

All of our properties are located in Hong Kong and it is our principal business strategy to remain focus on the Hong Kong property market. Our business and prospects therefore depend principally on the performance of the property market in Hong Kong. Any downturn in the Hong Kong property market may therefore adversely affect our performance. We cannot assure you that the demand for properties in Hong Kong will continue to grow, or will grow at all. Our financial position and results of operations may be influenced by fluctuations of supply and demand in the property market, which may, in turn, be influenced by the general state of the economy and other factors, including government policies. In recent years, the Hong Kong Government and other regulatory bodies in Hong Kong have introduced certain anti-speculation measures on the property market in Hong Kong, such as the recently modified ad valorem stamp duty, which applies to both residential and non-residential properties, the special stamp duty, increased mortgage down payment ratio, supply of land controls, rezoning to residential use and other fiscal policies.

Tax policy

As at the Latest Practicable Date, all of our properties were located in Hong Kong, and our business and results of operations will be affected predominantly by the policies of the Hong Kong Inland Revenue Department. The double stamp duty measures imposed by the Hong Kong Government increase the ad valorem stamp duty on transactions on both residential and non-residential properties since the year of 2013. In addition, though during the Track Record Period, our fair value gain on investment properties was not subject to the tax regime of the Hong Kong Inland Revenue Department, there is no guarantee that such tax regime will not change in the future, which may materially and adversely impact our results and financial conditions.

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Monetary policy

The Hong Kong Monetary Authority may from time to time issue circulars and guidelines to authorized financial institutions including banks on measures for property mortgage loan. Such measures may limit the availability of mortgage loans and refinancing of the acquisition of properties, and will also increase our finance costs and hinder our future development. In February and March of 2015, the Hong Kong Monetary Authority has issued “Prudential Measures for Property Mortgage Loans” and “Macroprudential Requirements for Mortgage Financing” respectively, which impose more stringent rules on lending banks in terms of mortgage loans and their refinancing such as lowering the loan to value ratio and the debt servicing ratio. Since the property market is also vulnerable to the series of policies and regulations of the Hong Kong Government, subject to alternative equity or debt financing that may be available to us from time to time, our ability to acquire additional properties in the future may be affected by such policies. We cannot give any assurance that the Hong Kong Government or other relevant regulatory bodies in Hong Kong will not impose additional or more stringent policies in relation to financing property acquisitions in the future. Also, there is no assurance that the Hong Kong Government will not introduce further anti-speculative measures or policies which further curtail the investment property market. Please refer to the sections headed “Industry Overview” and “Regulatory Overview” in this prospectus for details of these measures.

We are dependent on rental income from our investment properties

We depend on rental income generated from our investment properties. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our rental income amounted to approximately HK\$33.1 million, HK\$33.6 million, HK\$37.1 million and HK\$21.2 million, respectively. Rental income from our investment properties constituted substantial portion of our revenue during the Track Record Period. We are subject to risks incidental to the leasing of properties including, among other things, changes in market rental levels, competition for tenants and inability to collect rent from tenants, or tenants fail to pay fees and charges (e.g. management fees and utilities charges) for which they are responsible under the terms of the tenancy agreement, but which our Group (as registered owner of the relevant property) is liable for under the terms of the deed of mutual covenant.

We cannot guarantee such downturn will not happen in the future and if it does, this may have a material adverse effect on our business, results of operations and financial position. Our cash flow and liquidity will also be severely affected if we are not able to maintain the current rental income level and occupancy rate.

Compliance obligations and costs relating to our properties could have an adverse effect on our business

In general, structural alterations of properties located in Hong Kong are subject to prior approval by the Building Authority. Alterations, including erection as well as demolition of structures, which have been carried out without the required permits and consents may be subject to warning notices and/or building orders issued by the Building Authority. If the subject matter stated in the warning notice is not rectified, the Building Authority may issue a building order in respect of such matter. Any

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person to whom the building order is issued who fails, without reasonable excuse, to comply with a building order served on him commits an offence, and is subject to fines and/or imprisonment upon prosecution commencing within 12 months of non-compliance with the relevant building order, or of such non-compliance being discovered or coming to the notice of the Building Authority. In addition, if a building order to remove unauthorized building works is not complied with the Building Authority may have the work carried out by a government contractor and all costs incurred, plus a supervision charge, shall be recoverable from the person who, as at the date of completion of the work, is the owner of the property to which the order relates. The work required to comply with building orders and warning notices may involve substantial costs which may adversely affect the business and operations of our Group. Any rectification work may also adversely affect the value of the properties involved. In addition, in the event enforcement of building-related statutory provisions (including provisional relating to structural and fire safety of building) is enhanced, our compliance costs will increase and this may adversely affect our business, results of operations, financial condition and business prospects.

We cannot guarantee that properties in our existing or future property portfolio will not be subject to any building order or warning notice (or otherwise affected as part of the building against which a building order or warning notice is issued) especially where it may not always be practicable for an authorized person to inspect a property prior to our Group's acquisition. In such cases, there is a chance that potential buyers or tenants may find such properties less attractive and in turn might affect the marketability of our properties and in turn affect our operation and financial performance of our Group.

Our Group is exposed to liquidity risks and the illiquidity of properties may limit our ability to respond to adverse changes in the performance of our property investment business

Our Group is exposed to liquidity risks, including the risk that the investment properties may not be readily converted to cash, and transaction costs including but not limited to commission fees and stamp duty would be involved. Property investments are in general relatively illiquid and as a result, our ability to sell our investment properties promptly in response to the changing economic, financial and investment conditions is limited. We cannot predict whether we will be able to sell any of our investment properties for the price or on the terms imposed by us, or whether any price or other terms offered by a potential purchaser would be acceptable to us. We cannot predict the length of time for finding a purchaser and to complete the sale of a property. In addition, additional expenses in managing and maintaining our properties before selling may be incurred.

We cannot assure you that financing for such expenditures will be available when needed, or at all. Further, if we sell a property for investment during the term of the relevant tenancy agreement, we may have to pay termination fees to our tenants. In the event that our Group is in need of cash for various purposes including the repayment of bank loans etc., failure to manage liquidity risks could have a material impact on our Group's cash flows, earnings and financial position and reduce the funds available to our Group for working capital, capital expenditure, acquisitions, dividends and other general corporate purposes.

RISK FACTORS

We had net current liabilities position as at 31 December 2014, 2015, 2016 and 30 June 2017

As at 31 December 2014, 2015, 2016 and 30 June 2017, we had net current liabilities of approximately HK\$839.9 million, HK\$552.7 million, HK\$315.0 million and HK\$165.2 million, respectively. Our net current liabilities are mainly attributed to (i) the utilization of advances from ultimate holding company to finance acquisitions of investment properties; and (ii) the amount due to ultimate holding company. Please see the paragraph headed “Financial Information — Net current liabilities position” in this prospectus. We cannot guarantee that our Group would not have net current liabilities in the future. Having significant net current liabilities could constrain our operational flexibility, making it more difficult to satisfy our repayment obligations and adversely affect our ability to expand our business. If we do not generate sufficient cash flow from our operations to meet our present and future financial needs, we may need to rely on additional external borrowings for funding which will increase our vulnerability to adverse general economic or industry conditions. As our Group’s ability to continue as a going concern is dependent on the ongoing availability of funds to our Group, if adequate funds are not available, whether on satisfactory terms or at all, we may be forced to delay or abandon our development and expansion plans, and our business, financial condition and results of operations may be materially and adversely affected.

Significant interest rate fluctuations could affect our financial condition and results of operations

During the Track Record Period, we relied on our Controlling Shareholders for financial resources and loans which were unsecured, interest-free and repayable on demand. As at 30 June 2017, we have taken out a HK\$330 million long-term loan from a financial institution which will be matured in 2019 and bears an effective interest rate of 1.22% and 0.97% per annum as at 31 December 2016 and 30 June 2017 respectively, which was calculated at the rate of one-month HIBOR at the end of each month plus half a percentage (0.5%) per annum. Therefore, we are exposed to interest rate risk which is primarily associated with such interest expenses. We expect that we will take out additional long-term loans from third party financing to fund the acquisition of investment properties in the future which will in turn increase our interest expenses. During periods of rising interest rates, our interest expenses and financing costs would generally increase. We currently do not have measures to hedge the interest rate exposure. Significant interest rate fluctuations could affect our interest expenses, which could materially and adversely affect our financial condition and results of operations.

Our business performance is subject to our investment decision

The performance of our property portfolio is determined by our investment decisions and judgments based on our assessment of existing and future market. However our investment decisions solely depend on our management and are a matter of judgment involving management discretion and assumptions. If our decision-making process or our forecasts do not conform to the actual changes in market conditions, our property portfolio may not achieve the investment returns we anticipated and we could suffer material losses, any of which would materially and adversely affect our business, financial conditions and results of operations.

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We may not be able to continue to retain existing tenants or attract new tenants

Our investment properties compete for tenants with other properties on, amongst other things, location, rent levels, quality maintenance, property management and other lease terms. We cannot assure you that existing or prospective tenants will not choose other properties. Any future increase in the supply of properties which compete with ours would increase the competition for tenants and as a result we may have to reduce our rent or incur additional costs to attract tenants. If we are not able to retain our existing tenants or attract new tenants to replace those who leave or to lease our new and existing properties, our occupancy rates may decline, which could have a material adverse effect on our business, results of operations and financial position. We may also face risks in connection with the ability to renew leases with tenants on terms acceptable to us, or at all, upon the expiration of the existing terms as this may be influenced by the then demand for and supply of properties in the Hong Kong property market which has displayed significant fluctuation historically. If the business performance of our tenants is less than satisfactory, we may be subject to early termination of the leases, therefore causing a loss in the rental income and additional transaction costs to secure new tenants. Any downturn in the market may adversely affect the demand for our properties and consequently their occupancy rate and therefore the amount of rental income we earn.

We may be subject to certain restrictive covenants and certain risks associated with debt financing which may limit or otherwise adversely affect our operations

We may be subject to certain restrictive covenants in the debt financing and other related security and undertaking documents between us and our lenders. If we fail to abide by these restrictive covenants, our lenders may be entitled to accelerate the repayment of the loans, in which case our business, financial condition and results of operations will be materially and adversely affected. We also cannot assure you that the equity interests of our properties that we have pledged which may be pledged to our lenders will not be subject to enforcement actions, in which case we may lose control and ownership of our investment properties and our results of operations, financial condition and business prospects may be materially and adversely affected.

We may not be able to successfully manage our growth and may face additional risks as we expand our business

We have expanded our property investment business throughout the Track Record Period. We intend to continue to do so through further acquisitions of properties as and when suitable opportunities arise. Any future expansion may strain our managerial, operational and financial resources. We will need to manage our growth effectively, which may require additional effort in recruiting, training and managing our workforce, managing our costs and implementing adequate controls and management systems in a timely and effective manner. In managing our costs, there may be instances (for example, the listing expenses to be incurred by our Group and the increasing administrative expenses) whereby the actual expenses incurred may exceed our original estimate due to unexpected delay or additional resources required. This may adversely affect our results of operations and our financial condition. We cannot assure you that we will be successful in managing our growth or in integrating and assimilating any acquired business with our existing operations. In order to fund our ongoing operations and our future growth, we also require sufficient internal sources of liquidity or access to additional funding from external sources. Additionally, we will be required

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to manage relationships with a greater number of tenants, property agencies, property management, lenders and other third parties. We cannot assure you that we will not experience issues such as capital constraints, transaction delays, compliance errors or difficulties in training an increasing number of personnel, when required, to manage and operate the expanded business. We also cannot assure you that our expansion plans will not adversely affect our existing operations and thereby have a material adverse effect on our results of operations, financial condition and business prospects or expose us to additional risks as we expand our business.

Our insurance for our investment properties may not cover all potential loss and claim

We, or through the incorporated owners, have taken out employee's compensation, property all-risk, fire and public liability insurance policies and other insurance policies as required by Hong Kong law to cover our business operations. However, our insurance policies may not fully compensate us for all potential losses, damages or liabilities relating to our properties or our business operations and there may be occasions where our Group is required to pay the excess in accordance with the insurance policies. Further, our insurers may otherwise find themselves financially unable to meet our compensation claims. In addition, there are certain types of losses for which full insurance coverage is not generally available on commercial terms acceptable to us, or at all. Examples of these include insurance against losses suffered due to business interruption, earthquake, flooding or other natural disasters, war or civil disorder and loss or damage caused by building works not authorized by the Building Authority. Therefore, there may be instances when we will have to bear losses, damages and liabilities because of our lack or insufficiency of insurance coverage. If we suffer any losses, damages or liabilities in the course of our business operations arising from events for which we do not have any or adequate insurance cover, we may not have sufficient funds to cover such losses, damages or liabilities or to reinstate any properties which may be damaged or destroyed. In addition, any payment we make to cover any losses, damages or liabilities could have a material adverse effect on our business, results of operation and financial position.

We face risks relating to concentration of locations of our investment properties

A majority of our investment properties for office, retail and industrial use are located in core business areas, i.e. Wan Chai and Central. Any economy downturn or financial crisis may lead to a drop in demand for our investment properties or a decline in their rents or selling prices, especially in relation to those located in these core business areas. If there is a decrease in the general demand for our investment properties or a decline in their rents or market value in relation to our investment properties located in these core business areas, this could materially and adversely affect our business, financial condition and results of operations. Further, occupation protest or demonstration in Hong Kong often occurred in core business areas, our tenants may terminate our leases as a result of the undesirable business performance due to large-scale occupation protest or demonstration. Please refer to the section headed "Business — Investment property portfolio" in this prospectus for locations of our investment properties.

We may be involved in disputes, legal and other proceedings arising out of our operations or those of our tenants from time to time and may face significant liabilities as a result

We may be involved in disputes arising out of the leasing, sale or purchase of our properties with vendors, tenants, residents of surrounding areas or other parties. We also run the risks of having low

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quality tenants, who may lead to delay in their rental payment or default in payment of other utilities such as management fees, fail to comply with the relevant legal requirements such as carrying on illegal or unauthorized activities in our properties, or run into conflict or disputes with other tenants, which will in turn affect our cash flow and add to our costs of maintaining the properties and resolving conflicts with other tenants in the area. We may also face potential litigation if the tenants are in breach of statutory requirements such as having illegal structures in the properties concerned. These disputes may lead to protests, legal or other proceedings and may damage our reputation and divert our resources and management's attention.

Significant costs may have to be incurred in settling such disputes or defending ourselves in such proceedings. If we are not successful in defending ourselves in such proceedings, we may be liable for damages, the amount of which may be significant. In addition we may have disagreements with regulatory bodies in the course of our operations, which may subject us to administrative proceedings or unfavorable decrees that may result in liabilities and cause other material adverse effects on our business, results of operations and financial position.

Our business and operation may be adversely affected by the performance of our tenants

We derive our revenue primarily from rent received from our tenants. For the years ended 31 December 2014, 2015, 2016 and the six months ended 30 June 2017, the percentages of revenue attributable to our top five tenants were approximately 63.7%, 70.5%, 66.3% and 38.5%, respectively. Any default by our major tenants could result in a loss of rental income, any of the above effects could have a material adverse effect on our business, financial condition and results of operations.

There can be no assurance that we will be able to control the way any individual tenant operates such that any conflict in the usage of such units, e.g. whether in compliance with the relevant occupation permit or not, will not arise. Our reputation and public image are based largely on public perceptions on our tenants' activities in our properties and can be damaged by isolated business incidents. Any negative incident or negative publicity concerning our tenants could adversely affect our reputation and business prospects.

We face risks relating to unexpected demolition or collapse of the buildings where our properties are situated

Certain of our investment properties are situated in buildings aged over 30 years, which may have certain risks in relation to their respective structural capacity and may be affected by, among other things, the loading conditions of the building such as the existence of subdivided flats on the upper floors, material ageing conditions, appraised deteriorated conditions and the lack of timely maintenance. The aforesaid factors might lead to a failure to pass the inspection by the Buildings Department, or even collapse of the building. If the buildings where our properties situated are concluded by the Buildings Department to have imminent structural danger leading to a compulsory demolition, or the buildings collapse leading to injury, death or other economic losses, we may face potential liability and compensation claims, and in turn may have a material adverse effect on our operation and financial condition.

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We rely heavily on our senior management team and key personnel and the loss of any of their services could affect our business

Our future success is dependent on the ongoing efforts of our senior management and key personnel. We rely on our management team comprising our Directors and senior management as set out in the section headed “Directors and Senior Management” in this prospectus, for their extensive knowledge and in-depth understanding of and experience in property investment and leasing of properties in Hong Kong. We will enter into service agreements with each of our executive and non-executive Directors for an initial term of three years commencing from the Listing Date. However, if any member of our Directors and senior management team ceases to be involved in the management of our Group in the future and we fail to find or employ any suitable candidate to replace him or her in a timely manner, our operations, profitability and prospects may be negatively impacted. There can be no assurance that we are able to retain these key members of our management team in the future. In case we lose the services of any of these key members of our management team, our business prospects, financial condition and results of operations may be adversely affected.

We face risks relating to urban redevelopment projects

Our investment properties in Hong Kong are subject to provisions of the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong), under which our properties may be subject to a compulsory order from the Hong Kong Government for sale and auction in public, even if we do not consider it to be in our Group’s interest to sell the relevant property. Our investment properties are also subject to outline zoning plans prepared in accordance with the Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong), which stipulates land use zones and planning intentions for different zones in different districts and would in turn affect the supply of properties which are in line with our investment properties. In addition, with the increasing demand for residential units in recent years, the Hong Kong Government has expressed in the 2014 Policy Address that they are taking proactive steps to rezone other types of land use for residential use sites. We may be forced to sell the properties under urban development projects or scheme, and we may not be able to acquire similar properties at equivalent locations. We cannot guarantee that the proceeds we receive upon such compulsory sale will be equal to the actual realizable value of our properties had they been sold otherwise than by compulsory sale, and this may adversely affect our results of operations and prospects.

Our future dividend payments and policy will be subject to the discretion of our Board

The amount of any dividends that we may declare and pay in the future will be subject to the discretion of our Board and will be based upon our earnings, cash flow, financial condition, capital requirements, distributable reserves and any other conditions that our Directors consider relevant. The payment of dividends may also be limited by legal restrictions and by financing agreements that we may enter into from time to time. The amounts of distributions that any company within our Group has declared and made in the past are not indicative of the dividends that we may pay in the future.

RISK FACTORS

RISKS RELATING TO THE INDUSTRY WE OPERATE IN

Our business may be affected by the economic conditions in Hong Kong, particularly the performance of the Hong Kong property market

All of our properties are located in Hong Kong and it is our principal business strategy to remain focus on the Hong Kong property market. Our business and revenue growth are generally subject to the economic conditions in Hong Kong.

The property market in Hong Kong may be affected by many factors, including changes in the social, political, economic and legal environments in Hong Kong, as well as changes in the Hong Kong Government's fiscal and economic policies. We generally are also sensitive to changes in the economic conditions, consumer confidence, consumer spending and customer preferences. Factors such as the PRC's slower growth in economy in recent years, may, to a certain extent, have cooled the real estate market in Hong Kong.

Our business and prospects therefore depend principally on the economic conditions and performance of the property market in Hong Kong. Any downturn in the Hong Kong economic conditions or outlook of the property market may therefore adversely affect our performance. We cannot assure you that the demand for properties, in particular commercial non-residential properties, in Hong Kong, will continue to grow, or will grow at all, any potential decline in the demand for properties or property prices in Hong Kong may have a material adverse impact on our business, financial condition, results of operations and growth prospects. Our financial position and results of operations may be influenced by fluctuations of supply and demand in the property market, which may, in turn, be affected by the general state of the economy and other factors, such as government policies. Any economic downturn or over-supply of properties could result in a slowdown in property sales or leases or downward pressure on property prices or rents. Any adverse development in the property market in Hong Kong could also have a material adverse effect on our business, results of operations and financial condition.

Any economic slowdown may adversely affect our business and our ability to obtain necessary financing for our operations

Since 2009, the global economy has slowed down and the growth is expected to remain modest and uneven in the near future. Recovery of advanced economies is slow and patchy, with downward pressures on emerging market economies. The market volatility and uncertainty caused by the global financial crisis also contributed to a lower demand for properties in Hong Kong and a decline in their rents or selling prices. Any global economic slowdown or financial market turmoil in the future may adversely affect overall demand for our office, retail and industrial properties and the business of tenants of our office, retail and industrial properties and therefore their ability to pay all or part of the rents. If there is a decrease in the general demand for our investment properties, this could also result in a decrease in the rents or selling prices of our investment properties. One or more of these factors could materially and adversely affect our business, financial condition and results of operations. Please refer to the section headed "Financial Information — Key Factors Affecting our Results of Operations — Changes in fair values of investment properties" in this prospectus for details of our exposure to fluctuations in our gains arising from changes in fair value of our investment properties.

RISK FACTORS

Our prospects may be adversely affected by an outbreak of other epidemics such as influenza A (H1N1) and avian flu (H5N1), and natural disasters

Any outbreak of any other epidemic in the places where we operate, such as influenza A (H1N1) and avian flu (H5N1) or recurrence of severe acute respiratory syndrome, may result in material disruptions to our tenants' businesses, and in turn our operations and business performance. Natural disasters or other catastrophic events, such as floods or severe weather conditions affecting the regions where we operate could, depending upon their magnitude, significantly disrupt our business operations or cause a material economic downturn in the affected areas, which in turn could materially and adversely affect our business, results of operations and financial condition.

Occupation protest or demonstration in Hong Kong may impose an adverse impact on the business performance of our tenants, which in turn affect our rental income and occupancy rate

Occupation protest or demonstration in Hong Kong such as the Occupy Central movement, which had spread across and mainly affected four districts, including Admiralty, Tsim Sha Tsui, Causeway Bay and Mongkok, anti-parallel goods rally or anti-mainlander protests, may adversely affect the number of tourist arrivals and the spending habits of the customers, which in turn may affect the business of our tenants.

If such protests or demonstrations happen in the future, our tenants may terminate our leases as a result of the undesirable business performance, and we may not be able to locate new tenants easily amid such political and economic atmosphere.

RISKS RELATING TO THE GLOBAL OFFERING

Our Controlling Shareholders have substantial influence over our Group and his/their interests may not be aligned with the interests of our other shareholders

Immediately following completion of the Global Offering, our Controlling Shareholders are interested in 75% (assuming the Over-allotment Option is not exercised and no options under the Share Option Scheme are exercised) of the issued share capital of our Company. Our Controlling Shareholders have substantial influence over our business, including matters relating to our management and policies and decisions regarding mergers, expansion plans, consolidations and the sale of all or substantially all of our assets, election of our Directors and other significant corporate actions. In addition, the interests of our Controlling Shareholders may differ from the interests of our other shareholders. It is possible that our Controlling Shareholders may exercise his/ their substantial influence over us and cause us to enter into transactions or take, or fail to take, other actions or make decisions which conflict with the best interests of our other shareholders.

There is no prior public market for our Shares, and the liquidity and market price of our Shares may be volatile following the Global Offering

Prior to the Listing, there is no public market for our Shares. We cannot assure you that the Listing will result in the development of an active and liquid public trading market for our Shares. The market price, liquidity and trading volume of our Shares may be volatile and may fluctuate in response

RISK FACTORS

to factors beyond our control, such as general market conditions of the securities markets in Hong Kong, China, the United States and elsewhere, and also the performance. In addition to market and industry factors, the price of and trading volume of our Shares may be affected by specific business factors, such as variation in our revenue, earnings, cash flow or the occurrence or speculation of any of the risks described in this section. We cannot assure you that these developments will not occur in the future.

Future sales of substantial amounts of our Shares in the public market may adversely affect the prevailing market price of our Shares

Except for our Shares issued in the Global Offering, our Company has agreed with the Sole Global Coordinator not to issue any of our Shares or securities convertible into or exchangeable for our Shares during the period beginning from the date of this prospectus and continuing through the date which is 6 months from the date on which dealings in the Shares commence on the Stock Exchange, except with the prior written consent of the Sole Global Coordinator. Further, the Shares held by our Controlling Shareholders are subject to certain lock-up undertakings for periods commencing on the date of this prospectus and up to 24 months after the Listing Date. Please refer to the sub-section headed “Underwriting — Underwriting Arrangements and Expenses — Undertakings to the Stock Exchange under the Listing Rules” in the section headed “Underwriting” in this prospectus for detailed discussion of restrictions that may apply to future sale of the Shares. After these restrictions lapse, we cannot assure you that our Controlling Shareholders will not dispose of any or all of the Shares they may own now or in the future. This may also materially and adversely affect our ability to raise capital in the future at a time and at a price we deem appropriate.

You may experience dilution if we issue additional Shares in the future

We may consider offering and issuing additional Shares in the future for expansion of our business or to the extent that our Shares are issued upon the exercise of share options. In this regard, you may experience dilution in the net tangible assets per Share if we issue additional Shares in the future at a price which is lower than the net tangible assets per Share.

There can be no guarantee as to the accuracy of facts and other statistics contained in this prospectus

Certain facts and other statistics in this prospectus are derived from various sources including various official government publications and communications with various official government agencies. Whilst our Directors have exercised reasonable care to ensure that such facts and statistics presented are accurately reproduced from their respective sources, the quality or reliability of such source material cannot be guaranteed and have not been prepared or independently verified by us or any of our respective directors, affiliates or advisers. Therefore we make no representation as to the accuracy of such facts and statistics, which may not be consistent with other information compiled

RISK FACTORS

within or outside Hong Kong. Due to possibly flawed or ineffective collection methods or discrepancies between published information, market practice and other problems, the official government statistics and unofficial statistics referred to or contained in this prospectus may be inaccurate or may not be comparable to statistics produced for other publications or purposes and should not be relied upon. Furthermore, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere. In all cases, investors should give consideration as to how much weight or importance they should attach to, or place on such facts or statistics.

The ability of Shareholders to bring actions or enforce judgments against us or our Directors may be limited

We are organised under the laws of the Cayman Islands. As a result, a Shareholder may not be able to enforce a judgment against us or some or all of our Directors and executive officers outside the Cayman Islands. It may not be possible for a Shareholder to effect service of process upon our Directors and executive officers within the Shareholder's country of residence or to enforce against our Directors and executive officers judgments of courts of the Shareholder's country of residence based on civil liabilities under that country's securities laws. There can be no assurance that a Shareholder will be able to enforce any judgments in civil and commercial matters against our Directors or executive officers who are residents of countries other than those in which judgment is made.

The laws of the Cayman Islands relating to the protection of the interests of minority shareholders are different from those in Hong Kong

We are a Cayman Islands company and our corporate affairs are governed by the Companies Law and other laws of the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Such differences may mean that the remedies available to our minority Shareholders may be different from those they would have under the laws of Hong Kong or other jurisdictions. See "Summary of the Constitution of Our Company and Cayman Islands Company Law — 3. Cayman Islands Company Law" in Appendix IV to this prospectus.

WAIVER FROM STRICT COMPLIANCE WITH THE LISTING RULES

CONTINUING CONNECTED TRANSACTION

After the Listing, we have entered into or will continue to conduct transaction which will constitute a non-exempt continuing connected transaction for our Company under the Listing Rules. The transaction under respective agreement is subject to reporting, annual review and announcement requirements under Chapter 14A of the Listing Rules, and our Company has applied for waiver from strict compliance with the applicable requirements under Rule 14A.105 of the Listing Rules and the Stock Exchange has granted a waiver from strict compliance with the announcement requirement set forth in Chapter 14A of the Listing Rules for such non-exempt continuing connected transaction. Further information on such waiver is set forth in the section headed “Continuing Connected Transaction” in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

UNDERWRITING AND INFORMATION ON THE GLOBAL OFFERING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants under the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering. Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus and on the Application Forms.

The Global Offering is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement. The Global Offering is managed by the Sole Global Coordinator. Please refer to the section headed “Underwriting — Underwriting Arrangements and Expenses” in this prospectus for further details of the Underwriters and the underwriting arrangements.

The Hong Kong Offer Shares are offered solely on the basis of the information contained and representations made in this prospectus and the Application Forms and on the terms and subject to the conditions set out herein and therein. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained herein must not be relied upon as having been authorized by our Company, the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager, the Underwriters, any of our or their respective directors, agents, employees or advisers or any other party involved in the Global Offering.

Neither the delivery of this prospectus nor any subscription or acquisition made under it shall, under any circumstances, constitute a representation that there has been no change or development reasonably likely to involve a change in our state of affairs since the date of this prospectus or imply that the information contained in this prospectus is correct as of any date subsequent to the date of this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

DETERMINATION OF THE OFFER PRICE

The Offer Shares are being offered at the Offer Price, which is expected to be determined by the Sole Global Coordinator (on behalf of the Underwriters) and our Company on the Price Determination Date. If, for whatever reason, the Sole Global Coordinator (on behalf of the Underwriters) and our Company are unable to reach an agreement on the Offer Price on or before the Price Determination Date, the Global Offering will not become unconditional and will lapse immediately.

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

Each person acquiring the Hong Kong Offer Shares will be required to confirm, or by his acquisition of the Offer Shares be deemed to confirm, that he/she is aware of the restrictions on offers of the Offer Shares described in this prospectus and the Application Forms.

No action has been taken to permit a public offering of the Offer Shares in any jurisdiction other than Hong Kong or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption therefrom. In particular, the Offer Shares have not been publicly offered or sold, directly or indirectly, in the PRC or the United States.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Application has been made to the Listing Committee for the listing of, and permission to deal in, our Shares in issue and to be issued pursuant to (i) the Capitalization Issue and the Global Offering (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the exercise of any options that may be granted under our Share Option Scheme.

Save as disclosed in this prospectus, no part of the equity or debt securities of our Company is listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought on the Stock Exchange or any other stock exchange as of the date of this prospectus. All the Offer Shares will be registered on the Hong Kong Share Registrar of our Company in order to enable them to be traded on the Stock Exchange.

Under section 44B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, any allotment made in respect of any application will be invalid if the listing of, and permission to deal in, our Shares on the Stock Exchange is refused before the expiration of three weeks from the date of the closing of the application lists, or such longer period (not exceeding six weeks) as may, within the said three weeks, be notified to our Company by or on behalf of the Stock Exchange.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, our Shares on the Stock Exchange and our Company's compliance with the stock admission requirements of HKSCC, our Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in our Shares on the Stock Exchange or any other date as determined by HKSCC. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time. All necessary arrangements have been made for our Shares to be admitted into CCASS.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangements and how such arrangements will affect your rights and interests as such arrangements may affect your rights and interests.

COMMENCEMENT OF DEALINGS IN THE SHARES

Dealings in the Shares on the Stock Exchange are expected to commence on Tuesday, 16 January 2018. The Shares will be traded in board lots of 2,000 Shares each.

PROFESSIONAL TAX ADVICE RECOMMENDED

Potential investors in the Global Offering are recommended to consult their professional advisers if they are in any doubt as to the tax implications of subscription for, purchasing, holding, disposing of and dealing in our Shares or exercising rights attached to them. None of us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters, any of their respective directors, officers, employees, agents or representatives or any other person or party involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding, disposition of, or dealing in, the Shares or exercising any rights attached to them.

HONG KONG REGISTER OF MEMBERS AND HONG KONG STAMP DUTY

Our Company's principal register of members will be maintained by our principal share registrar, Intertrust Corporate Services (Cayman) Limited, in the Cayman Islands and our Company's Hong Kong register of members will be maintained by our Hong Kong Share Registrar, Tricor Investor Services Limited, in Hong Kong. All Offer Shares will be registered on our Company's Hong Kong register of members in Hong Kong. Dealings in the Shares registered on our Company's Hong Kong register of members will be subject to Hong Kong stamp duty.

OVER-ALLOTMENT AND STABILIZATION

Details of arrangement relating to stabilization and the Over-allotment Option are set out in the section headed "Structure and Conditions of the Global Offering — Over-allotment Option and Stabilization" in this prospectus.

INFORMATION ABOUT THIS PROSPECTUS AND THE GLOBAL OFFERING

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedures for the Hong Kong Offer Shares are set out in the section headed “How to Apply for the Hong Kong Offer Shares” in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including its conditions, are set out in the section headed “Structure and Conditions of the Global Offering” in this prospectus.

ROUNDING

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments, or have been rounded to one or two decimal places. Any discrepancies in any table, chart or elsewhere between totals and sums of amounts listed therein are due to rounding.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

DIRECTORS

Name	Residential Address	Nationality
<i>Executive Directors</i>		
WONG Ka Yeung Roland (王家揚)	6 Cooper Road Jardine's Lookout Hong Kong	Chinese
CHAN Choi Wan Rolie (陳彩雲)	5C, Tower 1, Kornville 38 Yau Man Street Quarry Bay Hong Kong	Chinese
<i>Non-executive Director</i>		
WONG Chung Tak Richard JP (王聰德)	6 Cooper Road Jardine's Lookout Hong Kong	Chinese
<i>Independent non-executive Directors</i>		
CHAN Kam Ping (陳錦萍)	Flat C & Roof, 48th Floor Block 3 Metro Harbour View 8 Fuk Lee Street Kowloon Hong Kong	Chinese
WONG King Wai Kirk (王經緯)	Flat A, 19th Floor Dunbar Place 23 Dunbar Road Ho Man Tin Hong Kong	Chinese
WEN Cyrus Jun-ming (聞俊銘)	Apartment 621, 6th Floor Block 3 Hong Kong Parkview 88 Tai Tam Reservoir Road Repulse Bay Hong Kong	Chinese

Please refer to the section headed "Directors and Senior Management" in this prospectus for further information.

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

OTHER PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Global Coordinator, Sole Bookrunner, Sole Lead Manager and Sole Sponsor	KGI Capital Asia Limited 41/F, Central Plaza 18 Harbour Road Wan Chai Hong Kong
Legal Advisers to our Company	<i>As to Hong Kong law:</i> King & Wood Mallesons 13th Floor, Gloucester Tower The Landmark 15 Queen's Road Central Central Hong Kong <i>As to Cayman Islands law:</i> Ogier 11th Floor, Central Tower 28 Queen's Road Central Central Hong Kong
Legal Advisers to the Sole Sponsor and the Underwriters	<i>As to Hong Kong law:</i> Mayer Brown JSM 16th-19th Floors Prince's Building 10 Chater Road Central Hong Kong
Auditor and Reporting Accountant	PricewaterhouseCoopers <i>Certified Public Accountants</i> 22nd Floor Prince's Building Central Hong Kong
Industry Consultant	Jones Lang LaSalle Corporate Appraisal and Advisory Limited 6th Floor, Three Pacific Place 1 Queen's Road East Admiralty Hong Kong

DIRECTORS AND PARTIES INVOLVED IN THE GLOBAL OFFERING

Property valuer

Jones Lang LaSalle
Corporate Appraisal and
Advisory Limited
6th Floor, Three Pacific Place
1 Queen's Road East
Admiralty
Hong Kong

Receiving Bank

Wing Lung Bank Limited
Wing Lung Bank Building
45 Des Voeux Road
Central
Hong Kong

Compliance Adviser

KGI Capital Asia Limited
41/F, Central Plaza
18 Harbour Road
Wan Chai
Hong Kong

CORPORATE INFORMATION

Registered office	190 Elgin Avenue George Town Grand Cayman KY1-9007 Cayman Islands
Headquarter and principal place of business in Hong Kong	17/F Bank of East Asia Harbour View Centre 56 Gloucester Road Wan Chai Hong Kong
Company Website	www.toenterprise.com <i>(Note: information on this website does not form part of this prospectus)</i>
Company secretary	WONG Ka Yeung Roland (王家揚) <i>(CPA (Practising), ACA, ACCA and CPA (Australia))</i> 6 Cooper Road Jardine's Lookout Hong Kong
Authorized representatives	WONG Chung Tak Richard JP (王聰德) 6 Cooper Road Jardine's Lookout Hong Kong WONG Ka Yeung Roland (王家揚) <i>(CPA (Practising), ACA, ACCA and CPA (Australia))</i> 6 Cooper Road Jardine's Lookout Hong Kong
Audit committee	CHAN Kam Ping (陳錦萍) (<i>Chairman</i>) WONG King Wai Kirk (王經緯) WEN Cyrus Jun-ming (聞俊銘)
Remuneration committee	WEN Cyrus Jun-ming (聞俊銘) (<i>Chairman</i>) WONG King Wai Kirk (王經緯) CHAN Kam Ping (陳錦萍)
Nomination committee	WONG King Wai Kirk (王經緯) (<i>Chairman</i>) CHAN Kam Ping (陳錦萍) WEN Cyrus Jun-ming (聞俊銘)

CORPORATE INFORMATION

Cayman Islands principal share registrar and transfer office	Intertrust Corporate Services (Cayman) Limited 190 Elgin Avenue, George Town Grand Cayman KYI-9007 Cayman Islands
Hong Kong branch share registrar and transfer office	Tricor Investor Services Limited Level 22 Hopewell Centre 183 Queen's Road East Hong Kong
Principal banker	Hang Seng Bank 83 Des Voeux Road Central Hong Kong

INDUSTRY OVERVIEW

The information contained in this section and elsewhere in this prospectus have been derived from various official government and other publications generally believed to be reliable and the market research report prepared by JLL and commissioned by us.

Our Directors, after taking reasonable care, are of the view that there has been no adverse change in the market information since the date of the Industry Research Report which may qualify, contradict or have an impact on the information in this section. We believe that the sources of such information and statistics are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. We have no reason to believe that such information is false or misleading in any material respect or that any fact has been omitted that would render such information false or misleading in any material respect. Such information has not been independently verified by us or any of the Sole Sponsor, the Sole Global Coordinator, the Underwriters or any of our or their respective directors, officers or representatives or any other person involved in the Global Offering and no representation is given as to its accuracy. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, the facts and statistics in this section and elsewhere in this prospectus may be inaccurate or may not be comparable to facts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy (as the case may be) in other jurisdictions. As a result, you should not unduly rely upon such facts and statistics contained in this prospectus.

INTRODUCTION

In connection with the Global Offering, we have commissioned Jones Lang LaSalle Corporate Appraisal and Advisory Limited (“**JLL**”), an Independent Third Party, for use in this prospectus to prepare an industry research report with necessary information on the overall Hong Kong property market (“**Industry Research Report**”). JLL has charged us a total fee of HK\$175,000 for the preparation of the preparation of the Industry Research Report, which we believe is in line with the market rates.

JLL is an international real estate consultancy group, which provides a range of services including valuation and consultancy for occupiers, investors and developers across all sectors of the real estate market. JLL has licensed offices in Beijing, Shanghai, Guangzhou, Shenzhen and Chengdu in China, as well as Hong Kong, Singapore and other cities in Asia.

For the purpose of the Listing, JLL also serves as our Property Valuer. The Property Valuation Report prepared by JLL which relates to our property interests is included in Appendix III to this prospectus. JLL provided services through two business teams which are independent from each other. This section was prepared primarily by the designated market research team based on the followings and considered that the information and statistics are reliable:

- data from various government publications;
- site visits and interviews; and

INDUSTRY OVERVIEW

- proprietary database of JLL;

JLL has relied on the assumptions listed below:

- all documents provided by our Company are true and correct;
- all published data by the Buildings Department, Census and Statistics Department, Lands Department, Planning Department and Rating and Valuation Department are true and correct; and
- where subscribed data is obtained from authoritative public institutions, JLL will rely upon the apparent integrity and expertise of such institutions.

Our Directors confirm that after taking reasonable care, there is no adverse change in the market information since the date of the Industry Research Report prepared by JLL which may qualify, contradict or have impact on the information set out in this section.

OVERVIEW OF HONG KONG ECONOMY

As one of the world's leading international financial centres, Hong Kong is characterized by free trade, simple and low tax, sound legal system and independent judiciary. Hong Kong has been ranked as the world's freest economy for the 23rd consecutive year, according to the Index of Economic Freedom released by the Heritage Foundation. Its steadfast commitment to safeguarding free market principles has been affirmed and in the Asia-Pacific region, Hong Kong is one of the cities having the greatest number of corporate headquarters established.

The nominal GDP of Hong Kong grew at a CAGR of 5.2% between 2012 and 2016, and it increased to HK\$ 2,491 billion in 2016, representing a year-on-year growth rate of 2.4% in chained (2015). The average year-on-year change of CPI was 3.6% across the five years concerned. Despite the moderate growth pace of the overall economy, the unemployment rate maintained at a frictional low level of 3.3% on average. Monthly domestic household income grew at a CAGR of 4.7%, increasing from HK\$21,000 in 2012 to 25,200 in 2016. The table below illustrates the selected economic statistics of Hong Kong from 2012 to 2016.

INDUSTRY OVERVIEW

Selected economic statistics of Hong Kong (2012-2016)

	2012	2013	2014	2015	2016	2012-2016
						CAGR
Nominal GDP (HK\$ billion)	2,037	2,138	2,260	2,398	2,491	5.2%
Year-on-year change of GDP (%) [#]	1.7	3.1	2.8	2.4	2.0	2.4%*
GDP per capita (HK\$) [#]	298,179	305,980	311,835	316,635	321,487	1.9%
Year-on-year change of CPI (%)	4.1	4.3	4.4	3.0	2.4	3.6%*
Monthly domestic household income (HK\$)	21,000	22,200	23,200	24,800	25,200	4.7%
Unemployment rate (%)	3.3	3.4	3.3	3.3	3.4	3.3%*

Source: Census and Statistics Department, Hong Kong

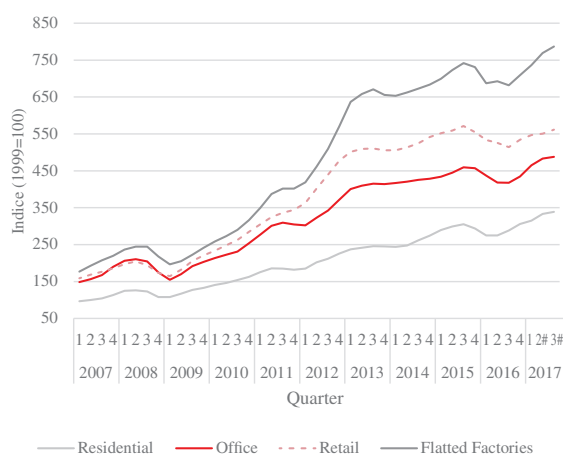
Notes: # in chained (2015) dollars

* arithmetic mean for the period between 2012 and 2016

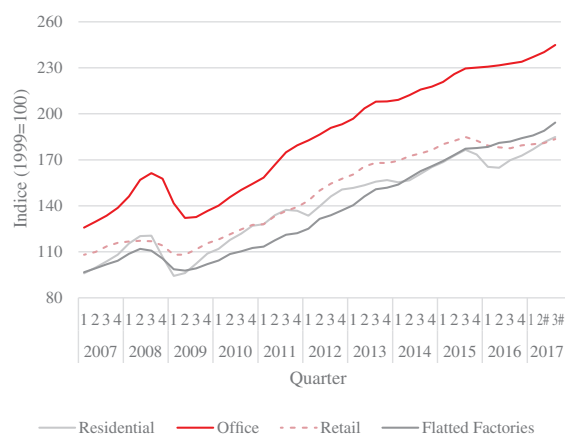
OVERVIEW OF REAL ESTATE MARKET IN HONG KONG

In general, the private property market in Hong Kong can be subdivided into residential property market and non-residential property market, while the latter includes three sectors, namely, office, retail and flatted factories. In general, the price and rental indices of all property markets increased between 2007 and 2017.

Price Indices of Private Residential and Non-residential Property



Rental Indices of Private Residential and Non-residential Property



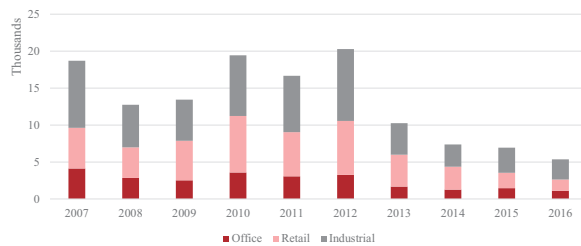
Source: Rating and Valuation Department

Note: #Provisional figure

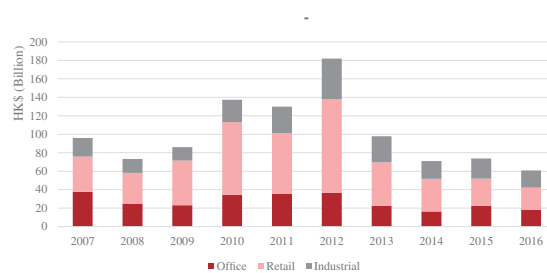
INDUSTRY OVERVIEW

In the non-residential property market, the annual number of transactions have been halved from 10,300, with which the transaction value has been consecutively under HK\$100 billion since 2013, which could largely be attributed to the implantation of a series of austerity measures on property market by the HKSAR government. Seemingly, the decreased non-residential property transactions might indicate that the real estate market in Hong Kong has cooled down in recent years. Nevertheless, the price level has rose rapidly and stayed steadfast under the low interest environment and the rental is secured by user and investment demand.

Number of Transactions of Private Non-residential Property Market



Transaction Value of Private Non-residential Property Market



Source: Rating and Valuation Department

The stock of residential and non-residential properties in Hong Kong increased from about 40.0 million sq.m. in 2012 to 40.6 million sq.m. in 2016, at a CAGR of 0.34%. The property tax's CAGR, a proxy of the property rental income and property leasing activities, had a double-digit increase at 11.4% between 2011 and 2015. These reveal that the overall real estate market in Hong Kong is expanding, with an increase of floor area and leasing activities.

OVERVIEW OF PRIVATE GRADE A & GRADE B OFFICE MARKET

According to the definitions of Rating and Valuation Department, Private Office premises comprise of premises situated in buildings designed for commercial/business purposes. Excluded are non-residential floors in composite buildings. Offices are graded as follows:

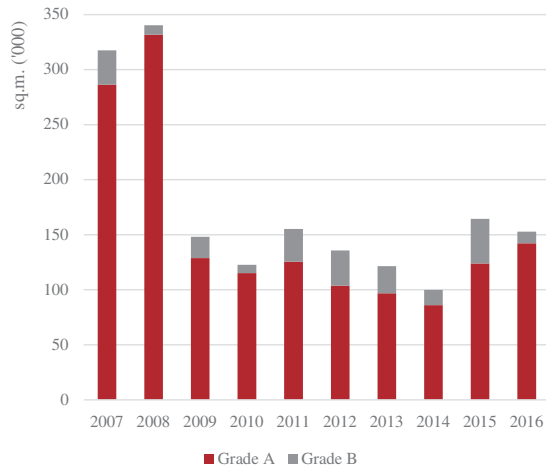
Grade A - modern with high quality finishes; flexible layout; large floor plates; spacious, well decorated lobbies and circulation areas; effective central air-conditioning; good lift services zoned for passengers and goods deliveries; professional management; parking facilities normally available.

Grade B - ordinary design with good quality finishes; flexible layout; average-sized floor plates; adequate lobbies; central or free-standing air-conditioning; adequate lift services, good management; parking facilities not essential.

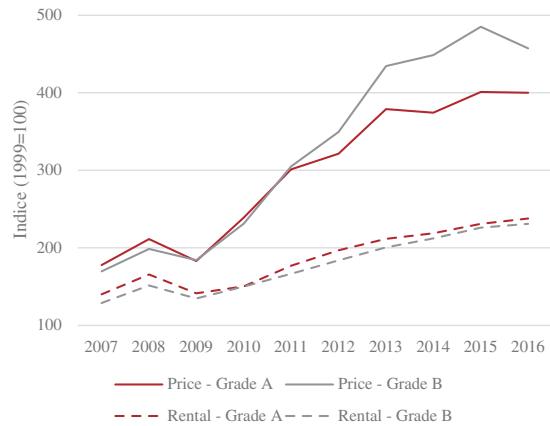
INDUSTRY OVERVIEW

Between 2007 and 2016, the stock of office increased slightly and gradually, and most of which was attributed to Grade A offices. As at the end of 2016, there was a total of 10,054,600 sq.m. office stock with 74% from Grade A and 26% from Grade B in Hong Kong. More than half of the stock of Grade A offices clustered in Hong Kong Island, followed by those located in Kowloon at 37% and New Territories at 12%. Similarly, Grade B offices also concentrated in Hong Kong Island, accounting for 61%.

New Completion of Private Offices



Price and Rental Indices of Private Offices



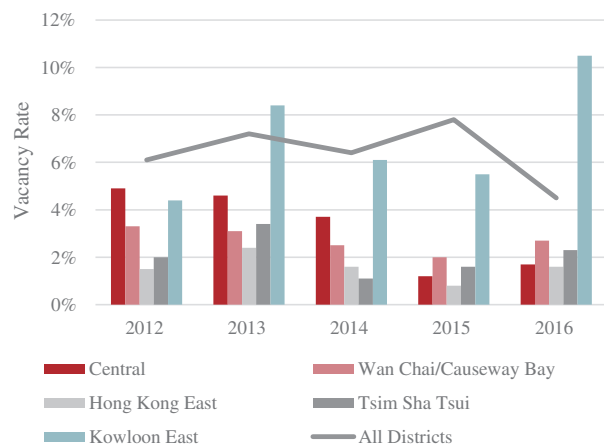
Source: Rating and Valuation Department

The difference of vacancy rate between Grade A and Grade B offices narrowed from 11.5% and 8.0% in 2009 to 8.0% and 9.4% in 2016 correspondingly. Furthermore, by JLL, in 2016, the vacancy rate of Grade A offices in Central, Wan Chai/ Causeway Bay, Hong Kong East and Tsim Sha Tsui stayed below 3%, considerably lower than that of the overall Grade A offices at over 4%. It is noted that the vacancy rate of Grade A offices in Kowloon East revealed a larger fluctuation, as high as 8.4% in 2013 and 10.5% in 2016, exceeding that of the overall market.

Vacancy Rate of Private Offices



Year-end Vacancy Rate of Grade A Private Offices by Districts



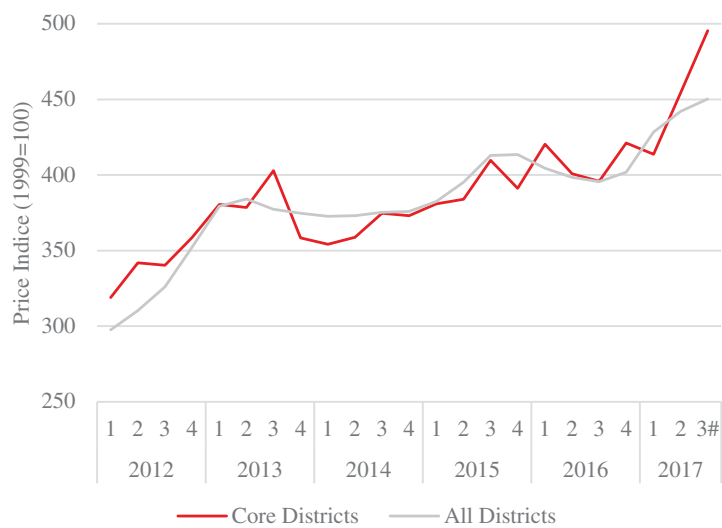
Source: Rating and Valuation Department, JLL

INDUSTRY OVERVIEW

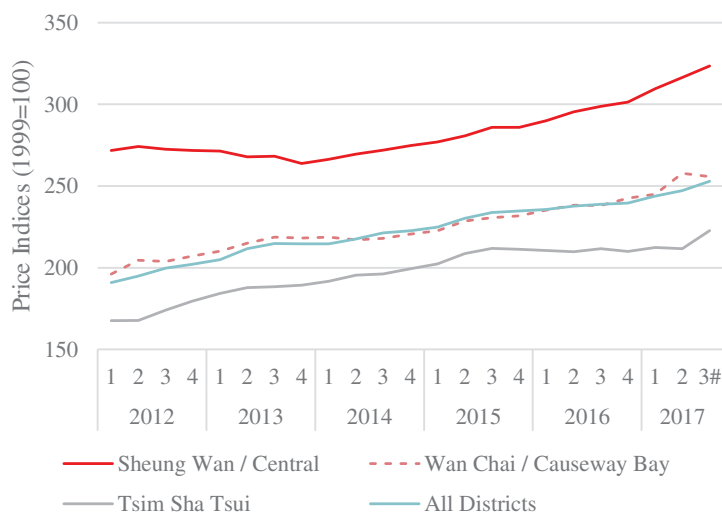
Grade A Offices in Core Districts in Hong Kong

Sheung Wan/ Central, Wan Chai/ Causeway Bay and Tsim Sha Tsui are defined as the core districts of office in Hong Kong, or referred to the traditional Central Business District (CBD) in Hong Kong. Grade A offices located in the core districts had a price growth at 55.3%, relatively more robust than Grade A offices in all districts at 51.3%, between 2012Q1 and 2017Q3. After the interest rate hike in the late 2015, Grade A offices in the core districts had a price growth at 7.2%, whilst those in all districts suffered a negative growth at -3.2% between 2015Q4 and 2016Q4. It reflects that those Grade A offices located in core districts had a higher resistance to the unfavorable impacts on the pricing brought by the recent normalization of interest rate.

Price Indices of Grade A Offices in Core Districts



Rental Indices of Grade A Offices in Core Districts



Source: Rating and Valuation Department

Note: #Provisional figures

INDUSTRY OVERVIEW

Key drivers of demand for office property

Hong Kong is a global financial and business hub and the demand for quality offices are high as revealed from the low vacancy rate and the growing price and rental level. Financial services such as private banks and asset managers are one of the most important tenant group in the local Grade A office market for their ability to pay above the market rents. In 2015, the financial sector accounted for over 50% of Grade A office occupier market in Central, and Wan Chai/Causeway Bay. With reference to JLL report ‘Past, present, future: China’s role in driving the growth of Hong Kong’s property market’ released in January 2016, mainland corporate accounted for about 21% of all floor space leased in Central Grade A offices, and it is estimated that 28% of the tenant base in Central Grade A office will be mainland corporates by 2021.

The Chinese “One Belt One Road” policy initiative, setup of Asian Infrastructure Investment Bank, development of an offshore renminbi market in Hong Kong, roll-out of the Stock Connect Pilot Programme, and Mutual Funds Recognition Scheme, are expected to be favorable to the sustainable development and advancement of financial sectors in Hong Kong with a growing demand for Grade A office space in core districts, especially Central and the its neighboring districts including Admiralty and Wan Chai.

With the development of an offshore Renminbi market in Hong Kong, increased renminbi deposits in the Hong Kong banking system is expected to have a filter-through effect across the city. It is anticipated that this will drive growth in three particular areas of trade settlement, wealth management and capital raising, which in turn is expected to have a positive effect on the Grade A office market. On the other hand, the roll-out of the Stock Connect Pilot Programme will enhance the expansion plans of China corporations in Hong Kong, looking to capture international capital and diversify their ownership structure to grow, in particular, securities trading and asset management businesses.

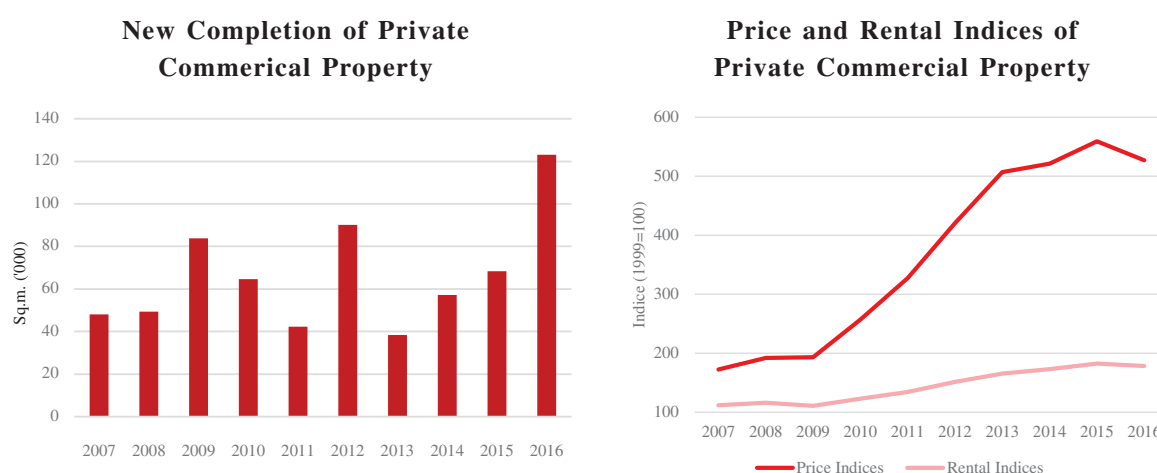
According to the Consolidated Land Requirement and Supply Analysis published by Planning Department in October 2016, it is estimated that there is about 140,000 sq.m. GFA shortfall of Grade A offices in core districts. Furthermore, it is forecasted that the shortfall will increase to 480,000 sq.m. in 2023, and the gap will widen to 1.06 million sq.m. in 2041. Though the government is creating a 2nd CBD in Kowloon East and plans to set up a 3rd CBD in East Lantau Metropolis, Central and its nearby districts remain strategically important and the strong demand for quality offices in these core districts are expected to be sustainable.

To ride on benefits of closer cross-border economic relationship and Hong Kong as a gateway to the global market, more mainland corporates are actively seeking to establish a presence in Hong Kong by renting and buying offices located in the prime locations. Though some large financial institutions move out to reduce their footprints in Central, much of the vacated space will likely be backfilled by mainland Chinese corporates who are willing to pay a premium to secure the very best offices in town, driving up the rental. As at 1 June 2017, there were 1,264 mainland corporates having offices in Hong Kong, a 74.3% increase from 2007 and most of the growth was recorded after the global financial crisis. With the share of new lettings from mainland corporate having more than doubled over the past five years, Grade A office rents in Central remains on the rise.

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OVERVIEW OF PRIVATE RETAIL PROPERTY MARKET

Private Commercial premises, defined by Rating and Valuation Department, include retail premises and other premises designed or adapted for commercial use, with the exception of purpose-built offices. Between 2007 and 2016, the stock of commercial property increased gradually. As at the end of 2016, there was a total of 11.13 million sq.m. of stock in Hong Kong, comprising 41% in Kowloon, 30% in the New Territories and 29% on Hong Kong Island. The stock of commercial property increased at a CAGR of 0.62% between 2012 and 2016. The annual new completions of commercial property in Hong Kong were 48,000 sq.m. in 2007 with fluctuates for the years onward reaching 123,100 sq.m. in 2016. It is expected that the new supply will jump to 125,600 sq.m. in 2017 and further to 165,500 sq.m. in 2018.



Source: Rating and Valuation Department

Key drivers of demand for retail property

Retail sales have had a positive growth over the last ten years and the growth slowed down from 2012, when the growth rate of price and rental declined. Apart from the growing local purchasing power, the retail sector has been driven by inbound tourism. In 2016, about 76% of total visitor arrival was from Mainland China, an increase from 54% in 2006. There was a double-digit growth of Mainland Chinese visitors every year between 2010 and 2014 but it recorded negative growth in two years of 2015 and 2016 across the last ten years since 2006. The inbound Mainland China visitors, and their consumption expenditure in Hong Kong have a close linkage with the performance of retail sales. The decrease of Mainland visitors and their reduced consumption expenditure in Hong Kong are the main factors leading to a negative growth of retail sales in the years of 2014, 2015 and 2016. Mainland shoppers accounted for about a third of total retail sales in 2015. The sharp cut was largely attributed to the once-per-week visit quota placed on all new multi-entry permit application in effect from April 2015 that has led to about 450,000 fewer visitors per month.

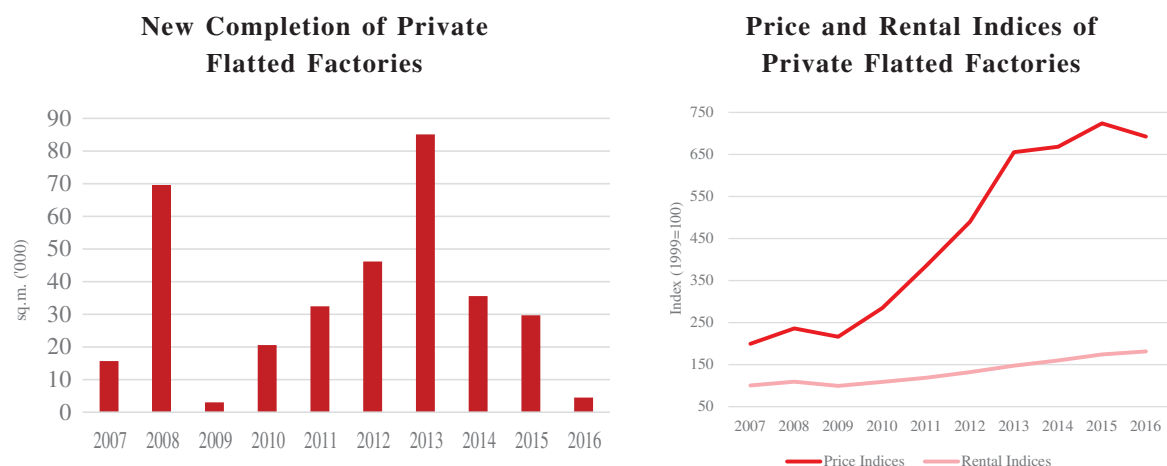
INDUSTRY OVERVIEW

The retail sales of food, alcoholic drinks and tobacco, and supermarkets maintained a positive year-on-year growth in the last ten years, ranging between 0.8% and 12.5%. Between 2012 and 2016, the annual increase of retail sales of supermarket, other consumer goods, department stores, food, alcoholic drinks and tobacco maintained a CAGR ranging between 2% and 3%. With a continuously increasing household income at a CAGR of 5.04% in the last five years, the fundamental support of the retail property market is expected to be solid.

Apart from retail sales, in terms of accessibility and traffic flow that affect the rental and price of shops, location is another key determining factor. Ground floor shops and those located in the prime locations are more sensitive to economic changes. Still, their price and rental are supported by their scarcity in supply, compared to those located on upper floors or in basements. The location factor makes these shops unique and rare and they are relatively more resilient throughout the economic cycles, regardless in the upturns or downturns.

OVERVIEW OF PRIVATE INDUSTRIAL PROPERTY MARKET

As defined by Town Planning Board, industrial use refers to the use of any place, premises or structure for the manufacture, alteration, cleansing, repairing, ornamenting, finishing, adaptation for sale, breaking up, or demolishing or transformation of goods and materials; for the storage, loading, unloading or handling of goods and cargo; or for the training, research, design and development, quality control and packaging in relation to the above processes. Private flatted factories, defined by Rating and Valuation Department, are premises designed for general manufacturing processes and uses, including offices that are directly related to such processes, and normally intended for sale or letting by the developers. Between 2007 and 2016, the stock of flatted factories decreased and the decline has sharpened since 2013. As at the end of 2016, there was a total of 16.73 million sq.m. of stock in Hong Kong, distributed evenly between urban areas and the New Territories. The vacancy rate of flatted factories decreased rapidly from 8.0% in 2009 to 5.8% in 2016.



Source: Rating and Valuation Department

INDUSTRY OVERVIEW

Key drivers of demand for industrial property

Despite dwindling traditional manufacturing activities, industries relating to local consumption and supporting operations and functions of the city are needed, such as food and beverages, paper products and printing. Besides, the production and export of light consumer goods, including textiles, accessories, electronics, toys, watches and jewelry, remain. The industrial activities in Hong Kong have shifted towards high value-added and technology-intensive manufacturing processes, including design, prototype production, technology applications, quality control and Research and Development.

In 2016 Policy Address, ‘re-industrialization’ is identified as a potential new area of economic growth for Hong Kong. The government targets at promoting smart production, attracting high value-added technology industries and high value-added manufacturing processes. With effect from 1 February 2016, nil waiver fee is introduced for testing laboratories operating in industrial buildings, to promote testing and certification industry in Hong Kong.

The Development Bureau implemented a series of measures to revitalize industrial buildings between April 2010 and March 2016, which facilitated the transformation of industrial buildings into offices, hotel and retail space. As at the end of March 2016, there were 125 applications approved, including 104 for wholesale conversion and 21 for redevelopment. Though there were new completions of flatted factories every year, the stock revealed that the market supply became constrained. Considering the growing demand for industrial floor space and displacement or redevelopment of industrial building to non-industrial uses, the discrepancy between demand and supply will widen. Taking into account of the new supply from Hung Shui Kiu New Development Area, Yuen Long South and Stonecutters Island, it is expected that there will be a shortage of 800,000 sq.m. in 2023, and then increase to 3.61 million sq.m. and 5.09 million sq.m. respectively in the year of 2033 and 2041.

COMPETITIVE LANDSCAPE

In Hong Kong, there are public listed companies and private companies engaging in real estate investment activities. The key attributes of real estate investment are generating a stable cash flow from rental income, and gaining from capital growth. Though property investment is a capital-intensive activity which sets a high entry threshold, the market is highly competitive in Hong Kong mainly comprised active or passive institutional investors. Active investors take a short horizon for earning capital gain from speculating the market, exploiting profitable conditions and trading properties. Conversely, passive investors take the buy-and-hold approach with a longer investment horizon for generating stable stream of rental income.

INDUSTRY OVERVIEW

Among all the listed companies in Hong Kong, JLL considered 15 listed companies that are comparable with us in terms of industry, properties portfolios and the net fixed asset value. These 15 market players are all participating in property investment activities in Hong Kong. The Company ranked 10th in terms of the gross yield and 13th in terms of the fair value of investment properties. Below is a summary of the fair values and gross yields of the investment properties of the Company and the market players.

Fair Values and Gross Yield of Investment Properties of the Company and Market Players in 2017

No.	Name	Stock Code	Fair Value of Investment Properties (HK\$ billion) ⁽¹⁾	Gross Yield of Investment Properties ⁽²⁾
1	Soundwill Holdings Ltd. ^c	878.HK	18.590	2.71%
2	Lai Sun Garment (International) Ltd. ^c	191.HK	16.571	3.96%
3	Asia Standard International Group Ltd. ^a	129.HK	8.273	1.85%
4	Asia Orient Holdings Ltd. ^a	214.HK	8.200	1.85%
5	Melbourne Enterprises Ltd. ^d	158.HK	6.467	3.60%
6	Tai Sang Land Development Ltd. ^c	89.HK	6.353	3.30%
7	Shun Ho Property Investment Limited ^c	219.HK	4.122	3.78%
8	Safety Gowdown Co. Ltd. ^a	237.HK	3.081	2.56%
9	Henry Group Holdings Ltd. ^a	859.HK	3.065	2.15%
10	Hong Kong Ferry (Holdings) Co. Ltd ^c	50.HK	2.080	6.30%
11	China Motor Bus Co., Ltd ^b	26.HK	1.755	2.94%
12	Vanke Property (Overseas) Limited ^c	1036.HK	1.726	5.43%
13	Thing On Enterprise Limited^c	—	1.585	2.67%
14	Wing Lee Property Investment Limited ^c	864.HK	1.046	3.04%
15	ITC Properties Group Ltd. ^c	199.HK	0.754	1.83%
16	Lifestyle Properties Development Limited ^c	2183.HK	0.042	NA*

Source: Public market information

Notes: *No rental income were recorded for the investment properties

⁽¹⁾ Fair value of investment properties are extracted from the most recent annual reports or interim reports

a Year ended 31 March 2017

b Year ended 30 June 2017

c Year ended 31 July 2017

d Six months ended 31 March 2017

e Six months ended 30 June 2017

⁽²⁾ Gross yields of investment properties are derived from the gross rental income (annualized gross rental income) and the fair value of the investment properties based on their annual reports (or interim reports) in the year of 2017

INDUSTRY OVERVIEW

⁽³⁾ Selection of listed companies are based on the followings:

- the market capitalization of the listed companies is below HK\$5 billion
- the net fixed asset value of the listed companies is greater than or equal to HK\$1 billion
- the major business of the listed companies is in the real estate industry
- REITs are excluded from analysis
- Only companies with investment properties located in Hong Kong and with sufficient breakdown information available are included

OUTLOOK OF REAL ESTATE INVESTMENT MARKET IN HONG KONG

Strong growing demand for quality private offices in traditional core business districts. The fundamental and rental value of property is supported by the high demand and low supply, with the vacancy rate staying at a fractional low level, particularly those located in the prime locations of the traditional central business districts. Financial services such as private banks and asset managers remain to be one of the most important tenant groups in the local Grade A office market for their ability to pay above the market rents.

Strong demand for prime retail space in urban neighborhood locations. In the retail property market, the overall performance is more sensitive to the strengthening US dollar currency, number of Mainland visitor arrivals, and their patterns of consumption. Specifically, the value and rental of each retail shop depend on its fundamentals, including traffic flow, location, client base and type of products, on a case-by-case basis. Compared to tourist and luxury-oriented retailing areas, the rental and pricing levels of shops serving local neighborhoods have a lower volatility. The private consumption expenditure and monthly domestic household income respectively revealed an increase at a CAGR of 3.6% and 4.7% between 2012 and 2016. For retail property located in urban neighborhood locations, it is expected that the local-driven retail sales will remain stably strong and solid given the growing local purchasing power. For ground floor shops, their rental and capital values are expected to be well supported by the scarce supply, revealing a positive prospective of growth.

High and growing demand for private flatted factories. For private flatted factories, owing to the revitalization of industrial building measures, the supply was reduced that could not be replenished within a short period of time. The strong fundamental demand would keep the price and rental at a stably high level. Despite the declining manufacturing industry, the constant demand for industrial premises to serve local production and export remain. Furthermore, the ‘re-industrialization’ policy recently introduced by the government and the growing innovation and technology sector imply that there is a growing demand for spaces in private flatted factories to accommodate these activities. By estimate, the gap between demand and supply will widen from a shortage of 800,000 sq.m. floor space in 2023 to 3.61 million sq.m. and 5.09 million sq.m. respectively in the year of 2033 and 2041.

Less stringent government policy on non-residential property than residential property. In addition to addressing the end-user demand and curbing speculative property investment activities, the imposition of new Double Stamp Duty at 15% flat rate on residential property will divert more investors from the residential property market to the non-residential property market. Investment-graded non-residential properties, including offices, retail and industrial premises remain to be secured and are attractive property assets for investment, supported by their fundamental value.

INDUSTRY OVERVIEW

Chinese government's 'Belt and Road' policy initiative vs control of outbound investment. Mainland buyers have been the key contributor to the city's property investment market whilst the Chinese government has recently ramped up efforts to curb capital outflows to shore up the RMB currency. The latest measure of restricting outbound investment on foreign property with a cap set at USD 1 billion hints that the capital outflow is to be constrained, exerting downward pressure on the prices of investment property in Hong Kong. Over the near term, the execution of property transactions could be displaced by strategic deals whilst the new rules could hold down the capital flow for property investment. The policy move of tightening capital outflow is generally interpreted as a means to defend the foreign exchange reserve whilst the 'Belt and Road' policy initiative is to enhance the orderly free flow of trade and promote economic co-operation among countries along the routes. The effect of the policy strain between relaxation and control of capital flow is yet to be seen in the short term whilst a shift to the market economy, revealed from internationalization of RMB currency and free capital flow being a trend.

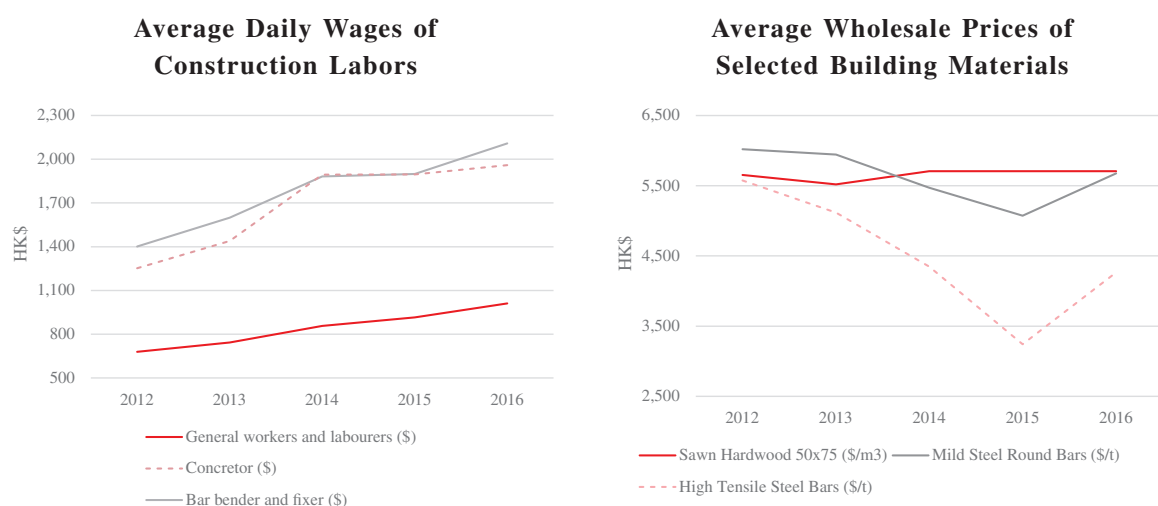
Normalisation of interest rate affects asset's capital value. After the continuous price growth and decreasing market yields, driven by an influx of hot money across the globe under the low interest rate environment, starting from the late 2015, the property market has revealed a sign of adjustment from the slight decline of property prices. Following a growing sentiment about a rise in the interest rate, the US Federal Reserve raised interest rates by 0.25% in December 2015, its first increase since 2006. The expectation and prediction about an increasing interest rate among property investors has grown and further been affirmed, by the latest move of raising interest rate in December 2016 and the US central bank has predicted three further rates increase in 2017. The normalization of interest rate from the historically high level will inevitably drag down the asset's capital value and increase the yield.

Appreciation of US Dollars relative to Renminbi (RMB). The strengthening US Dollar after the interest rate hike leads to the currency appreciation of HK Dollar relative to Renminbi. It becomes more expensive for Mainland buyers and shoppers to make purchases in Hong Kong, which could be a headwind to the property market, in particular the retail sector. Still, the recent inclusion of RMB in the Special Drawing Rights currency basket has consolidated and affirmed RMB's internationalization process, signaling a lift from the devaluation. Also, property per se possesses inflation-hedging characteristics for storage of money value. Considering the diversification of currency risk, it is expected that the investment properties in Hong Kong remain attractive to Chinese investors.

HISTORICAL PRICE TRENDS OF RAW MATERIALS AND LAND

During the past five years, the labor cost has rapidly increased, mainly due to the shortage of construction labor and the launch of a number of major infrastructure projects, such as Central Reclamation, Hong Kong Zhuhai Macau Bridge, Kowloon West High Speed Rail project. Average daily wages of general workers and labors, concreter, and bar bender and fixer recorded CAGRs of 10.5%, 11.8% and 10.8% respectively between 2012 and 2016. Differing from the labor cost, the construction materials, particularly mild steel round bars and high tensile steel bars, have undergone negative CAGRs of -1.5% and -6.5%, owing to the surplus of supply.

INDUSTRY OVERVIEW



Source: Census and Statistics Department

Land cost generally takes up the largest percentage of a development project's expenditure. The shortage of land supply is always a core issue in Hong Kong real estate market. No industrial land were sold between 2012 and 2014. The average accommodation value (AV) for commercial land, which includes office and retail uses, recorded the highest in 2016, at HK\$74,780 per sq.m.. The land price reveals an increasing trend in general despite some fluctuations as the unit price of each parcel of land is different due to plot ratio restriction and locational factor.

Land Sale Analysis (2012-2016)

Year	Commercial [#]		Industrial	
	No. of Transactions	Average of AV (HK\$/sq.m.)	No. of Transactions	Average of AV (HK\$/sq.m.)
2012	2	37,286	—	—
2013	3	46,982	—	—
2014	2	58,584	—	—
2015	5	49,779	1	37,368
2016	4	74,780	1	23,679
Total	16	—	2	—

Source: Lands Department

Note:[#]includes office and retail uses

REGULATORY OVERVIEW

Land holding in Hong Kong

All land except St. John's Cathedral in Hong Kong is leased or otherwise held by the Hong Kong Government. Since 1 July 1997, the Basic Law of Hong Kong became applicable to Hong Kong. Article 8 of the Basic Law provides that the laws previously in force in Hong Kong, that is, the common law shall be maintained, rules of equity, ordinances, subordinate legislation and customary law shall be maintained, except for any that contravene the Basic Law, and subject to any amendment by the legislature of Hong Kong. In accordance with Annex III of the Joint Declaration of the Government of the United Kingdom of Great Britain and Northern Ireland and the Government of the People's Republic of China on the Question of Hong Kong dated 19 December 1984 (the "Joint Declaration") and the Basic Law of the Hong Kong, the land holding system in Hong Kong has remained a leasehold system since 1 July 1997.

Government Grant

There are two types of leases granted by the Hong Kong Government, government lease and conditions of grant. Government lease usually contains a few standard restrictions and carry a nominal annual rent. Conditions of grant usually contains more restrictions and an annual rent linked to rateable value is payable by the lessee under the conditions of grant. The lessee will, subject to compliance with the conditions, be entitled to a lease of the land. Under the leasehold system, the lessee of the government lease or the conditions of grant is commonly referred to as the owner of the leased property.

Land uses, extent of development of the land, building restrictions or even post-development building management responsibilities are specified in the government lease or the conditions of grant. Lease conditions, being contractual, are subject to legislative restrictions such as those imposed by the Buildings Ordinance (Chapter 123 of the Laws of Hong Kong) and Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong). Breach of those ordinances may in certain circumstances also be breach of the conditions of government lease or conditions of grant, which the Hong Kong Government is entitled to re-enter the land in question by exercising the contractual rights specified in the government lease or the conditions of grant in addition to the exercise of the statutory powers conferred by the relevant ordinances. If a lessee wishes to modify the use restrictions or to remove or modify development restrictions in the government lease or conditions of grant, the lessee must apply to the Director of Lands and is usually required to pay a premium for the same.

Government Lease Terms

The terms of Government lease vary. At various times in the past, Government leases have been granted for period of 75, 99, 150 or 999 years with or without a right or renewal. Leases of New Territories including Kwun Tong Inland Lots and New Kowloon Inland Lots which expired on 30 June 1997 were extended until 30 June 2047 under section 6 of the New Territories Leases (Extension) Ordinance (Chapter 150 of the Laws of Hong Kong).

For existing government lease which will expire before 30 June 2047, the Basic Law provides that they will continue to be recognized and protected under the laws of Hong Kong. Where such government lease does not contain a right of renewal upon expiry, article 123 of the Basic Law provides that shall be dealt with in accordance with laws and policies formulated by the Hong Kong Government.

REGULATORY OVERVIEW

Certificate of Compliance

Certificate of compliance is a certificate certifying that the lessee of the land has complied with all the positive obligations imposed on him under the land grant.

In order to issue the certificate of compliance of a building, the District Lands Office will on application of the lessee:

- (1) carry out an inspection on the land for the purpose of certificate of compliance;
- (2) inspect the land/building to see if it has been constructed in accordance with the approved building plans and required provisions of the land grant; and
- (3) check the formation of “colored” areas and whether any area specified on the approved building plans has been misused.

Occupation Permit

An occupation permit is a document issued by the Buildings Department and stipulates the designated use of the property as at the time the permit was issued and the property has been constructed in accordance with the provisions of the Buildings Ordinance and its subsidiary regulations. Section 21(1) of the Buildings Ordinance provides that no new building shall be occupied unless the Buildings Department has issued an occupation permit in respect of such building. Therefore, occupation permit is a very important document, the lack of which, unless as exempted with production of satisfactory documentary evidence, may render the title to the property defective.

An occupation permit usually identifies use of property, the road(s) and/or street(s) at which the new building is situated and the lot(s) on which the new building is standing. The occupation permit also shows the number of storeys and units on each floor of the building, car parking spaces, other ancillary erections and their respective permitted use.

Under usual practice, the occupation permit must be produced by the vendor to prove title in a property transaction. Inconsistency with an occupation permit is potentially a title defect of a property which may be subject to requisition by a purchaser in a property transaction. If such requisition is not answered satisfactorily or the purchaser does not otherwise agree to purchase the property subject to such title defect, it may entitle such purchaser to refuse completion of the property transaction.

If any material change is intended to be made to the use of the property which will contravene the designated use specified in the occupation permit, one month’s notice must be given to the Buildings Department for the intended change and the Buildings Department may prohibit such change of use where, in its opinion, the building is not suitable by reason of its construction for the intended use.

Government rent and rates

Pursuant to the land grant, the Hong Kong Government grants the right to hold and occupy a piece of land for a definite term to the grantee and in return the grantee is required to pay to the Hong

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Hong Kong Government a rent (usually annual) throughout the term for the right to hold and occupy the land. Modern land grant requires payment of a premium for the grant of the land and annual government rent throughout the tenancy. For land grant after 27 May 1985, nominal government rent was payable up to 30 June 1997 and thereafter an annual rent equivalent to 3% of rateable value of the land would be charged. Non-payment of government rent is a breach of a covenant in the land grant and puts the property at risk of being re-entered by the Hong Kong Government.

Rates are one of Hong Kong's indirect taxes levied on properties. The revenue collected forms part of the Hong Kong Government's general revenue. Rates are charged at a percentage of the rateable value which is the estimated annual rental value of a property at a designated valuation reference date, assuming that the property was then vacant and to let. For the current financial year 2016-2017, the rates percentage charge is 5% and the designated valuation reference date is 1 October 2015 and the rateable values take effect from 1 April 2016. Rateable values will be reviewed annually by the Rating and Valuation Department of the Hong Kong Government in the general revaluation so as to reflect more precisely the up-to-date rental values of the properties.

Generally, properties in Hong Kong are liable to be assessed to rates under the Rating Ordinance (Chapter 116 of the Laws of Hong Kong). Both the owner and the occupier of the tenement are liable for rates. In practice, it will depend on the terms of the agreement between the owner and occupier of the property.

Stamp Duty

The Stamp Duty Ordinance (Chapter 117 of the Laws of Hong Kong) imposes duty, payable within a specified time frame, on certain types of documents, including a conveyance on sale or a lease of immovable properties in Hong Kong, and an agreement for sale and purchase of properties in Hong Kong.

All parties executing the relevant document are liable for arranging the stamping of such document within the prescribed time limit, failing which a penalty of up to 10 times the amount of the stamp duty will also become payable. In addition, any chargeable instrument which is not duly stamped will generally not be admissible in evidence in any civil proceedings or be available for any other purpose.

The Stamp Duty (Amendment) (No.2) Ordinance 2014 was gazetted on 25 July 2014. It provides that the ad valorem stamp duty payable to the sale and purchase of all non-residential property where the agreement for sale is executed on or after 23 February 2013 shall be computed at higher rates. Ad valorem stamp duty on acquisition of non-residential properties shall be chargeable on the agreement for sale and purchase rather than the conveyance on sale. Under the said ordinance, any non-residential property acquired on or after 23 February 2013, either by an individual or a company, will be subject to higher ad valorem stamp duty.

Deed of Mutual Covenant

In Hong Kong, save and except for village houses, most of the buildings constructed on land held under a land grant are multi-storey buildings. Interest in a multi-storey building is divided into

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undivided shares usually by a deed of mutual covenant. No separate leaseholds are issued to each individual owner in the building. A purchaser buys the undivided share(s) of and in the land and building thereon but not in the flat although the right of exclusive possession of the flat is granted to the individual owner through an assignment. Each assignee becomes a co-owner (i.e. tenant in common) with other owners, who, as tenants in common, enjoy unity of possession of the land and also the building. Almost all modern land grant requires the grantee to prepare and submit to the Director of Lands for approval a deed of mutual covenant and that every assignment or other disposal of undivided share or shares in the land or any subletting shall be subject to and with the benefit of the approved deed of mutual covenant.

The deed of mutual covenant sets out rules to regulate the rights and liabilities of co-owners and contains the co-owners' agreement as to the manner of regulating their co-ownership of the land and building and the effective maintenance and management of the building. Even though not all owners sign the deed of mutual covenant, they are bound directly by it, as each unit assigned by assignment is assigned subject to and with the benefit of the deed of mutual covenant. Under the deed of mutual covenant, each co-owner is allocated a number of shares. It entitles the co-owner to the exclusive use and occupation of the co-owner's unit(s) to the exclusion of other co-owners, and gives each co-owner certain rights and obligations in relation to the use, maintenance and repair of the common parts and facilities of the building(s). Each co-owner is bound to contribute a proportionate share of the associated costs and expenses by reference to the undivided shares or management shares allocated to its unit(s). Many deeds of mutual covenant also require a co-owner to pay management fee deposits and to make contributions to the management funds before taking possession of a property unit.

The covenants in a deed of mutual covenant can be enforced against the successors in title of the original parties or their successors in title. The deed of mutual covenant has a binding force over all owners, incorporated owners, manager, tenants and users of the building. The relevant parties can take legal action against the party who violates the deed of mutual covenant. The remedies of violations include damages against losses, an injunction order from the court and a declaration from the court concerning the violating act.

Town Planning

The Town Planning Ordinance (Chapter 131 of the Laws of Hong Kong) provides a framework for land use planning. Outline zoning plans, prepared in accordance with the Town Planning Ordinance, stipulates the land use zones and planning intentions for different zones in different districts. It shows the land use zones, development parameters and major road systems of an individual planning area. Areas covered by outline zoning plans are in general zoned for uses such as residential, commercial, industrial, green belt, open space, government/institution/community uses or other specified purposes. Attached to each outline zoning plan is a schedule of notes showing the uses which are always permitted in a particular zone and other uses for which prior permission from the Town Planning Board, formed under the provisions of the Town Planning Ordinance, which is the principal body responsible for statutory planning in Hong Kong, must be sought.

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The Buildings Department

In Hong Kong, the Buildings Department provides services to, amongst other things, owners and occupants in existing buildings in the private sector through enforcement of the Buildings Ordinance. Its services include reducing dangers and nuisances caused by unauthorized building works and advertisement signboards, and improving fire safety measures in buildings and providing advice on the suitability of property for the issue of licenses for specified commercial uses.

Under the Buildings Ordinance and its subsidiary regulations, any person who intends to carry out building works is required to appoint an authorized person, and where necessary a registered structural engineer to prepare and submit plans for the approval of the Buildings Department. Before approval, the Buildings Department will check the plans and refer them to other relevant government departments for examination to ensure they meet all relevant statutory standards, safety and other requirements such as fire safety regulations.

Section 14(1) of the Buildings Ordinance provides that save as otherwise provided, no person shall commence or carry out any building works or street works without having first obtained from the Buildings Department:

- (a) its approval in writing of documents submitted to it in accordance with the regulations; and
- (b) its consent in writing for the commencement of the building works or street works shown in the approved plan.

Buildings Ordinance

Any alterations, including building as well as demolition of structures, which have been carried out without the required permits and consents may be subject to warning notices, and subsequently building orders issued by the Buildings Department.

For those unauthorized building works which do not require immediate enforcement action, the Buildings Department will issue a warning notice in accordance with the provisions under Section 24C of the Buildings Ordinance to the registered owner of the property concerned requiring the removal of the unauthorized building works and reinstatement of the part of the building affected in accordance with the approved building plans within a specified date. If the owner disregards the warning notice and has not removed the unauthorized building works before the specified date, such as building works carried out in contravention of the Buildings Ordinance, the Buildings Department will cause the warning notice to be registered in the Land Registry in accordance with Section 24(4) of the Buildings Ordinance but will not institute prosecution action. However, in case the situation changes, such as the condition of the unauthorized building works deteriorates or they are likely to constitute a danger to the public, the Buildings Department may consider issuing a building order. For those unauthorized building works requiring immediate enforcement action, the Buildings Department may issue a building order (removal order) under Section 24 of the Buildings Ordinance requiring the property owner to remove any illegal or dangerous structure and reinstate the part of the building affected in accordance with the approved building plans within a specified period, which will be registered in the Land Registry against the property concerned.

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The Buildings Department issued a revised enforcement policy on the prioritization of enforcement work of the Buildings Department against unauthorized building works, which came into effect from 1 April 2011. The policy stated, amongst other things, that in respect of unauthorized structures on rooftops, flat roofs as well as those in yards and lanes of buildings, irrespective of their level of risk to public safety or whether they are newly constructed, the Buildings Department will no longer issue warning notices, and will, instead, issue building orders. Pursuant to Section 40 (1BA) of the Buildings Ordinance, any person who, without reasonable excuse, fails to comply with building orders issued under section 24(1) of the Buildings Ordinance is liable on conviction to a fine of HK\$200,000 and to imprisonment for 1 year and a further fine of HK\$20,000 for each day during which failure to comply with the said order has continued.

In some cases of Section 24 orders, only a letter of withdrawal will be issued and registered in the Land Registry rather than a letter of compliance. It is because the registered owner may have carried out some modification to the unauthorized building works to the extent acceptable to the Buildings Department without removing the unauthorized building works and reinstating the part of the building affected. According to the prevailing policy of the Buildings Department, no further enforcement action will be taken. The Buildings Department will issue a letter of withdrawal withdrawing the order. Such letter of withdrawal usually contains a warning that should circumstances change in the future, the Buildings Department may issue a new order for complete removal of the unauthorized building works. Despite the withdrawal of the order, unauthorized building works which remain in or at the property will render the title to the property defective. In order to have a good title of the property, such unauthorized building works shall be removed in compliance with the relevant warning notice/building order and a letter of compliance shall be obtained.

Other common building orders under the Buildings Ordinance which may be issued and served by the Buildings Department are those served under:

- (i) Section 26 for any building that has been rendered dangerous or liable to become dangerous;
- (ii) Section 27A for any natural, formed or man-made land, or any earth-retaining structure that has, due to any cause, been rendered so dangerous or liable to become so dangerous that it will collapse, or be likely to collapse, either totally or partially; and
- (iii) Section 28 for any leakage, defect or inadequacy of water pipe, drain or sewer that may result in a landslip of the land or a collapse of the structure, either totally or partially.

Pursuant to Section 40(1B) of the Buildings Ordinance, any person who, without reasonable excuse, fails to comply with building orders issued under, amongst others, Sections 26(1), 27A(1) or 28(3) of the Buildings Ordinance is liable on conviction to a fine of HK\$50,000 and to imprisonment for one year and a daily fine of HK\$5,000 during which failure to comply with the said order has continued.

Pursuant to section 40(8) of the Buildings Ordinance, any prosecution under the Buildings Ordinance may be commenced within 12 months of non-compliance with the relevant building order or within 12 months of such non-compliance being discovered by or coming to the notice of the

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Buildings Department. In addition, if an order to remove unauthorized building works is not complied with, the Buildings Department may have the work carried out by a government contractor and bill the registered owner of the property as at the date of completion of the work for all costs incurred, plus a supervision charge. If the registered owner fails to repay the costs, a certificate for the costs and supervision charges will be issued under section 33 of the Buildings Ordinance and registered in the Land Registry against the property concerned.

Enforcement by Lands Department

The Lands Department has the power to demolish unauthorized building works under Section 12 and 13 of the Lands (Miscellaneous Provisions) Ordinance (Chapter 28 of the Laws of Hong Kong) and to re-enter the land and cancel the government lease under Section 4 of the Government Rights (Re-entry and Vesting Remedies) Ordinance (Chapter 126 of the Laws of Hong Kong).

Mandatory Building Inspection Scheme (“MBIS”) and Mandatory Window Inspection Scheme (“MWIS”)

The Buildings Ordinance and the subsidiary legislation including the Building (Inspection and Repair) Regulation (Chapter 123P of the Laws of Hong Kong) impose obligations on owners to carry out prescribed inspection and prescribed repair in respect of windows for any building aged 10 years or above, pursuant to Section 30C of the Buildings Ordinance and in respect of any building aged 30 years or above, pursuant to Section 30B of the Buildings Ordinance.

The Buildings Department can issue statutory notices to owners as necessary and persons served with any such notices are legally required to carry out prescribed inspections and repairs of their buildings and windows every 10 years and five years respectively.

Fire safety regulations

In Hong Kong, for application for an occupation permit in respect of any building newly constructed, a fire certificate is a pre-requisite for issue of the occupation permit. Apart from the building regulations, all building works are required to meet the requirements of the code of practice for fire safety in buildings. Therefore, in carrying out alteration building works such as subdivision of a floor or flat, the owner shall ensure that the alteration works are carried out in compliance with the fire safety regulations, such as ensuring the subdivided unit shall not block or obstruct the means of escape leading to any exit staircase, the walls separating the “subdivided units” from each other and the walls at both sides of the internal corridor shall meet the prescribed fire resistance, and the door of each “subdivided unit” should be self-closing, smoke sealed and should also meet the prescribed fire resistance rating. Non-structural building works carried out in breach of fire safety regulations will disqualify such works from being exempted works under Section 41(3) of the Buildings Ordinance and will render the property liable to enforcement action taken by the Buildings Department and also its title to become defective.

Environmental Hygiene and Drainage works

When carrying out installation of drains and sanitary fitments, the requirements stipulated in the Building (Standards of Sanitary Fitments, Plumbing, Drainage Works and Latrines) Regulations

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(Chapter 123I of the Laws of Hong Kong) shall be observed. Drainage works shall be properly carried out to avoid leakage which may lead to corrosion of steel reinforcement bars undermining the structure of the building. Seepage of water as a result of defective installation of pipes or burst pipes which causes damage to other property will render the owner liable to claim(s) by third party, which can be substantial.

Acquisition of properties in Hong Kong

Unlike many other countries, Hong Kong does not practise title registration. Therefore, owner's title is not proven by a title certificate. To ascertain the title, the purchaser will need a conveyancing lawyer to investigate the title by perusing all instruments relating to the property he or she intends to purchase to ascertain if the vendor has a good title to the property. The conveyancing lawyer will check the relevant title documents to ensure the title to the property has effectively passed to the vendor.

For sale and purchase of properties in Hong Kong, it is usual for the parties to sign a preliminary agreement for sale and purchase. The preliminary agreement usually contains basic terms such as the purchase price, the date(s) of paying further deposit(s), date of signing of a formal agreement, date of completion, whether vacant possession of the property will be delivered to the purchaser on completion or it is sold subject to tenancy, payment of stamp duty and estate agent commission and consequence of breach of the preliminary agreement by either party. Additional terms may be included such as whether the property is sold with any furniture. A preliminary agreement is an enforceable contract and binding on the parties on the terms set out therein. No additional terms can be added in the formal agreement for sale and purchase unless the additional terms are agreed by the parties to the preliminary agreement.

In Hong Kong, sale and purchase of properties is subject to the condition that the vendor has to prove he has a good and marketable title before completion. The vendor is required to prove and give title to the property to be sold in accordance with Section 13 and 13A of the Conveyancing and Property Ordinance (Chapter 219 of the Laws of Hong Kong) (the "CPO") unless expressly excluded by the parties to the agreement for sale and purchase.

Section 13 of the CPO deals with proving of title by a vendor. For purchase of a unit in a building erected on the land held from Hong Kong Government under a government lease granted for less than 15 years from the date of the preliminary agreement for sale and purchase, a vendor will need to produce the original government lease or certified copy of the government lease (if it does not relate exclusively to the property sold) and all the title deeds and documents affecting the property since the government lease up to and including the assignment by which he acquired the property to be sold.

For purchase of a unit under a government lease granted for more than 15 years from the date of preliminary agreement for sale and purchase, apart from the government lease/grant, the purchaser is entitled to require the vendor to produce all the title deeds and documents affecting the property commencing with an assignment, a mortgage by assignment or a legal charge, each dealing with the whole estate and interest in that property executed not less than 15 years prior to the date of the preliminary agreement for sale and purchase.

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Section 13A of the CPO deals with giving of title by the vendor. Under Section 13A(1), a purchaser of land shall be entitled to require the vendor to deliver to him, for the purpose of giving title to that land, the original of (a) a government lease that relates exclusively to the land; (b) a certified copy of the government lease (if it does not relate exclusively to the land) and (c) any document that relates exclusively to the land and is required to be produced by the vendor as proof of title to that land under Section 13(1).

Upon receipt of the title deeds sent from the vendor's solicitors, the purchaser's solicitors will check the title deeds to see if the terms and conditions as contained in the government lease have been complied with. Breach of a condition of the government lease will render the property subject to re-entry by the Hong Kong Government and its title therefore defective.

The purchaser's solicitors will also check execution of each of the relevant title documents by the predecessor-in-title of the vendor to see if title to the property has been effectively passed from each predecessor-in-title to the vendor.

For execution of title deed by corporations, the title deed must be executed in accordance with the memorandum and articles of association of the corporation and/or the relevant resolution of the board of directors of the corporation. Defective execution of a title document will render title failing to pass to the vendor and therefore render the vendor's title defective.

The purchaser's solicitors will also check the identity of the parties to the title document, in particular, to ensure each of the predecessor-in-title of the vendor who executed the assignment of sale of the property was the same person who executed the previous assignment by which such predecessor-in-title acquired the property. The existence of doubt as to the identity of any of the predecessor-in-title of the vendor may render the vendor's title to the property defective.

Besides, the purchaser's solicitors will also conduct various searches or enquiries with the manager of the building concerned and/or other government department as the case may be. Search at the Land Registry is usual for checking the particulars of the owner and encumbrances registered against the property concerned.

Land records are kept by the Land Registry primarily for the purpose of facilitating property transactions. A party can conduct a search at the Land Registry against a property and obtain a copy of report containing the information in the Land Register of the property concerned as at the date of the search. This will usually be done before signing of the provisional agreement for sale and purchase. Land search provides valuable and important information such as the identity of the registered owner of the property and what encumbrances, if any, are registered against the property in question.

Land resumption and compulsory sale

In Hong Kong, private land may be acquired by resumption for the implementation of public projects. Resumption proceedings may be instituted under Lands Resumption Ordinance (Chapter 124 of the Laws of Hong Kong) and the Urban Renewal Authority Ordinance (Chapter 563 of the Laws of Hong Kong). Urban Renewal Authority was established under the Urban Renewal Authority Ordinance

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as a statutory body to undertake, encourage, promote and facilitate the regeneration of the older urban areas in Hong Kong. Under the Urban Renewal Authority Ordinance, Urban Renewal Authority may implement a project by way of development project or a development scheme. If the land use indicated in the Outline Zoning Plan is not required to be amended, Urban Renewal Authority can implement a development project as defined in the Urban Renewal Ordinance (chapter 563 of the Laws of Hong Kong). If the project area is sizable and the land use zoning indicated in the Outline Zoning Plan is required to be amended, Urban Renewal Authority can implement the project by means of a development scheme as defined in the Urban Renewal Ordinance (Chapter 563 of the Laws of Hong Kong). Therefore properties in Hong Kong may be at risk of being made subject to a compulsory sale under urban redevelopment projects or schemes, which risk may be higher due to the recent government's proposal for rezoning for more residential properties.

In order to redevelop an old building, a developer has to acquire all the units in the building from each individual owner. To encourage redevelopment of old buildings, the Land (Compulsory Sale for Redevelopment) Ordinance came into operation in 1999. Under the said ordinance, a person who owns (or persons who together own), without mortgage, not less than 90% of the undivided shares in the land may make an application to the Lands Tribunal for an order to sell all the undivided shares in the land for the purpose of redevelopment.

If an applicant can prove to the satisfaction of the Lands Tribunal that certain specified requirements have been met, the Lands Tribunal may order the whole lot, including all the units owned by the minority owners, to be sold by way of public auction. Under the Ordinance, an applicant may apply to the Lands Tribunal for an order for compulsory sale of the whole lot if, amongst other things, the following conditions are satisfied:

- (i) the owner has already acquired not less than 90% of the undivided shares in the lot;
- (ii) redevelopment is justified due to the age or state of repair of the building; and
- (iii) the majority owner has taken reasonable steps to acquire all the undivided shares in the lot (including negotiating for the purchase of the shares owned by a minority owner on terms that are fair and reasonable).

The Land (Compulsory Sale for Redevelopment) (Specification of Lower Percentage) Notice (Chapter 545A of the Laws of Hong Kong) (the “**Notice**”) has lowered the compulsory sale application threshold to 80% for three classes of lots. The Notice came into operation on 1 April 2010. By the Notice, the threshold is lowered to 80% for the following three classes:

- (i) a lot with each of the units on the lot representing more than 10% of all the undivided shares in the lot. In such a case, the building must have less than 10 units;
- (ii) lot where each of the buildings erected on it is more than 50 years old; or
- (iii) lot where the building is an industrial building which is more than 30 years old and lies within a non-industrial zone under a draft or approved Outline Zoning Plan prepared under the Town Planning Ordinance.

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An applicant applying for a compulsory sale order must satisfy the Lands Tribunal that (a) the redevelopment of the lot is justified due to the age or state of repair of the existing building and (b) the majority owner has taken reasonable steps to acquire all the undivided shares in the lot.

Lease and tenancy

A tenancy or a lease is an arrangement usually by contract in writing made between the landlord and the tenant whereby the landlord agrees to grant the right to possession of his land to the tenant for usually a fixed period on payment of rent by the tenant. Rental arrangement for long period will usually be referred to as a “lease” and for short period will usually be referred to as a “tenancy”.

A lease of more than three years needs to be registered in the Land Registry to have priority over subsequent interest. A lease or tenancy of three years or less does not need to be registered. However, if such lease or tenancy contains an option to renew, the option must be registered in order to have priority and binding on third party.

If land search reveals that the land is subject to a mortgage, the consent of the mortgagee may need to be obtained to the grant of the lease or tenancy in accordance with the terms and conditions of the relevant mortgage. If such consent is not obtained, the mortgagee will not be bound by the lease or tenancy and the mortgagee can enforce the mortgage free from any interest of the lease or tenancy.

Lease or tenancy of property in Hong Kong is chargeable with stamp duty according to the length of the lease term. If stamp duty is not paid, substantial penalty will accrue and an unstamped document cannot be relied upon in court. The Land Registry will not accept unstamped documents for registration, which means that priority may be lost.

Landlord and Tenant (Consolidation) Ordinance (Chapter 7 of the Laws of Hong Kong) was passed to provide protection and determination of tenancies, and control and recovery of rent, in particularly the older residential tenancies. Part V of the said ordinance applies to commercial tenancies such as shops and offices. Section 126 of the said ordinance stated that in the absence of any express covenant for the payment of rent and condition for forfeiture, there shall be implied in every tenancy a covenant to pay the rent on the due date and a condition for forfeiture for non-payment within 15 days of the due date.

Property management services

On 25 April, 2014, the Property Management Services Bill (the “**Bill**”) setting out the establishment of a regulatory framework for the property management services industry in Hong Kong was gazetted.

Among other things, the Bill sought to establish a Property Management Services Authority (the “**PMSA**”), which will be responsible for regulating and controlling the provision of property management services in Hong Kong and promoting the integrity, competence and professionalism of the profession of property management services in Hong Kong by implementation of a mandatory licensing regime (the “**Regime**”) applicable to property management companies and property management practitioners. Under the Regime, the provision of property management services will

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become a licensed activity and (i) companies engaged in business of provision of property management services (the “**Property Management Companies**”) and (ii) individuals assuming supervisory or managerial position(s) in Property Management Companies (the “**Property Management Practitioners**”) are required to be licensed with PMSA. Registers of licensed Property Management Companies and licensed Property Management Practitioners will be maintained by PMSA and will be available for public inspection.

As at the Latest Practicable Date, the Bill was passed by the Legislative Council and certain provisions of the Property Management Services Ordinance (chapter 626 of the Laws of Hong Kong) (the “**Ordinance**”), in relation to the establishment of PMSA, had come into effect on 24 October 2016. The Chief Executive appointed a chairperson, a vice-chairperson and 18 members to PMSA on 25 November 2016. However, remaining provisions of the Ordinance including those in relation to prohibition of acting as a property management company or as a property management practitioner without license and relevant penalty imposed on such company or practitioner had not come into effect as of the Latest Practicable Date, in addition, subsidiary legislation on detailed licensing criteria for Property Management Companies and Property Management Practitioners, information and documents required in an application for a license, levels of license fees and levies, and the exemption of any class of persons or instruments from the payment of levy, had not been introduced as of the Latest Practicable Date.

Hong Kong Monetary Authority guidelines on mortgage financing

The Hong Kong Monetary Authority (“**HKMA**”) from time to time issues guidelines to authorized institutions regarding offers of mortgage financing for purchases of properties.

On 22 February 2013, the HKMA issued guidelines “Prudential Measures for Property Mortgage Loans” to authorized institutions to strengthen banks’ risk management and resilience. These measures include:

- (1) in stress-testing mortgage applicants’ repayment ability, banks are required to assume a mortgage rate increase of 300 basis points, instead of the existing 200 basis points. This measure shall apply to mortgage loans for all types of properties, including residential as well as non-residential properties;
- (2) the maximum loan-to-value (LTV) ratios of mortgage loans for all non-residential properties shall be lowered from the existing applicable levels by 10 percentage points.

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For applicants of non-residential properties without outstanding property under mortgage,

- (1) the LTV ratio limit will be lowered from 50% to 40% if the applicant's income is mainly derived in Hong Kong; derived in Hong Kong;
- (2) the LTV ratio limit will be lowered from 40% to 30% if the applicant's income is mainly derived from outside Hong Kong; and derived from outside Hong Kong; and
- (3) the LTV ratio limit will be lowered from 40% to 30% for loans assessed based on the net worth of mortgage applicants. worth of mortgage applicants.

For applicants of non-residential properties with one or more outstanding properties under mortgage,

- (1) the LTV ratio limit will be lowered from 50% to 40% if the applicant's income is mainly derived in Hong Kong;
- (2) the LTV ratio limit will be lowered from 30% to 20% if the applicant's income is mainly derived from outside Hong Kong; and
- (3) the LTV ratio limit will be lowered from 30% to 20% for loans assessed based on the net worth of mortgage applicants.

On 27 February 2015, HKMA issued further counter cyclical measures for property mortgage lending under the guidelines of "Prudential Measures for Property Mortgage Loans". Measures include lowering the maximum debt servicing ratio for mortgage loans of all types of non-self-use properties, including but not limited to non-residential properties, from 50% to 40% and the stressed debt service ratio cap is correspondingly lowered from 60% to 50%.

On 2 March 2015, HKMA issued "Macroprudential Requirements for Mortgage Financing" to provide guidance to authorized institutions on the application of caps on debt servicing ratio in respect of mortgage loan applications in which the borrowers require financing, through either co-financing or mortgage insurance schemes (additional financing), for properties beyond the normal ceilings of LTV ratio prescribed by HKMA.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR HISTORY AND MAJOR BUSINESS MILESTONES

The Company was incorporated in Cayman Islands with limited liability on 19 May 2016. It is an investment holding company and through its subsidiaries, engages in investment and leasing of offices, retail and industrial properties in Hong Kong. The history of our Group can be traced back to March 1990 when Mr. Richard Wong *JP* (chairman of our Board and a non-executive Director), incorporated Yue Tin, one of our principal operating subsidiaries, with his personal funds, and engaged in the investment and leasing of properties in Hong Kong.

Mr. Richard Wong *JP* has over 27 years of experience in properties investment and management in Hong Kong. He has been working in investment and financial companies for more than 35 years and has solid experience in corporate development strategies, corporate operation management, market and projects development. Please refer to the section headed “Directors and Senior Management” in this prospectus for details relating to the background and industry experience of Mr. Richard Wong *JP*.

Our investment property portfolio started with the acquisition of retail properties in Causeway Bay, Hong Kong in March 1990, and in 1993, our Group acquired its first office property in Central, Hong Kong. During the period from 1993 to 2012, our Group continued to conduct various property transactions in Hong Kong. In December 2012, Thing On Group acquired several office and retail properties through the acquisition of several subsidiaries, the Acquisition Companies, from Landsea Green Properties. In the forth quarter of 2013, our Group acquired our first industrial property in Chai Wan, Hong Kong.

As at the Latest Practicable Date, our Group has built up a property portfolio with a total of 36 properties with a total market value attributable to our Group as at 30 September 2017 of approximately HK\$1,619.1 million. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the rental income generated by our Group was approximately HK\$33.1 million, HK\$33.6 million, HK\$37.1 million and HK\$21.2 million, respectively. Apart from expansion in the number of properties held, the fair value of our Group’s investment portfolio has also substantially appreciated throughout the Track Record Period. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the net aggregate fair value gain of our investment properties was approximately HK\$77.6 million, HK\$115.5 million, HK\$214.3 million and HK\$77.9 million, respectively. We also provide related value-added management services to our tenants. The property management fee income contributed approximately 9.9%, 10.4%, 10.2% and 10.6% of the Group’s total revenue for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. Commencing from 1 January 2016, leveraging on our experience in providing value-added management services to our tenants, we expanded our property management services to other property owners which are Independent Third Parties.

Set out below is the major business milestones of our business development:

<u>Month/Year</u>	<u>Business development milestones</u>
March 1990	Mr. Richard Wong <i>JP</i> established our Group to carry out the business of investment and leasing of properties in Hong Kong.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Month/Year	Business development milestones
	Our Group acquired the first retail property on Ground Floor and 1st Floor, 16 Yee Wo Street, Causeway Bay (“ Yee Wo Street Shop ”) and 1st Floor, No.32A&B Jardine’s Bazaar, Causeway Bay (“ Jardine’s Bazaar Shop ”) at a consideration of HK\$28.5 million.
February 1993	Our Group acquired the first office property at Room 1505 on 15th Floor, World-Wide House, No. 19 Des Voeux Road Central, Central at a consideration of HK\$6 million.
October 2003	Mr. Richard Wong <i>JP</i> , through Thing On Group, subscribed for new shares of Landsea Green Properties as a strategic investor and held approximately 16.67% of the issued share capital of Landsea Green Properties immediately after the subscription. Since then, Mr. Richard Wong <i>JP</i> became the chairman of the board of directors of Landsea Green Properties.
August 2009	Yue Tin, which mainly held office properties, was sold by Mr. Richard Wong <i>JP</i> to Value Shine, which was a wholly-owned subsidiary of Landsea Green Properties, in consideration of (i) new shares issued by Landsea Green Properties; and (ii) cash payment, as a result Mr. Richard Wong <i>JP</i> became interested in approximately 53.93% in Landsea Green Properties immediately after the transaction. Landsea Green Properties mainly focused on property development and trading, and property investment in the PRC and Hong Kong in anticipation of steady return while it also maintained a modest operation in provisions of financial services business, providing short to medium term loans to the business associates and partners. It also invested in capital markets including securities and debt securities etc.
December 2012	Thing On Group acquired several office and retail properties through the acquisition of several subsidiaries, the Acquisition Companies, from Landsea Green Properties at an aggregate consideration of approximately HK\$890 million.
November 2013	Our Group acquired its first industrial property in Chai Wan (Property 36) at a consideration of HK\$90 million.
January and September 2014	Mr. Roland Wong and Mr. Ryan Wong, sons of Mr. Richard Wong <i>JP</i> , joined our Group in January 2014 and September 2014, respectively.
January 2016	Leveraging on the accumulation of experience from providing related value-added property management services to our tenants, we extended our scope of services to provide value-added property management services to third party property owners.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

OUR CORPORATE HISTORY

Our Company

Our Company was incorporated in the Cayman Islands on 19 May 2016 and, as part of the Reorganization, became the holding company of our subsidiaries. Our Company was registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 11 January 2017.

At the time of incorporation, our Company had an authorized share capital of HK\$380,000 divided into 7,600,000,000 ordinary shares of HK\$0.00005 each, of which 1 fully paid subscriber Share was transferred to Thing On Group at par value on 20 May 2016. For details on changes in the share capital of our Company, please see the paragraph headed “Statutory and General Information — A. Further information about our Company — 2. Changes in the share capital of our Company” in Appendix V to this prospectus.

Our Subsidiaries

As at the Latest Practicable Date, our Group consisted of the following subsidiaries. For details of our corporate and shareholding structure immediately before the Reorganization, please see the paragraph headed “Reorganization” in this section.

Details of our subsidiaries are set out below:

Name of our subsidiary	Place of incorporation	Date of incorporation/ commencement of business	Principal business
Asset Partners	BVI	9 August 2001	Property investment
Branding Good	BVI	26 October 2016	Provision of financial services to group companies
Excellent Generation	BVI	8 August 2016	Property investment
Fancy Terrace	BVI	11 June 2013	Property investment
Fulltow Investments	BVI	15 October 2012	Investment holding
Lightway Group	BVI	13 September 2012	Investment holding
Power Net	BVI	20 July 2016	Property investment
Super Express	BVI	19 October 2013	Property investment
Thing On Investment (China)	BVI	6 September 2001	Investment holding
Value Shine	BVI	15 May 2009	Investment holding
Wealth Range	BVI	28 February 2013	Property investment
Grandtex Development	Hong Kong	27 January 1994	Property investment
Thing On Holdings	Hong Kong	27 September 1985	Property management in Hong Kong
Trinity Sino	Hong Kong	3 March 2010	Property investment
Yue Tin	Hong Kong	20 March 1990	Property investment

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Acquisition of Asset Partners, Grandtex Development, Stadium Holdings, Trinity Sino and Value Shine (“Acquisition Companies”) by Thing On Group

On 23 October 2012, Thing On Group entered into a sale and purchase agreement with Landsea Green Properties, pursuant to which, Thing On Group agreed to acquire, and Landsea Green Properties agreed to dispose of, the entire issued share capital of the Acquisition Companies, each of the Acquisition Companies was wholly owned by Landsea Green Properties and the loans and advances made by Landsea Green Properties to the Acquisition Companies (“Shareholder Loans”) at an aggregate consideration of approximately HK\$890.0 million. The properties held by the Acquisition Companies include Property 1, Property 3, Property 22, Properties 23-29, Disposed Property 1, Disposed Property 2 and Disposed Property 4.

The board of directors of Landsea Green Properties considered that given the global economy was overshadowed by the slowing economic growth in China and the unresolved European debt crisis since the second half of 2012, such disposal represented a good opportunity for Landsea Green Properties to dispose of properties at a profit, which would also be beneficial to the shareholders as a whole. The average closing price of Landsea Green Properties for the 180 consecutive trading days prior to 15 October 2012 (the day on which the publication of the announcement by Landsea Green Properties in relation to price sensitive information regarding a possible disposal of certain property interests of Landsea Green Properties) was HK\$0.511.

The disposal led to a distribution of special cash dividend of HK\$0.62 per adjusted share which exceeded the share price of around HK\$0.60 per share prior to the publication of the announcement dated 15 October 2012. The disposal provided the shareholders of Landsea Green Properties an immediate liquidity of their investment in the shares. Immediately prior to and after completion of such disposal, Landsea Green Properties was held as to 72.9% by Thing On Group, which in turn was held as to 100% by Mr. Richard Wong *JP*. Mr. Richard Wong *JP*, who was a director and the chairman of the board of directors of Landsea Green Properties, is the only personnel from Landsea Green Properties who is also currently a Director of our Company. The disposal constituted a major and connected transaction under the Listing Rules subject to independent shareholders’ approval. The consideration was arrived at with reference to (i) the market value of the principal assets of the Acquisition Companies and their subsidiaries, which were the property interests held by the Acquisition Companies of approximately HK\$1,109.1 million as at 30 September 2012 based on the valuation conducted by an independent professional valuer; and (ii) the amount of the outstanding Shareholder Loans of approximately HK\$894.6 million as at 30 September 2012. The transaction was approved by 99.9% of the independent shareholders of Landsea Green Properties on 24 December 2012. Completion took place on 27 December 2012 and the consideration was fully settled by way of set-off by the special distribution of cash dividend by Landsea Green Properties to all of its shareholders including Thing On Group. The amount of cash dividend to which Thing On Group was entitled was approximately HK\$898.0 million. After completion of such transfer, each of the Acquisition Companies became a direct wholly-owned subsidiary of Thing On Group. As a result, each of Asset Partners, Grandtex Development, Stadium Holdings, Trinity Sino and Value Shine became wholly-owned by Thing On Group.

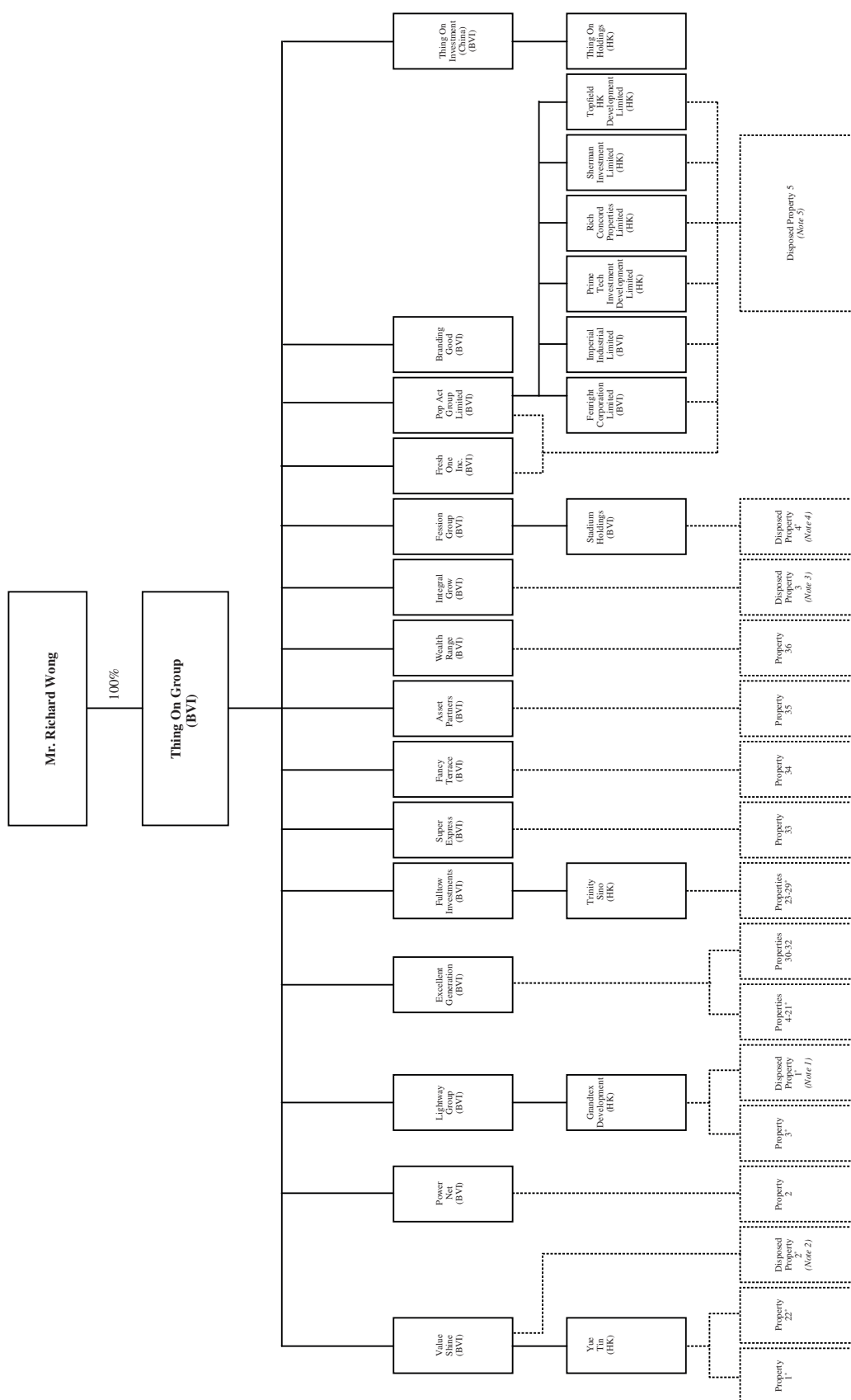
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

In June 2013, Thing On Group disposed of 63.4% shareholding interest in Landsea Green Properties to Greensheid Corporation, an Independent Third Party. The share transfer was completed on 19 June 2013. Immediately after such disposal, Thing On Group held 188,440,623 shares of Landsea Green Properties, representing approximately 9.5% shareholding interest in Landsea Green Properties as the second largest shareholder. As at the Latest Practicable Date, Thing On Group held 206,372,623 shares of Landsea Green Properties, representing approximately 5.3% of its shares. The share transfer was made by Mr. Richard Wong *JP* in anticipation of his early retirement plan and his decision to focus on his philanthropic work and family office investments. Mr. Richard Wong *JP* devotes the majority of his time on Wong Chak Chui Charitable Foundation which focuses on supporting healthcare technology research and education development in Hong Kong and in the PRC. Mr. Richard Wong *JP* also manages the family office investments which includes global equities, fixed income, currency, commodities and funds.

As at 30 September 2017, the properties acquired by Thing On Group from Landsea Green Properties through acquisition of the entire issued share capital of the Acquisition Companies in 2012, which remained as part of our Group's investment property portfolio, namely, Property 1, Property 3, Property 22 and Properties 23-29, had a total value of approximately HK\$795.4 million, as valued by our Property Valuer, representing approximately 49.1% of the value of our Group's entire investment property portfolio as of 30 September 2017.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

Set out below is the shareholding and corporate structure of our Group during the Track Record Period (including subsidiaries acquired and disposed of during the Track Record Period).



* Properties acquired from Landsea Green Properties

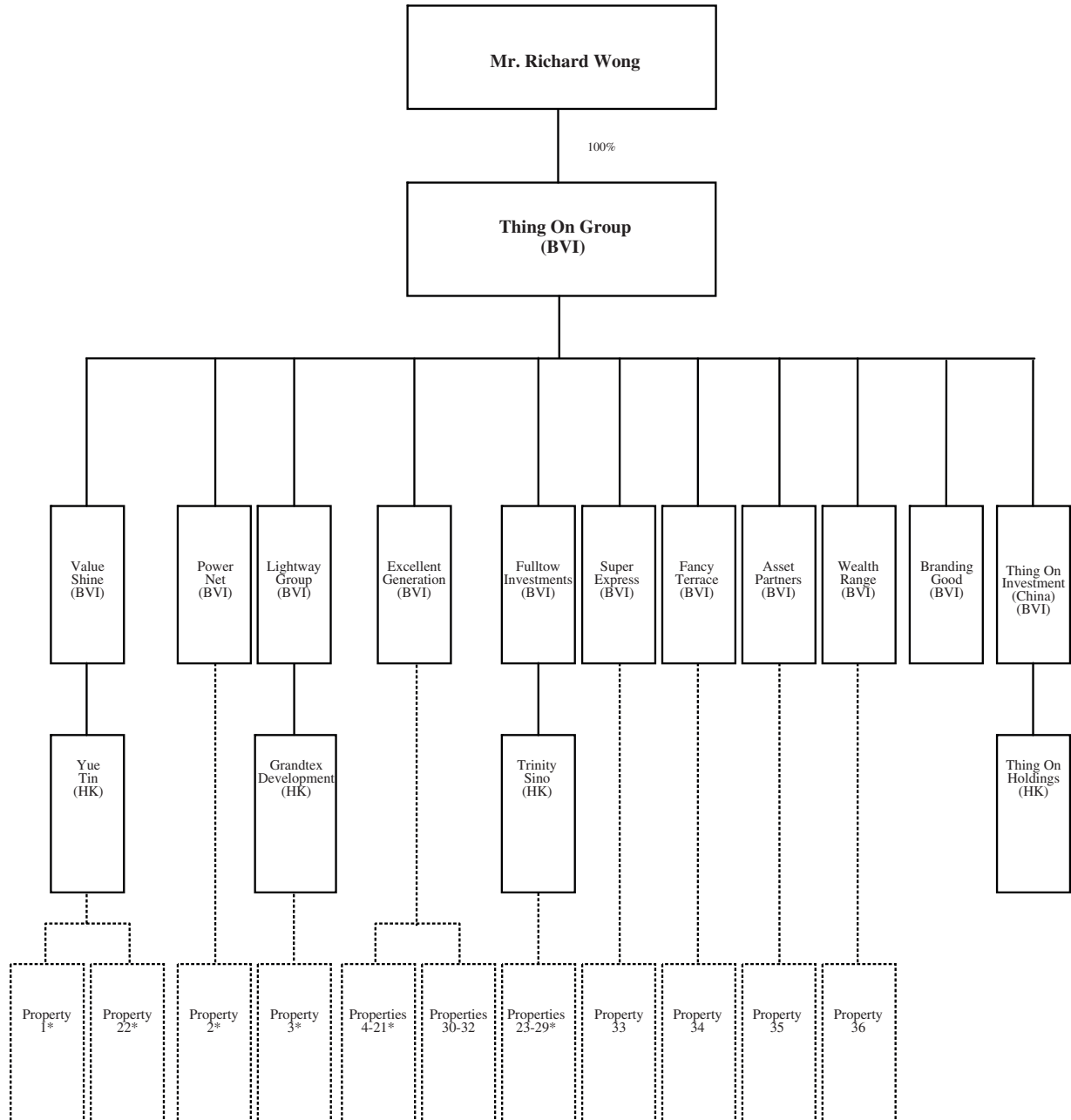
HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

- Note 1:* Disposed Property 1 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 1 was disposed of by our Group through sale of the property under a sale and purchase agreement on 18 March 2015 at a total consideration of approximately HK\$83.0 million.
- Note 2:* Disposed Property 2 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 2 was disposed of by our Group through sale of the property under a sale and purchase agreement on 7 May 2015 at a total consideration of approximately HK\$224.3 million.
- Note 3:* Disposed Property 3 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 3 was disposed of by our Group through sale of the entire issued share capital of its holding company, Integral Grow, on 28 June 2016 at a total consideration of approximately HK\$8.4 million.
- Note 4:* Disposed Property 4 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 4 was disposed of by our Group through sale of the entire issued share capital of its ultimate holding company, Fession Group, on 25 January 2017 at a total consideration of approximately HK\$512.2 million.
- Note 5:* Disposed Property 5 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 5 was disposed of by our Group through sale of the entire issued share capital of its holding companies, Pop Act Group Limited and Fresh One Inc., on 16 May 2017 at a total consideration of approximately HK\$135.0 million.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

REORGANIZATION

Set out below is the shareholding and corporate structure of our Group immediately prior to the implementation of the Reorganization which excludes the companies which shall not form part of the Group following the Listing.



* Properties acquired from Landsea Green Properties

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

In preparation for the Listing, our Company underwent the Reorganization which involved the following steps:

Step 1 - Incorporation of our Company

On 19 May 2016, our Company was incorporated in the Cayman Islands with an authorized share capital of HK\$380,000 divided into 7,600,000,000 Shares of HK\$0.00005 each, of which one fully paid subscriber Share was transferred to Thing On Group at par value on 20 May 2016.

Step 2 - Share transfers of Thing On Investment (China), Asset Partners, Value Shine, Lightway Group, Fulltow Investments, Wealth Range, Super Express, Fancy Terrace, Excellent Generation, Power Net and Branding Good

As part of the Reorganization, on 15 December 2017, our Company entered into the Share Exchange Agreement with Thing On Group in respect of the transfer of the entire issued share capital of each of Thing On Investment (China), Asset Partners, Value Shine, Lightway Group, Fulltow Investments, Wealth Range, Super Express, Fancy Terrace, Excellent Generation, Power Net and Branding Good from Thing On Group to our Company, in consideration of which our Company issued and allotted one Share credited as fully paid to Thing On Group. The transfers were all completed on 15 December 2017.

Step 3 — Assignment of loans from Thing On Group to our Company owed by Thing On Investment (China), Asset Partners, Value Shine, Lightway Group, Fulltow Investments, Wealth Range, Super Express, Fancy Terrace, Excellent Generation and Power Net and capitalization of the loans

On 15 December 2017, our Company entered into the Assignment Deed with Thing On Group in respect of the assignment of the entire shareholders' loans owing by each of Thing On Investment (China), Value Shine, Lightway Group, Fulltow Investments and Super Express from Thing On Group as assignor to our Company as assignee in the total sum of HK\$154,264,463 (the "Loans"). The assignments were all completed on 15 December 2017. One Share has been allotted and issued to Thing On Group in consideration of the capitalization of the Loans.

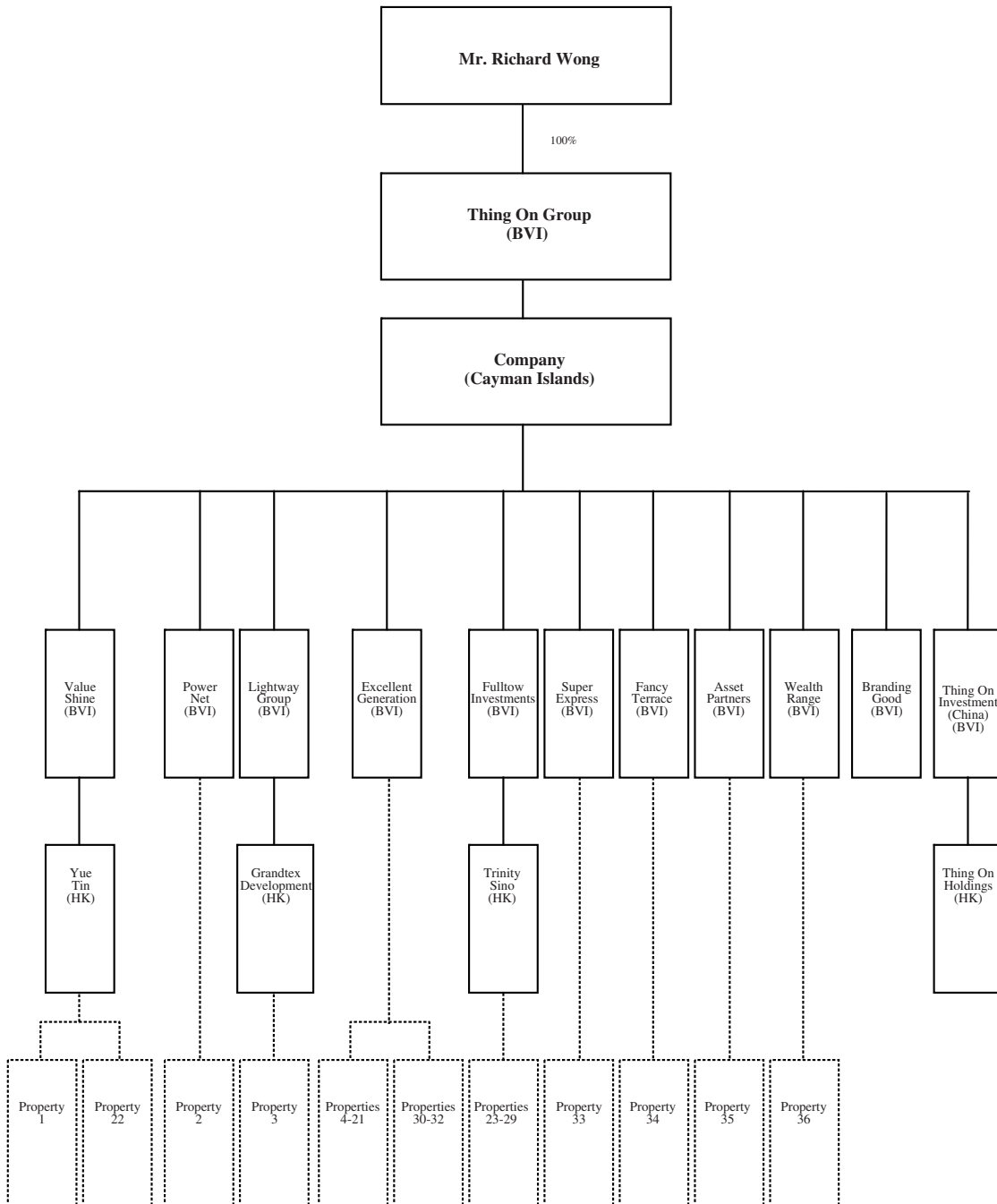
Step 4 — The Capitalization Issue

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Company will capitalize HK\$26,999.99985 standing to the share premium account of our Company and applying such sum in paying up in full at par a total of 539,999,997 Shares for allotment and issue to the Shareholders whose names appears on the register of members of our Company (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) in proportion to their respective shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall carry the same rights in all respects with the then existing issued Shares.

HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE IMMEDIATELY PRIOR TO THE GLOBAL OFFERING AND CAPITALIZATION ISSUE

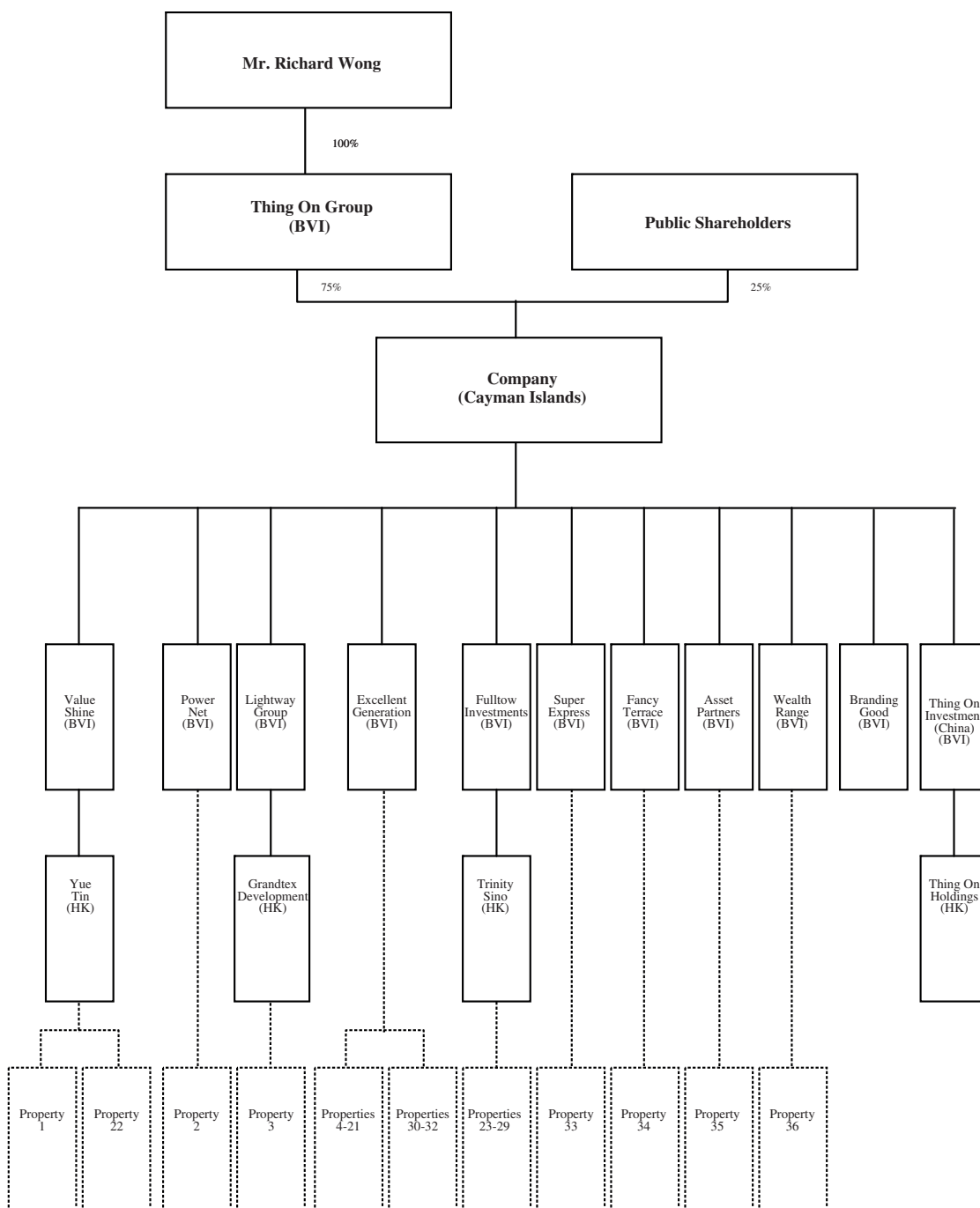
Our corporate and shareholding structure after completion of the Reorganization but before the Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised and without taking into account of the Shares that may be issued pursuant to the exercise of any option that may be granted under the Share Option Scheme) will be as follows:



HISTORY, REORGANIZATION AND CORPORATE STRUCTURE

CORPORATE AND SHAREHOLDING STRUCTURE UPON COMPLETION OF THE GLOBAL OFFERING AND CAPITALIZATION ISSUE

Our corporate and shareholding structure upon completion of the Reorganization, Global Offering and the Capitalization Issue (assuming that the Over-allotment Option is not exercised and without taking into account of the Shares that may be issued pursuant to the exercise of any option that may be granted under the Share Option Scheme) will be as follows:



BUSINESS

OVERVIEW

We engage in property investment business in Hong Kong with a principal focus on office, retail and industrial properties leasing and in the property management business. Our investment property portfolio covers Grade A office space in core business areas, retail shops in prime urban areas, and industrial building units in a developed urban area. As at the Latest Practicable Date, we owned an investment property portfolio of 36 properties with an aggregate saleable area of approximately 92,136 sq.ft.* and a total value attributable to our Group of approximately HK\$1,619.1 million as at 30 September 2017 as valued by the Property Valuer.

We lease our investment properties for recurring rental income. We also provide related value-added property management services to our tenants. Our dedicated property department with our own operation system manages our leasing business. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our Group recorded rental income of approximately HK\$33.1 million, HK\$33.6 million, HK\$37.1 million and HK\$21.2 million, respectively, of which approximately 72.3%, 69.3%, 63.4% and 57.9%, respectively, was derived from rental of office properties, approximately 13.2%, 16.4%, 18.4% and 24.2%, respectively, was derived from rental of retail properties and approximately 14.5%, 14.3%, 18.2% and 17.9%, respectively, was derived from rental of industrial properties. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the rental income accounted for approximately 90.1%, 89.6%, 89.8% and 89.4%, respectively, of our total revenue.

Commencing in January 2016, we extended the provision and scope of property management services to other property owners which are Independent Third Parties for property management fees. Our property department is responsible for operation of our property management business. Our services include sourcing tenants, advising our clients on property management policy, formulating, preparing and implementing management strategies for our clients and monitoring rental collection. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our Group recorded property management fee income of approximately HK\$3.6 million, HK\$3.9 million, HK\$4.2 million and HK\$2.5 million, respectively. The property management fee income contributed approximately 9.9%, 10.4%, 10.2% and 10.6% of our Group's total revenue for each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

In order to expand our investment property portfolio with the aim of growing our rental income, we constantly review our investment property portfolio and identify and evaluate potential acquisition or divestment opportunities. We acquire properties with steady high occupancy rate and capital appreciation potential which are able to generate stable income from long-term investment perspective when appropriate opportunities arise. During the Track Record Period and up to the Latest Practicable Date, we acquired 26 investment properties and disposed of five investment properties. The Investment Committee is accountable to the Board and assists the Board in reviewing, evaluating and recommending investment and divestment opportunities to the Board, overseeing investment matters of importance to the Company in accordance with its financial strategy and policies, monitoring and evaluating investment performance, and ensuring compliance with investment restrictions. The Investment Committee is delegated by our Board with powers and responsibilities for formulation of

* The figure included the whole of Property 31 (of which we are interested in one-third share).

BUSINESS

our Group's investment objectives and strategies, making investment decisions on acquisition and divestment opportunities within designated parameters and conducting regular review on the performance of our investment property portfolio. The Leasing Committee oversees our leasing matters and is responsible for rents determination, approving our lease terms with tenants and conducting regular review on our tenant profile, rental levels and occupancy rates of our investment properties.

COMPETITIVE STRENGTHS

We believe that our success is primarily attributable to the following competitive strengths:

We have an experienced and capable management team with strong business acumen

Our Board possesses in-depth experience and knowledge of the Hong Kong property market. Mr. Richard Wong *JP*, the founder of our Group, started investment business in Hong Kong properties in 1990. Under the leadership of Mr. Richard Wong *JP*, we have experienced various economic cycles.

Our Director, Ms. Chan Choi Wan Rolie, has over 25 years of experience in the Hong Kong property market. Mr. FH Wong, our chief executive officer, possesses over 25 years of experience in the Hong Kong property market. In addition, our senior management, Ms. Cheung Yee Wah Polly, has over 12 years of experience in property management in Hong Kong.

Our Board believes that the strong expertise and business acumen of our Group's management team and their insight into the Hong Kong property market contributed to the success of our business and enabled us to assess and manage risks in relation to our business operations and property selections.

For details of relevant experience of our Board and our senior management, please refer to the section headed "Directors and Senior Management" in this prospectus. The vision of our management team will continue to play a crucial role in our future business operations.

We hold properties with steady high occupancy rate and capital appreciation potential which are able to generate stable income from a long-term investment perspective

We acquire properties with steady high occupancy rate and capital appreciation potential which are able to generate stable income from a long-term investment perspective when appropriate opportunities arise. During the Track Record Period and up to the Latest Practicable Date, we acquired 26 investment properties.

Our investment property portfolio comprises of office, retail and industrial properties. We acquire quality properties with steady high occupancy rate which are able to generate stable income. Our properties are largely situated in core business areas, prime and developed urban areas with convenient transportation links in Hong Kong. As at the Latest Practicable Date, over 98.3% of saleable area of our investment properties were subject to lease, involving 40 tenancy agreements and/or arrangement. For details of the average occupancy rates of our investment properties during the Track Record Period, please refer to the paragraph headed "Occupancy rate" in this section.

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The capital appreciation potential of our investment properties can also be reflected in the fair value gains of our Group during the Track Record Period. Based on the combined financial statements of our Group for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the net aggregate fair value gain on our investment properties were approximately HK\$77.6 million, HK\$115.5 million, HK\$214.3 million and HK\$77.9 million, respectively. For details, please refer to the paragraph headed “Investment property portfolio performance” in this section.

We have a strong proprietary in-house database

Over years of operation, we have our own proprietary in-house database of market information and statistics from public sources (such as land searches and announcements made on the Stock Exchange) and private sources (including property agencies and brokerage firms which we have developed close working relationships with). Our database enables our property department to carry out timely research and accurate analysis for investments, divestments and leasing matters, to verify the information sourced from our established network which facilitates our management’s decision making process. Our database is crucial for us in making investment acquisition, divestments and leasing decisions in time critical situations, which allows us to consistently purchase properties with appreciation potential. The information contained in the database includes property address, type of property, historical transacted price per unit area, rental value per unit area, identity of tenant, industry of tenant, property size, area efficiency, building age and floor plan.

We have established long-term relationships with our tenants through regular communications and value-added property management services

We value our relationships with tenants. We select tenants based on business nature, tenant characteristics and performance of tenants’ trade and potential synergistic effect to our properties. In order to understand tenants’ needs and enhance tenants’ satisfaction in letting our properties, our property department conducts regular visits, maintains close contact with our tenants and provides related value-added property management services to them. Over history of our operations, we have established stable relationships with our tenants, the tenant who we have the longest relationship with has leased properties for over 19 years from us. In respect of our five largest tenants as at 30 June 2017, our business relationships ranged from eight months to five years. For details of our relationships with tenants, please refer to the paragraph headed “Tenants” in this section.

During the Track Record Period up to the Latest Practicable Date, save for one incident in respect of Property 33, we had not experienced any early termination of tenancy agreements, material difficulties over late or non-payments of rentals by our tenants nor material disputes with our tenants. Our Board believes that our successful customer relation strategies and our emphasis on tenants’ satisfaction enable us to maintain long-term and close relationships with quality tenants, which in turn contribute to the success of our business by maintaining stability of our recurring rental income, and reducing loss of rental income due to vacancy period and rent-free period and costs and expenses required to locate new quality tenants.

We have built established network to source investments, divestments and leasing opportunities

We have built an established network to source investments, divestments and leasing opportunities, largely via our close network with, and referrals from, property agencies, brokerage

BUSINESS

firms, potential vendors as well as advertisements on the internet and printed media. In the fast-changing property investment environment and market dynamics, our established network provides us with first-hand and up-to-date market information about potential properties for acquisition and investment. Apart from keeping track of the latest market information, our established network also enables us to grasp investment, divestment and leasing opportunities when we conduct regular review of our property portfolio.

STRATEGIES ON FUTURE DEVELOPMENT

We intend to enhance our market position by implementing the following strategies:

Expand our investment property portfolio when appropriate opportunities arise whilst continuing to follow our disciplined approach towards property investments

To increase our rental income, we will continue to expand our investment property portfolio, identify and evaluate potential acquisition opportunities, and acquire properties with steady high occupancy rate and capital appreciation potential which are able to generate stable income from long-term investment perspective when appropriate opportunities arise.

When selecting acquisition targets, our Group primarily focuses on acquiring office, retail and industrial properties in Hong Kong as our Board believes that such properties offer steady growth with a strong rental demand and capital appreciation potential. As per Industry Research Report, there has been strong growing demand from the financial services providers sector, listed companies and mainland corporations for quality offices in prime locations of the core business areas, leading to the growth potential of the rental and capital value of these premises in 2017. In addition, as per Industry Research Report, as compared to retail shops located in tourist and luxury-oriented shopping areas, retail premises located in urban neighborhood locations which are easily accessible offer more stability to their rental and capital value due to the comparatively stable residential household purchase power. In 2016, our Group acquired a storey of office space in Bank of East Asia Harbour View Centre in Wan Chai (Property 2), six stories of office space and retail shops in the lower floors in Wanchai Commercial Centre in Wan Chai (Properties 4-21 and 30-32).

As at the Latest Practicable Date, we have not identified any specific acquisition or disposal target. Also, we do not have a target number of property acquisitions which we aim to achieve, nor do we have a fixed ratio for investments in office, retail and industrial properties. Going forward, we expect to maintain our scope of business with increasing focus on opportunities for investment in office and retail properties for our leasing business. Leveraging on our years of experience, our Group will continue to consider the merit of each of the potential investment opportunities, taking into account factors considered to be relevant by us, such as the potential for growth in rental levels of the properties, demand and supply of similar properties in the region, quality of location and expected rental return, which generally reflect the rental value and capital appreciation potential of the properties. We may dispose of properties when it is in the best interests of our Group or when it is an appropriate commercial decision to do so, after considering all relevant factors.

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Continue to utilize our property enhancement capabilities

We intend to continue to pursue property enhancement activities, such as reconfiguration, sub-division and facilities upgrade, to rationalize the use of our property space and maximize the rental values.

In December 2012, we acquired a whole floor office at 24/F of World Wide House, Central (Property 1 and Disposed Property 2) from Landsea Green Properties on 27 December 2012 at a consideration of HK\$304.1 million which is calculated by pro-rating its valuation against the aggregate valuation of the entire portfolio of investment properties acquired from Landsea Green Properties, which is equivalent to HK\$23,486.7/sq.ft. Subsequently, we carried out renovations to improve the property. It was subdivided into eight strata office, namely units 2401-2408. The lift lobby, common area and shared toilet facilities were also renovated. In 2015, Units 2402, 2403 and 2305 were sold for a total of HK\$224.3 million, an equivalent of HK\$45,925.1/sq.ft. This represents a 95.5% increase in terms of square footage when compared to the purchase price in 2012.

Our Board believes that by adopting these property enhancement initiatives, our Group can attract better quality tenants for our properties, enhance the rental value and capital appreciation potential of our investment property portfolio and therefore improve the efficiency of our investment performance.

Expand and strengthen our value-added property management services

Leveraging on the accumulation of experience from providing related value-added property management services to our tenants, we intend to expand and strengthen our value-added property management services to our tenants and to other independent property owners.

We emphasize the importance of satisfaction of our tenants. Our Board believes that our value-added property management services can assist us in gaining trust and loyalty from our existing tenants. We act as our tenants' first point of contact for assistance when they encounter problems or defects which require repair and maintenance. Over history of our operations, we have worked with a number of independent contractors to ensure repair and maintenance work is provided to our tenants in a timely and efficient manner. For details of provision of our value-added property management services to our tenants, please refer to the paragraph headed "Lease operations" in this section. Going forward, we intend to expand and strengthen the scope of our value-added property management services to our tenants by recruitment of property management experts, collaboration with other property management companies and expansion of our own property management team.

We provide property management services with a broader scope to other property owners which are Independent Third Parties commencing in January 2016. Our services include sourcing tenants, advising our clients on property management policy, formulating, preparing and implementing management strategies for our clients and monitoring rental collection. For details of our property management services, please refer to the paragraph headed "Property management business" in this section.

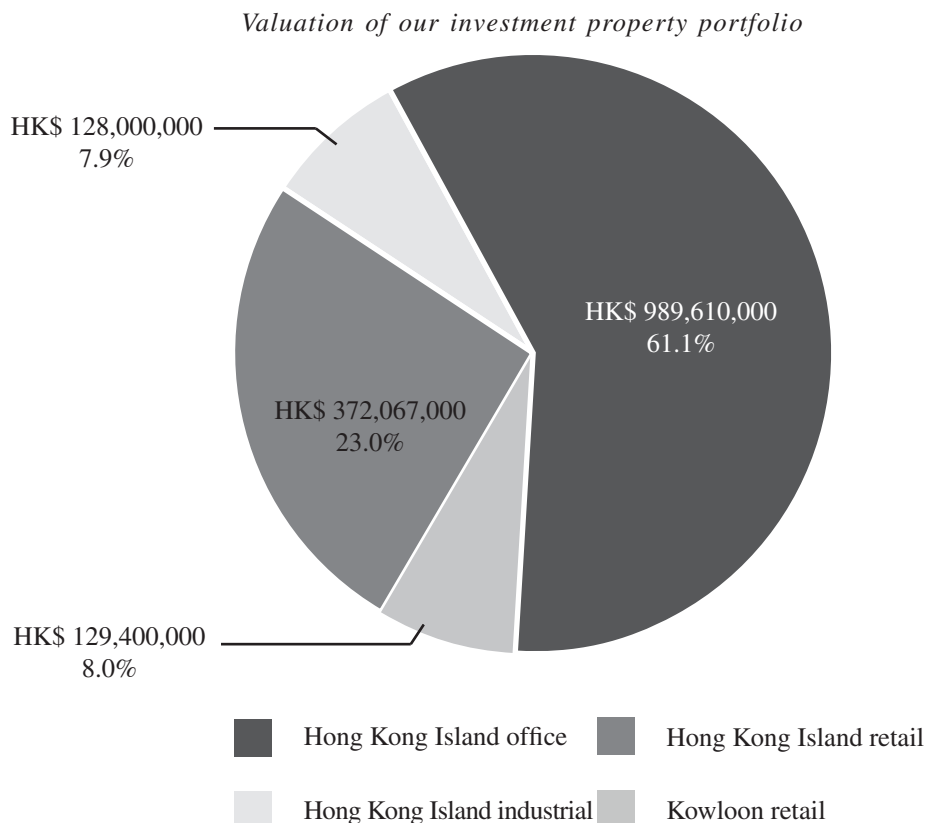
BUSINESS

Our Board believes that these value-added property management services can assist us to broaden our income source by leveraging our knowledge and experience in the properties leasing business and hence strengthen our competitiveness in the property market in Hong Kong and our corporate branding.

INVESTMENT PROPERTY PORTFOLIO

As at the Latest Practicable Date, our investment property portfolio comprised 36 properties located in Hong Kong, including Grade A office space in core business areas, retail premises in prime urban areas and industrial building units situated in a developed urban area. As at the Latest Practicable Date, our investment property portfolio had an aggregate saleable area of approximately 92,136 sq.ft.* and a total value attributable to our Group of approximately HK\$1,619.1 million as at 30 September 2017 as valued by the Property Valuer.

The chart below shows the breakdown of our investment property portfolio by location (Hong Kong Island and Kowloon) and by type of property (office/retail/industrial), on the basis of valuation as at 30 September 2017 derived from property valuation report contained in Appendix III to this prospectus.



* The figure included the whole of Property 31 (of which we are interested in one-third share).

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As at 30 September 2017, we had an investment property portfolio comprising (i) office; (ii) retail; and (iii) industrial properties with a total saleable area of approximately 36,049 sq.ft., 21,107 sq.ft., and 34,980 sq.ft., respectively*, and a total value attributable to our Group of HK\$989.6 million, HK\$501.5 million and HK\$128.0 million, respectively.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the rental income from leasing our (i) office; (ii) retail and (iii) industrial properties is set out in the table below:

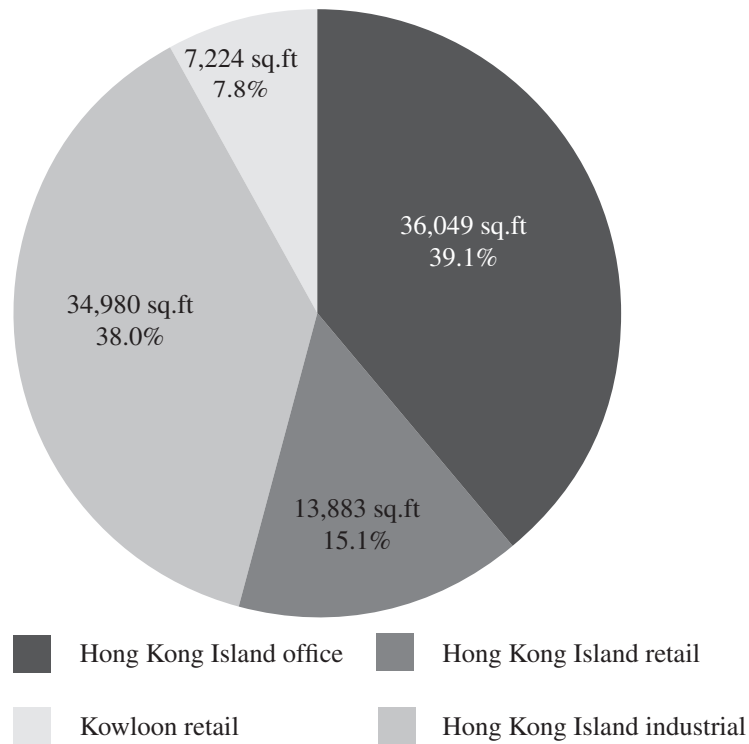
	Year ended 31 December						Six months ended 30 June	
	2014		2015		2016		2017	
	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%	<i>HK\$'000</i>	%
Rental income —								
Office properties	23,956	65.2	23,268	62.1	23,503	56.9	12,269	51.8
Rental income —								
Retail properties	4,373	11.9	5,524	14.7	6,810	16.5	5,125	21.6
Rental income —								
Industrial properties	4,800	13.1	4,800	12.8	6,758	16.4	3,782	16.0
Property management fee income	3,622	9.8	3,886	10.4	4,223	10.2	2,520	10.6
	<u>36,751</u>	<u>100.0</u>	<u>37,478</u>	<u>100.0</u>	<u>41,294</u>	<u>100.0</u>	<u>23,696</u>	<u>100.0</u>

* The figures included the whole of Property 31 (of which we are interested in one-third share).

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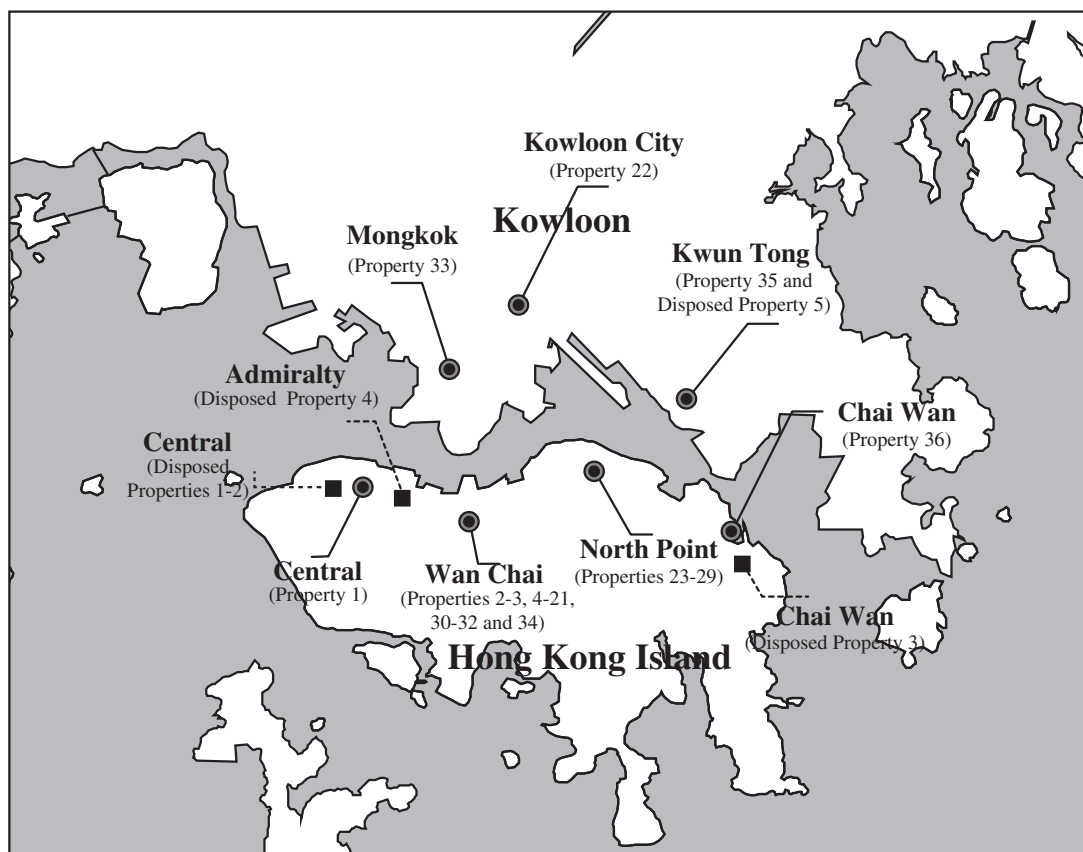
The chart below shows the breakdown of our investment property portfolio by location (Hong Kong Island and Kowloon) and by type of property (office/retail/industrial) as at 30 September 2017, on the basis of saleable area derived from property valuation report contained in Appendix III to this prospectus.*

Saleable area of our investment property portfolio



* The figures included the whole of Property 31 (of which we are interested in one-third share).

BUSINESS



Location	Description of the locations in which our investment properties/disposed properties are situated	
Hong Kong		
Central	World-Wide House, No.19 Des Voeux Road Central, Central, Hong Kong	(Property 1)
	World-Wide House No.19 Des Voeux Road Central, Central, Hong Kong	(Disposed Property 1)
	World-Wide House No.19 Des Voeux Road Central, Central, Hong Kong	(Disposed Property 2)
Wan Chai	Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong	(Properties 2-3)
	Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	(Properties 4-21, 30-32)
	Nos.146 & 148 Lockhart Road and No.2A O'Brien Road, Wan Chai, Hong Kong	(Property 34)
Chai Wan	Sunview Industrial Building, No.3 On Yip Street, Chai Wan, Hong Kong	(Property 36)
	Honour Industrial Centre, No.6 Sun Yip Street, Chai Wan, Hong Kong	(Disposed Property 3)
North Point	Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	(Properties 23-29)
Admiralty	United Centre, No.95 Queensway, Admiralty, Hong Kong	(Disposed Property 4)
Kowloon		
Kowloon City	South Wall Mansion Nos.63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon, Hong Kong	(Property 22)
Mongkok	Tai Shan Wen Cun Commercial Building, No.139 Portland Street, Mongkok, Kowloon, Hong Kong	(Property 33)
Kwun Tong	Lai Yue Building, No.3 Horse Shoe Lane, Kwun Tong, Kowloon, Hong Kong	(Property 35)
	Entrepot Centre, No.117 How Ming Street, Kowloon, Hong Kong	(Disposed Property 5)

BUSINESS

Our office spaces are located in core business areas, namely, Central and Wan Chai. Our retail premises are located in prime urban areas with convenient access to public transportation, including Wan Chai, North Point, Mong Kok and Kwun Tong. Our industrial units are located in a developed urban area in Chai Wan.

For identification purposes, our investment properties are categorized into individual properties based on their respective title deeds. The table below sets forth the saleable area and other information of the investment properties in our portfolio as at the Latest Practicable Date.

Table 1-1 — Background information of the investment properties in our portfolio

Property number	Property address	Property Type	Saleable area of property (Approximate sq.ft.)	Valuation as of 30 September 2017 (HK\$'000)	Date of Issuance of occupation permit
Office					
Property 1	Office Unit A and the Lavatory on 24th Floor, World-Wide House, No.19 Des Voeux Road Central, Central, Hong Kong	Office	8,065	404,000	31 October 1980
Property 2	16th Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong	Office	6,327	188,800	31 October 1990
Property 3	17th Floor and Car Parking Space Nos. 18 to 20 on 2nd Floor, Bank of East Asia Harbour View Centre, No.56 Gloucester Road, Wan Chai, Hong Kong	Office	6,327	197,200	31 October 1990
Property 4	Office A on 7th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	730	9,260	28 April 1984
Property 5	Office B on 7th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	1,040	13,190	28 April 1984
Property 6	Office C on 7th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	785	9,950	28 April 1984
Property 7	Office A on 8th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	730	9,290	28 April 1984
Property 8	Office B on 8th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	1,040	13,230	28 April 1984
Property 9	Office C on 8th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	785	9,990	28 April 1984

BUSINESS

Property number	Property address	Property Type	Saleable area of property (Approximate sq.ft.)	Valuation as of 30 September 2017 (HK\$'000)	Date of Issuance of occupation permit
Property 10	Office A on 9th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	730	9,340	28 April 1984
Property 11	Office B on 9th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	1,040	13,310	28 April 1984
Property 12	Office C on 9th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	785	10,050	28 April 1984
Property 13	Office A on 16th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	730	9,660	28 April 1984
Property 14	Office B on 16th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	1,040	13,760	28 April 1984
Property 15	Office C on 16th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	785	10,380	28 April 1984
Property 16	Office A on 17th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	730	9,710	28 April 1984
Property 17	Office B on 17th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	1,040	13,840	28 April 1984
Property 18	Office C on 17th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	785	10,450	28 April 1984
Property 19	Office A on 18th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	730	9,800	28 April 1984
Property 20	Office B on 18th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	1,040	13,900	28 April 1984
Property 21	Office C on 18th Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Office	785	10,500	28 April 1984

BUSINESS

Property number	Property address	Property Type	Saleable area of property (Approximate sq.ft.)	Valuation as of 30 September 2017 (HK\$'000)	Date of Issuance of occupation permit
Retail					
Property 22	Shop Nos.4 & 5 on Ground Floor, Flats 1 to 8 on 1st Floor, Flats 3 & 4 on 2nd Floor, South Wall Mansion Nos.63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon, Hong Kong	Retail	5,985 <i>(Note 1)</i>	67,500	12 February 1966
Property 23	Unit A on Ground Floor with Rear Yard, Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	Retail	548 <i>(Note 2)</i>	25,900	9 January 2003
Property 24	Unit B on Ground Floor with Rear Yard, Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	Retail	622 <i>(Note 3)</i>	28,100	9 January 2003
Property 25	Unit C on Ground Floor, Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	Retail	147	8,000	9 January 2003
Property 26	Unit D on Ground Floor, Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	Retail	153	8,400	9 January 2003
Property 27	Unit E on Ground Floor with Rear Yard, Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	Retail	684 <i>(Note 4)</i>	29,900	9 January 2003
Property 28	Unit F on Ground Floor with Rear Yard, Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	Retail	554 <i>(Note 5)</i>	26,200	9 January 2003
Property 29	Advertising Spaces, Glory Rise, No.128 Chun Yeung Street, North Point, Hong Kong	Retail	N/A	200	9 January 2003
Property 30	Shop C on the Ground Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Retail	1,520	102,800	28 April 1984
Property 31	1/3 share of Basement (inclusive of front staircase leading from main entrance on G/F to the Basement and two rear staircases leading from G/F to the Basement) & Rear Flat Roof on 4/F and Roof and Upper Roof, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Retail	4,840 <i>(Note 6)</i>	89,600	28 April 1984 <i>(Note 6)</i>
Property 32	Second Floor, Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wan Chai, Hong Kong	Retail	4,600	89,600	28 April 1984

BUSINESS

Property number	Property address	Property Type	Saleable area of property (Approximate sq.ft.)	Valuation as of 30 September 2017 (HK\$'000)	Date of Issuance of occupation permit
Property 33	Ground Floor (including open yard & lavatories thereto) and cockloft (including the canopy thereto), Tai Shan Wen Cun Commercial Building, No.139 Portland Street, Mongkok, Kowloon, Hong Kong	Retail	734 (Note 7)	40,000	24 May 1976
Property 34	Portion 3 of Shop C on Ground Floor, Nos.146 & 148 Lockhart Road and No.2A O'Brien Road, Wan Chai, Hong Kong	Retail	215	23,100	30 January 1965
Property 35	Shop A on Ground Floor, Lai Yue Building, No.3 Horse Shoe Lane, Kwun Tong, Kowloon, Hong Kong	Retail	505	21,900	17 May 1990
Industrial					
Property 36	Unit No. C on 2nd Floor, Unit Nos. A to G on 3rd Floor, Car Parking Space No.V2 & No.V4 & No.V18 on G/F, Sunview Industrial Building, No.3 On Yip Street, Chai Wan, Hong Kong	Industrial	34,980	128,000	29 November 1977

Notes:

1. The saleable area of Property 22 indicated in the table above is exclusive of its yard area of approximately 157 sq.ft. and flat roof area of approximately 200 sq.ft..
2. The saleable area of Property 23 indicated in the table above is exclusive of its yard area of approximately 78 sq.ft..
3. The saleable area of Property 24 indicated in the table above is exclusive of its yard area of approximately 53 sq.ft..
4. The saleable area of Property 27 indicated in the table above is exclusive of its yard area of approximately 62 sq.ft..
5. The saleable area of Property 28 indicated in the table above is exclusive of its yard area of approximately 73 sq.ft..
6. The figures included the whole of Property 31 (of which we are interested in one-third share). The interest attributable to our Group in respect of Property 31 as at 30 September 2017 is HK\$29,867,000.
7. The saleable area of Property 33 indicated in the table above is exclusive of its cockloft area of approximately 372 sq.ft. and yard area of approximately 254 sq.ft..

During the Track Record Period and up to the Latest Practicable Date, none of our investment properties was subject to compulsory order for sale or auction in public pursuant to the Land (Compulsory Sale for Redevelopment) Ordinance (Chapter 545 of the Laws of Hong Kong).

BUSINESS

BUSINESS MODEL

We engage in property investment business in Hong Kong with a principal focus on office, retail and industrial properties leasing. We lease our investment properties for recurring rental income and we provide related value-added property management services to our tenants to enhance tenants' satisfaction in letting our properties. In addition, commencing in January 2016, we provide property management services with a broader scope to other property owners which are Independent Third Parties for property management fees.

As rental income derived from our properties is the principal source of our revenue, we have our own property team to manage our leasing business. Our property department was responsible for our daily business operations during the entire Track Record Period. In order to stay competitive in the property leasing market, our property department collects current market data for input into our in-house database to facilitate our day-to-day decision making. For investment properties newly acquired by our Group which are subject to existing ongoing leases, our property department is in charge of maintaining regular communications with those new tenants and gaining thorough understanding of their characteristics, businesses and needs. Mr. FH Wong, our chief executive officer and formerly the head of property department, has been in charge of our property department for over 25 years. Mr. FH Wong is responsible for, among other responsibilities, overseeing our Group's daily business operations and formulating our customer relations strategies.

Furthermore, Mr. Ryan Wong is delegated with the responsibilities for heading our Leasing Committee, which consists of five members comprising Mr. Ryan Wong, Ms. Cheung Yee Wah Polly and staff from our property department, staff from our administration, human resources and information technology department and staff from our finance and accounting department. The Leasing Committee oversees our leasing matters and is responsible for rents determination, approving our lease terms with tenants and conducting regular review on our tenant profile, rental levels and occupancy rates of our investment properties. For details of members of our Leasing Committee, please refer to the paragraph headed "Organization and Reporting Structure" in this section.

PROPERTY LEASING

Rental and rental rates

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our rental income amounted to approximately HK\$33.1 million, HK\$33.6 million, HK\$37.1 million and HK\$21.2 million, respectively, of which approximately 85.5%, 85.7%, 81.8% and 82.1%, respectively, was derived from rental of office and retail properties and of which approximately 14.5%, 14.3%, 18.2% and 17.9%, respectively, was derived from rental of industrial properties. The rental income from our investment properties constituted principal source of our revenue in the Track Record Period.

As at the Latest Practicable Date, excluding Property 3, all of our investment properties were let to Independent Third Parties, involving a total of 40 tenancy agreements and/or arrangement. Please see the section headed "Continuing Connected Transactions" in this prospectus for details of our properties leased to connected persons of the Company. For Property 29, we granted a license to an Independent Third Party to use the advertising space for an aggregate of eight months over the Track Record Period at nil consideration and in return the Independent Third Party built the frame for the advertising space at its cost which has improved the future rental value.

BUSINESS

The table below sets forth the average effective monthly rental, effective rental return by market value and change in rental rates of our investment properties during the Track Record Period.

Property	Year ended 31 December 2014		Year ended 31 December 2015		Year ended 31 December 2016		Six months ended 30 June 2017	
	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)
Office								
Property 1	544,177	67.5	661,440	82.0	671,674	83.3	808,137	100.2
Property 2	N/A	N/A	N/A	N/A	391,064	61.8	385,560	60.9
Property 3	146,667	23.2	297,500	47.0	350,000	55.3	350,000	55.3
Property 4	N/A	N/A	N/A	N/A	23,927	32.8	23,927	32.8
Property 5	N/A	N/A	N/A	N/A	34,178	32.9	34,178	32.9
Property 6	N/A	N/A	N/A	N/A	23,121	29.5	23,121	29.5
Property 7	N/A	N/A	N/A	N/A	21,591	29.6	23,544	32.3
Property 8	N/A	N/A	N/A	N/A	34,298	33.0	34,298	33.0
Property 9	N/A	N/A	N/A	N/A	26,424	33.7	26,424	33.7
Property 10 & 11 (Note 2)	N/A	N/A	N/A	N/A	52,685	29.8	52,685	29.8
Property 12	N/A	N/A	N/A	N/A	23,121	31.1	24,442	31.1
Property 13	N/A	N/A	N/A	N/A	21,669	29.7	21,669	29.7
Property 14	N/A	N/A	N/A	N/A	31,017	29.8	31,017	29.8
Property 15	N/A	N/A	N/A	N/A	22,571	28.8	22,571	28.8
Property 16	N/A	N/A	N/A	N/A	23,254	31.9	23,254	31.9
Property 17	N/A	N/A	N/A	N/A	31,773	30.6	31,773	30.6
Property 18 (Note 1)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Property 19	N/A	N/A	N/A	N/A	22,726	31.1	22,726	31.1
Property 20	N/A	N/A	N/A	N/A	33,286	32.0	33,286	32.0
Property 21	N/A	N/A	N/A	N/A	23,672	30.2	23,672	30.2

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Property	Year ended 31 December 2014		Year ended 31 December 2015		Year ended 31 December 2016		Six months ended 30 June 2017	
	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)	Average effective monthly rental (HK\$)	Effective rental return by market value of that property (Note 3) (%)
Retail								
Property 22 (Note 4)	110,008	18.4	120,000	20.1	120,000	20.1	120,000	20.1
Property 23 (Note 5)	32,000	58.4	41,624	76.0	42,000	76.6	46,624	85.1
Property 24 (Note 6)	44,226	71.1	48,000	77.2	48,000	77.2	49,742	80.0
Property 25	21,685	147.5	21,685	147.5	24,522	166.8	24,642	167.6
Property 26	21,118	138.0	23,000	150.3	23,118	151.1	25,000	163.4
Property 27 & 28 (Note 7)	91,788	74.1	92,908	75.0	100,000	80.8	100,000	80.8
Property 29 (Note 8)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Property 30	N/A	N/A	N/A	N/A	138,000	90.8	138,000	90.8
Property 31 (Note 9)	N/A	N/A	N/A	N/A	213,000	44.0	213,000	44.0
Property 32	N/A	N/A	N/A	N/A	155,000	33.7	155,000	33.7
Property 33 (Note 10)	N/A	N/A	136,000	185.3	136,000	185.3	N/A	N/A
Property 34	40,000	186.0	54,001	251.2	58,306	271.2	52,864	245.9
Property 35	50,000	99.0	48,611	96.3	48,611	96.3	48,611	96.3
Industrial								
Property 36	400,000	11.4	400,000	11.4	400,000	11.4	400,000	11.4
Disposed Properties								
Office								
Disposed Property 1	157,269	73.3	157,269	73.3	N/A	N/A	N/A	N/A
Disposed Property 2	359,081	73.5	359,081	73.5	N/A	N/A	N/A	N/A
Disposed Property 4	845,649	47.3	900,000	50.3	900,000	50.3	896,057	50.1
Industrial								
Disposed Property 3	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disposed Property 5	N/A	N/A	N/A	N/A	365,157	39.0	304,197	32.5

BUSINESS

Notes:

1. N/A means that the property was vacant, not yet purchased or disposed of before relevant period.
2. Property 10 and Property 11 are rented as a whole by the tenant.
3. The effective rental return by market value of that property is calculated by dividing the annualized average effective monthly rental by the fair value of that property as at the end of the relevant period.
4. The calculation of sq.ft. excludes yard area of 157 sq.ft. and roof area of 200 sq.ft.
5. The calculation of sq.ft. excludes yard area of 78 sq.ft.
6. The calculation of sq.ft. excludes yard area of 53 sq.ft.
7. Property 27 and Property 28 are rented as a whole by the tenant. The calculation of sq.ft. excludes yard area of 135 sq.ft.
8. Property 29 is an advertising space which is vacant after the license with the Independent Third Party expired. For Property 29, we granted a license to an Independent Third Party to use the advertising space for an aggregate of eight months over the Track Record Period at nil consideration and in return the Independent Third Party built the frame for the advertising space at its cost which has improved the future rental value.
9. The interest attributed of Property 31 to our Group is one-third of the monthly rental for Property 31.
10. The calculation of sq.ft. excludes cockloft area of 372 sq.ft. and yard area of 254 sq.ft.
11. The property was disposed of in the relevant year and fair value of that property is not provided by the Property Valuer. The figure is calculated with the fair value of that property in the previous year end.

BUSINESS

The table below sets forth average effective monthly rental, disposal date and revenue contributed during the Track Record Period of our disposed properties by our Group.

Property	Disposal Date	Revenue contributed in the period							
		Year ended 2014		Year ended 2015		Year ended 2016		Six months ended 30 June 2017	
		Percentage of total revenue of 2014		Percentage of total revenue of 2015		Percentage of total revenue of 2016		Percentage of total revenue for the relevant period	
		(HK\$'000)	(%)	(HK\$'000)	(%)	(HK\$'000)	(%)	(HK\$'000)	(%)
Disposed Property 1	18 March 2015	1,849	5.0	443	1.2	N/A	N/A	N/A	N/A
Disposed Property 2	7 May 2015	4,877	13.3	1,699	4.5	N/A	N/A	N/A	N/A
Disposed Property 3	28 June 2016	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Disposed Property 4	25 January 2017	11,447	31.1	12,199	32.6	12,237	29.6	823	3.5
Disposed Property 5	16 May 2017	N/A	N/A	N/A	N/A	1,958	4.7	1,382	5.8

Note: N/A means the property was vacant, not yet purchased or disposed of during the relevant period.

Occupancy rate

As at the Latest Practicable Date, over 98.3% of the saleable area of our investment properties were subject to lease, involving a total of 40 tenancy agreements and/or arrangement. As at 31 December 2014, 2015 and 2016 and 30 June 2017, the occupancy rates of our investment properties are summarized as follows:-

	As at 31 December			As at 30 June
	2014	2015	2016	2017
Office	93.2%	100.0%	98.5%	97.8%
Retail	94.7%	100.0%	96.5%	96.5%
Industrial	100.0%	97.2%	96.8%	100.0%

Note 1: Investment properties which were disposed of by our Group during the Track Record Period are included in this table.

Note 2: Occupancy rate is calculated based on saleable area of the properties.

Note 3: The method/assumption of calculating the occupancy rate is:

(1) Occupancy indicates that a unit was physically occupied as at 31 December 2014, 2015 and 2016 and 30 June 2017.

(2) The analysis is conducted based on the saleable area of the properties.

BUSINESS

Term of lease

The following table sets out information relating to the expiry of the leases of our investment properties as at 30 June 2017:

	Year of expiry of tenancy	Number of tenancy agreements and/or arrangement	Saleable area ^(Note)	Rental income for the month ended 30 June 2017	Approximate percentage of total saleable area of our investment properties as at 30 June 2017	Approximate percentage of our total rental income for the month ended 30 June 2017
			<i>approximate sq.ft.</i>	<i>HK\$'000</i>	<i>(%)</i>	<i>(%)</i>
Tenancies expiring (as at 30 June 2017)	2017	13	47,273	702	52.2	21.3
	2018	11	15,909	650	17.6	19.7
	2019	10	16,724	1,130	18.5	34.2
	2020 or beyond	6	10,711	817	11.8	24.8
Vacant properties	—	—	1,519	—	1.6	—
Total		40	92,136	3,299	100.0	100.0

Note: The figures included the whole of Property 31 (of which we are interested in one-third Share).

As at 30 June 2017, our tenancies, (i) representing approximately 45.0%, 17.3%, 18.2% and 17.9% of our total saleable area of our investment properties; and representing approximately 18.2%, 19.7%, 34.2% and 27.9% of our total rental income for the month ended 30 June 2017, are expected to expire in the year 2017, 2018, 2019 and 2020 or beyond, respectively. As at 30 June 2017, we had certain properties that were vacant, representing approximately 1.6% of the total saleable area of our investment properties.

BUSINESS

Tenants

Our Group's customers are mainly tenants of our investment properties. As at the Latest Practicable Date, we had a total of 40 tenants.

The following table sets forth the breakdown of the tenants by industry as at 31 December 2014, 2015 and 2016 and 30 June 2017^(Note):-

Industry	Monthly rental income				Proportion of total monthly rental income			
	As at 31 December			As at 30 June	As at 31 December			As at 30 June
	2014	2015	2016	2017	2014	2015	2016	2017
	(HK\$'000)	(HK\$'000)	(HK\$'000)	(HK\$'000)				
Financial Services and Investments	1,414.1	1,493.8	1,707.6	1,175.0	49.4%	51.0%	38.4%	33.7%
Medical and Health Care	941.0	961.0	1,077.7	752.5	32.9%	32.8%	24.2%	21.6%
Food and Beverage	103.0	249.0	253.0	316.0	3.6%	8.5%	5.7%	9.1%
Logistics	—	—	195.0	195.0	—	—	4.4%	5.6%
Technology	—	—	132.3	132.3	—	—	3.0%	3.8%
Furniture	—	—	98.8	75.3	—	—	2.2%	2.2%
Others	404.1	226.7	509.1	413.1	14.1%	7.7%	11.5%	11.8%
Leisure and Entertainment	—	—	170.6	170.6	—	—	3.8%	4.9%
Education	—	—	88.4	47.6	—	—	2.0%	1.4%
Supermarket	—	—	213.0	213.0	—	—	4.8%	6.1%
Total	2,862.2	2,930.4	4,445.5	3,490.4	100.0%	100.0%	100.0%	100.0%

Note: The analysis is conducted based on the monthly rent of the properties that are occupied as at 31 December 2014, 2015 and 2016 and 30 June 2017.

BUSINESS

In the history of our operations, we have established stable relationships with our tenants, the longest of which has leased properties for over 19 years from us.

The table below sets out the background information of our top five tenants during the Track Record Period.

For the six months ended 30 June 2017

Ranking	Tenants	Industry	Length of business relationship	Approximate revenue for the six months ended 30 June 2017 (HK\$'000)	Percentage of revenue for the six months ended 30 June 2017 (%)	Expiry date of tenancy as at 30 June 2017
1	Thing On Capital Limited	Financial Services	4 years	2,468	10.4%	December 2019
2	B	Health Supplements Manufacturer and Distributor	3 years	2,400	10.1%	July 2017
3	C	Trading Company	4 years	1,608	6.8%	July 2018
4	F	Financial Services	8 months	1,340	5.7%	November 2019
5	G	Shipping Company	8 months	1,314	5.5%	February 2020

For the year ended 31 December 2016

Ranking	Tenants	Industry	Length of business relationship	Approximate revenue for the year ended 31 December 2016 (HK\$'000)	Percentage of revenue for the year ended 31 December 2016 (%)	Expiry date of tenancy as at 31 December 2016
1	A	Financial Services	8 years	12,237	29.6%	March 2017
2	Thing On Capital Limited	Financial Services	4 years	4,934	11.9%	September 2017
3	B	Health Supplements Manufacturer and Distributor	3 years	4,800	11.6%	July 2017
4	C	Trading Company	4 years	3,211	7.8%	July 2018
5	D	Healthcare Medical Services	11 years	2,187	5.3%	February 2017

For the year ended 31 December 2015

Ranking	Tenants	Industry	Length of business relationship	Approximate revenue for the year ended 31 December 2015 (HK\$'000)	Percentage of revenue for the year ended 31 December 2015 (%)	Expiry date of tenancy as at 31 December 2015
1	A	Financial Services	7 years	12,199	32.6%	March 2017
2	B	Health Supplements Manufacturer and Distributor	2 years	4,800	12.8%	July 2017
3	Thing On Capital Limited	Financial Services	3 years	4,104	10.9%	September 2017
4	C	Trading Company	3 years	3,148	8.4%	July 2018
5	D	Healthcare Medical Services	10 years	2,166	5.8%	February 2017

BUSINESS

For the year ended 31 December 2014

Ranking	Tenants	Industry	Length of business relationship	Approximate revenue for the year ended 31 December 2014 (HK\$'000)	Percentage of revenue for the year ended 31 December 2014 (%)	Expiry date of tenancy as at 31 December 2014
1	A	Financial Services	6 years	11,447	31.1%	March 2017
2	B	Health Supplements Manufacturer and Distributor	1 year	4,800	13.1%	July 2017
3	C	Trading Company	2 years	3,095	8.4%	July 2018
4	D	Healthcare Medical Services	9 years	2,142	5.8%	February 2017
5	E	Financial Services	1 year	1,914	5.2%	February 2017

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, the revenue received in relation to our Group's five largest tenants for each relevant period accounted for approximately 63.7%, 70.5%, 66.3% and 38.5%, respectively, of our Group's total revenue for the respective year whilst the revenue received in relation to the largest tenant accounted for approximately 31.1%, 32.5%, 29.6% and 10.4%, respectively, of our Group's total revenue for the corresponding year. In respect of our five largest tenants as at 30 June 2017, our business relationships ranged from eight months to five years. Save for Thing On Capital Limited, a subsidiary of Thing On Group, our Controlling Shareholder, all of the five largest tenants for the Track Record Period are Independent Third Parties. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, Thing On Capital Limited accounts for approximately 4.6%, 10.9%, 11.9% and 10.4%, respectively, of our Group's total revenue.

Save as disclosed above, none of our Directors or their close associates or, to the best of the knowledge of our Directors, Shareholders who will hold 5% or more of the Shares of our issued share capital immediately upon the Listing, has any interest in the five largest tenants of our Group in terms of rental income for each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

Lease operations

Rental determination

We enter fixed rents with our tenants. When required to set rent for a property, we benchmark against the prevailing market rent of comparable properties. With a view to keeping ourselves abreast of the market rental conditions and rental levels, our property department regularly collects market data from a network of property agencies with whom we maintain close relationships and update such information in our database. We also keep tabs on the prevailing market trends and keep our database complete and up-to-date through regular review of news reports, listed company announcements, data released by government, flyers and press releases from property agencies.

BUSINESS

To assist the Leasing Committee, apart from the market rent, business nature, price synergy, contract period and tenant's credit, our property department also reports on relevant background information of potential tenant for committee's consideration. After taking into account the prevailing market rent, specific characteristics of the property concerned and nature, performance and legality of tenant's trade, the Leasing Committee approves a range of rent for that particular property acceptable to our Group on a case-by-case basis and our property department adheres to the Leasing Committee's decisions for any follow-up negotiations.

For tenancy term exceeding three years, we pre-agree with our tenant fixed increased rent after the three years' term at the outset. The Leasing Committee determines future fixed rent based on research result on future market trends carried out by our property department together with its market knowledge and experience. For leases with an option to renew for a further term, rent payable for the renewed period is generally subject to further agreement with reference to the then prevailing market rent, whilst we agree with our tenant a maximum limit set on the increase rate of rents in one lease. When setting rent in a lease renewal scenario, the Leasing Committee makes reference to our internal records regarding the tenants and takes into account additional factors such as our relationship with the tenant, punctuality of payments of rentals, their compliance with the terms of tenancy agreements, repute and performance of tenant's trade and capital investment put in by the tenant.

To certain of our new tenants, we may allow rent-free periods for about half a month to a month, depending on the tenants' needs to furnish our properties to suit their use. Approval from the Leasing Committee is then required for any allowance for rent-free periods.

Lease term determination

All our lease terms are fixed and there is no provision for termination of lease by notice. Our lease terms generally range from two to three years, with an option to renew for a further term of one to two years in most leases.

Our Leasing Committee is responsible for approving our lease terms with tenants. Our lease term is determined based on factors such as needs of tenants, nature of tenants' trades and the potential appreciation in rental value with reference to our in-house database. Any departure from our normal lease term of two to three years requested by a tenant has to be assessed and approved by our Leasing Committee on a case-by-case basis.

Payments

During the term of lease of our properties, we receive payment of our rental fees from our tenants on a monthly basis. We generally issue reminders for such payments to our tenants half a month prior to the rental due date.

BUSINESS

Security deposits and guarantees

Following an assessment of the quality of tenants and upon entering into the leases, our tenants are required to pay security deposits which generally range from two to six months' rents, management fees, utilities and other charges, in the form of cash. Security deposits are unsecured and do not bear interests. The security deposits are refunded to our tenants after the delivery of possession by our tenants or after the settlement of outstanding monies with no issue on the condition of the property. In addition to security deposits, the Leasing Committee may require owners of tenants who are without substantial business operation, substantial assets or other credit supports to provide guarantees.

Expiries, renewals and selection of tenants

In general, three months' notice prior to expiry of the lease terms is required from our tenants for renewal of our lease terms. Our property department monitors the expiry of our leases and proactively manages our lease renewals with our tenants. Our property department initiates discussions with our tenants around three months prior to expiry with a view to ascertaining their intentions. If the tenants intend to continue renting our properties or a renewal notice is served upon us, unless the rent payable for the renewed period is set out on the tenancy agreement, our property department will arrange physical meetings with our tenants and negotiate with them for the rents payable for the renewed period. If consensus can be reached, with the approval of the Leasing Committee, our Group will enter into new tenancy agreements with our tenants.

On the other hand, if the tenants intend to move out or a renewal notice is not served upon us, our property department will identify new tenants through property agencies, advertisements or physical visits in the surrounding neighborhood, with a view to obtaining advance tenancy commitments before the expiry of our leases. We select tenants based on tenant profiles, nature and performance of tenants' trade and their synergies with the surrounding neighborhood of our properties. Prior approval from the Leasing Committee has to be obtained for entering into tenancy agreements with new tenants.

Related value-added property management services

Our tenants may encounter problems or defects which require repair and maintenance work from landlords from time to time. In order to cater for the needs of our tenants and enhance the tenant's satisfaction, upon request of our tenants, our property department liaises and coordinates with the independent contractors for timely repair and maintenance work. We are our tenants' first point of contact for assistance. Depending on the seriousness of defects, we may carry out on-site inspections to monitor the progress and quality of the contractors' work. Our property department is required to report on the incidents and follow-up with our tenants to ensure problems are resolved and defects are rectified. Our property department also facilitates the delivery of possession by our outgoing tenants and coordinates new tenants' fitting out requirements, for instance, we liaised with an electricity provider for increase of power supply voltage to our property to suit our tenant's business needs and handled relevant applications.

BUSINESS

We maintain an approved list of independent contractors, according to service quality and responsiveness to our requests and fee level which will be reviewed annually. For small-scale repair and maintenance work, our property department has the discretion to engage independent contractors on our list at our own costs. For fees beyond HK\$10,000, our property department will obtain fee quotations from at least three independent contractors. Approval from our general manager of the budget and scope of repair and maintenance works is required. Depending on the nature and individual circumstances concerning our provision of related value-added property management services, we may charge our tenants for service fees at agreed terms.

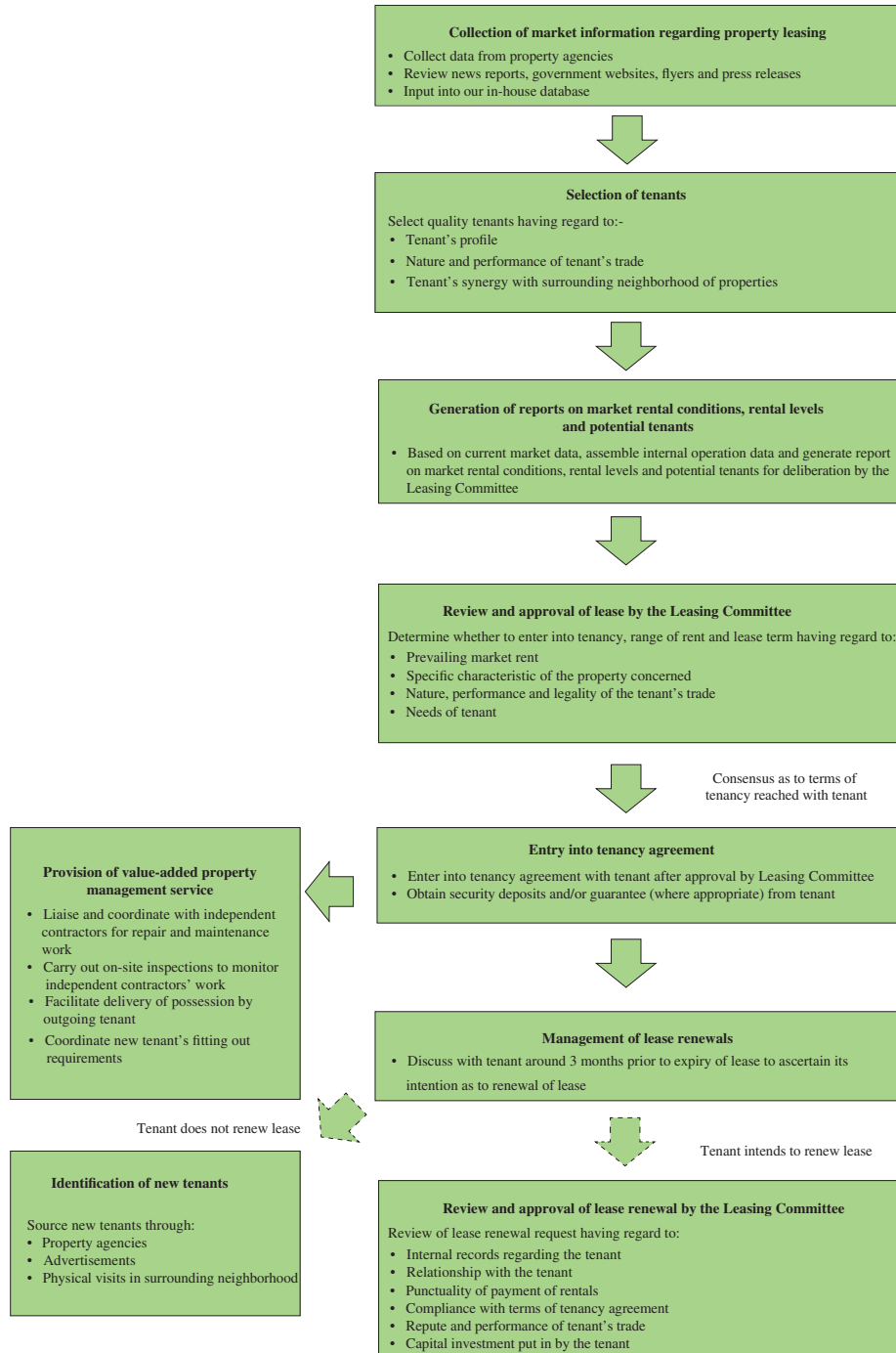
By way of illustration, for example, in respect of Property 1, we provide facility management services over the common floor areas, such as corridors, lavatories and lift lobby, to our tenants. We also maintain proper lighting and air-conditioning in the area, supplement toiletries and provide sanitation services. We engage external service providers to clean and maintain the hygiene standards of the washrooms and corridors on the office floor, and carry out repair work.

Under the leases, tenants are responsible for payments of outgoings such as utilities, management fees, government rent and rates, and air-conditioning charges.

BUSINESS

Operation flow regarding leasing business

The chart below illustrates our typical operational procedures in leasing a property:



BUSINESS

Property management business

With the accumulation of experience from providing related value-added property management services to our tenants which mainly consists of repair and maintenance work, and the new ideas brought by the next generation, we extended the provision and scope of property management services to other property owners which are Independent Third Parties commencing in January 2016. Our property department is responsible for operation of our property management business. Our property management services to other property owners cover: (i) sourcing of tenants; (ii) advisory and reporting; (iii) rental collection; (iv) bookkeeping; (v) accounting; (vi) repair and maintenance; and (vii) other property related services. For the year ended 31 December 2016, we were engaged by other independent property owners for provision of property management services in relation to the ground floor and cockloft of retail premises of a commercial building in Wan Chai and two workshop units in an industrial building in Tsuen Wan, respectively. The property management fee income contributed approximately 9.9%, 10.4%, 10.2% and 10.6% of our Group's total revenue for each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively.

Details of property management services and other salient terms of the property management agreements entered into between our subsidiary, Thing On Holdings, and our clients are set out below:-

Sourcing of tenants

We source tenants for our clients' properties and provide related services such as marketing activities, coordinating with properties viewing and advising on suitability of tenants according to our own experience.

Advisory and reporting

We advise our clients on property management policy, and we formulate, prepare and implement management strategies to ensure our clients' properties are managed in accordance with the principles of good estate management. We report to our clients regularly on matters relating to the management of the properties and remind them ahead of key events, such as rent review dates, lease commencement and termination dates, and any other dates calling for management action by or on behalf of our clients.

Rental collection

We recover rentals from tenants on behalf of our clients where necessary. We calculate, estimate and apportion rent and apply to tenants for payments on an interim basis and on a final basis after the end of an accounting year. We demand arrears from tenants, assist lawyers and issue instructions to lawyers or other collecting agencies for recovery of the arrears and take instructions from, and report to, our clients as and when appropriate.

Bookkeeping

We maintain up-to-date records and books of account, property file records and correspondence, up-to-date schedules of tenancies, licenses and arrangements for occupation, use and enjoyment of the properties, details of rent review dates, commencement and termination dates of tenancies and licenses and other dates material to each tenancy requiring notices to be given by our clients.

BUSINESS

Accounting

We render interim accounts as required and in agreed form, each with balances and supporting documentation if our clients so request. We further render accounts of all revenue and expenditure and audited service charge accounts for the properties.

Repair and maintenance

We arrange for maintenance, repair work, renewal of buildings, structures and services at the properties, and instruct contractors and professional advisers in connection with such work, subject to prior authorization of our clients in the case the general limits of expenditure is exceeded. We further inspect the properties and arrange for works required in case of emergency to the extent necessary to prevent danger to the tenants or to the public.

Other property related services

We extended the provision and scope of other property management services including but not limited to: (i) inspecting, supervising and enforcing compliance by tenants of their tenancy and/or occupation obligations; (ii) handling complaints from tenants, members of the public and public authorities; (iii) paying demands for rates, water charges and other periodic outgoings insofar as our clients requires us to do so and have made funds available; and (iv) arranging for compliance with statutory requirements in relation to health, safety and welfare of occupiers, users and members of the public in respect of the properties.

Pricing policy

For tenants of our properties in our investment property portfolio, we generally charge property management fees based on a fixed percentage on the rental value of such properties. For the provision and scope of property management services in respect of our client's properties, we generally determine the price of our services based on a number of factors including but not limited to the scope of services to be provided, labour cost and existing client relationship.

Other terms

We do not have a fixed service term with our clients and our property management services agreements will continue until terminated in writing by either party with six months' notice or otherwise in accordance with the terms and conditions of the agreements.

Property management fees were paid in arrears by our clients semi-annually. Our clients are responsible for the costs and expenses reasonably and properly incurred by us pursuant to the property management agreements and all outgoings and expenses relating to the properties which we are required to arrange for payment in performance of the property management services. We generally grant to our clients a credit term of ten days from the issuance of invoice.

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ACQUISITIONS AND DIVESTMENTS

In order to expand our investment property portfolio with the aim of growing our rental income, we constantly review our investment property portfolio and identify and evaluate potential acquisition or divestment opportunities. In general, when acquiring properties, we primarily focus on acquiring office, retail and industrial properties in Hong Kong as our Board believes that such properties offer steady growth with a strong rental demand and capital appreciation potential.

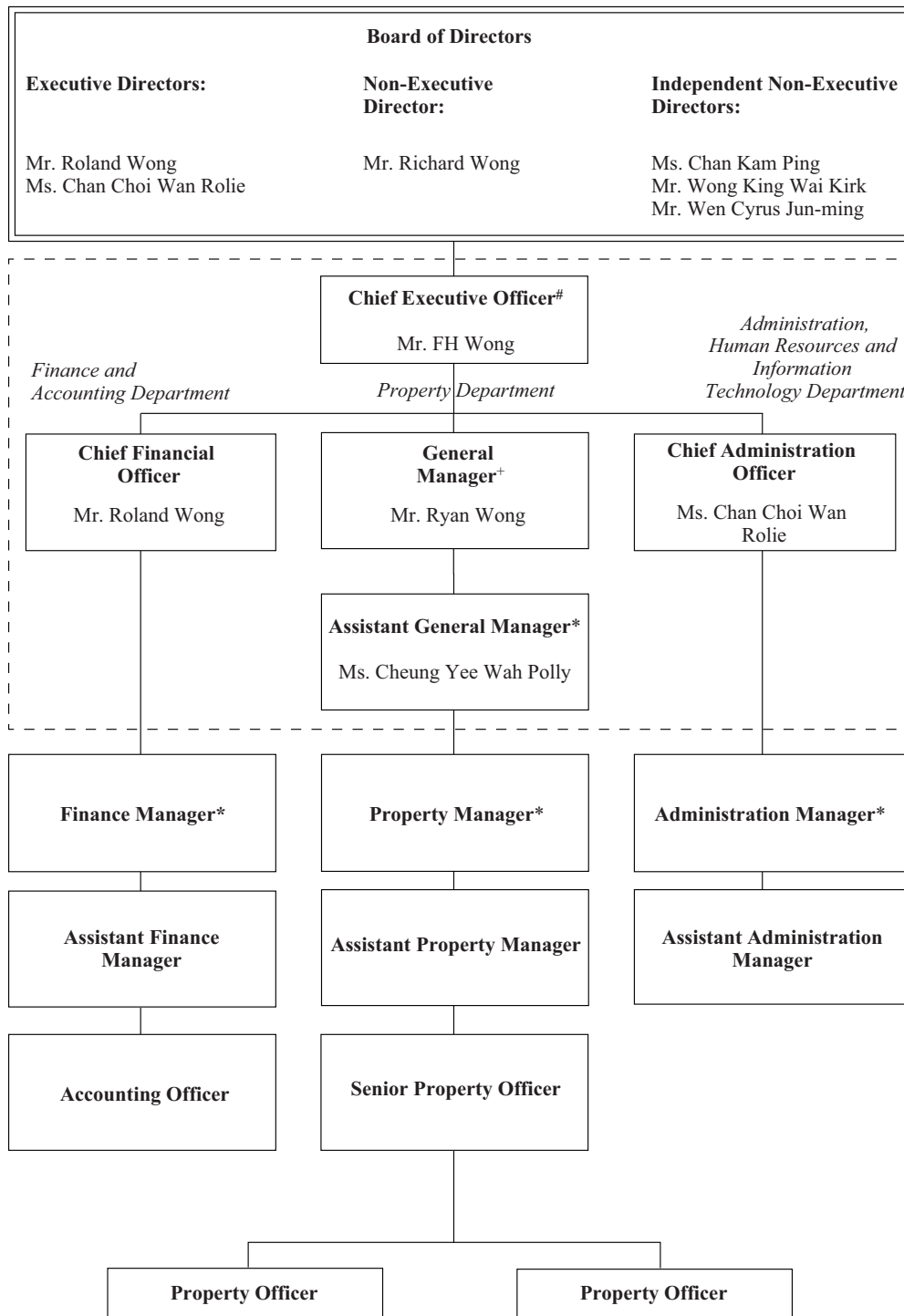
As per Industry Research Report, Hong Kong is a global financial and business hub and the demand for its quality offices is high as evident by its low vacancy rate and increasing price and rental level. As disclosed in “Industry Overview — Outlook of real estate investment market in Hong Kong” in this prospectus, there has been strong growing demand from financial services providers, listed companies and mainland corporations for quality offices in prime locations of the core business areas, leading to the growth potential of the rental and capital value of these premises in 2017. Furthermore, the Chinese “One Belt One Road” policy initiative, the set-up of Asian Infrastructure Investment Bank, the development of an offshore Renminbi market in Hong Kong, the roll-out of the Stock Connect pilot programs, and the Mutual Funds Recognition Scheme, are expected to be favorable to the sustainable development and advancement of financial sectors in Hong Kong, resulting to a growing demand for office space in core business districts, such as Central and Wan Chai. According to the Consolidated Land Requirement and Supply Analysis published by the Planning Department in October 2016, it is estimated that the GFA shortfall of Grade A offices in core business districts will increase from 140,000 sq.m. in 2016 to 480,000 sq.m. in 2023, and will further increase to 1.06 million sq. m. in 2041. In 2016, our Group acquired a storey of office space in Bank of East Asia Harbour View Centre in Wan Chai and six stories of office space in Wanchai Commercial Centre in Wan Chai.

Our retail premises are located in prime urban areas with convenient access to public transportation, including Wan Chai, North Point, Mong Kok and Kwun Tong. Retail sales, and location in terms of accessibility and traffic flow, are important determining factors affecting the rental and capital value of retail outlets. As compared to retail shops located in tourist and luxury-oriented shopping areas, our retail premises located in urban neighborhood locations offering more stability to their rental and capital value due to the comparatively more stable residential household purchase power and local consumption demand. Further, majority of our retail premises are ground floor shops which we believe are less affected by change in number and consumption expenditure of Mainland visitors, and their rental and capital values can be supported by their scarce supply. In 2016, our Group acquired certain retail shops on the ground floor and lower floors of Wanchai Commercial Centre in Wan Chai.

We follow a disciplined approach towards properties acquisitions and divestments. Rather than speculating on future property market prices or trends, we base our investment decisions mainly on the offer price of the properties available to us and factors which reflect the rental value and capital appreciation potential of properties concerned such as potential for growth in rental levels of the properties, demand and supply of similar properties in the region, quality of location and expected rental return. We consider our disposal decisions after taking into account the bid price of the properties offered to us, the investment performance of properties concerned and the current market price, or when we are of the view that it would be in the best interests of our Group or that it would be an appropriate commercial decision to do so. Sale of investment properties enables us to enhance our liquidity position and ability to finance acquisitions of new properties.

BUSINESS

ORGANIZATION AND REPORTING STRUCTURE



- # = Chairperson of the Investment Committee
- + = Chairperson of the Leasing Committee
- - - = members of the Investment Committee
- * = members of the Leasing Committee

BUSINESS

The Investment Committee, which consists of two Directors and three members of the senior management, is accountable to the Board and assists the Board in reviewing, evaluating and recommending investment and divestment opportunities to the Board, overseeing investment matters of importance to the Company in accordance with its financial strategy and policies, monitoring and evaluating investment performance, and ensuring compliance with investment restrictions. The Investment Committee comprises Mr. FH Wong as chairperson, Mr. Roland Wong, our chief financial officer, Ms. Chan Choi Wan Rolie, our chief administration officer, Mr. Ryan Wong, and Ms. Cheung Yee Wah Polly. The Investment Committee, which has members from each of our property department, administration, human resources and information and technology department, and finance and accounting department, is delegated by our Board with powers and responsibilities for formulating our Group's investment objectives and strategies, making investment decisions on acquisition and divestment opportunities within designated parameters and conducting regular review on the performance of our investment property portfolio.

INVESTMENT PROPERTY PORTFOLIO PERFORMANCE

The table below sets forth the fair value and percentage change in fair value during the Track Record Period of each of the investment properties in our portfolio for the relevant periods. The fair values during the Track Record Period are valued by the Property Valuer.

Table 3-1 — Fair value and percentage change in fair value

Property	Fair value	Percentage	Fair value	Percentage	Fair value	Percentage	Fair value as	Percentage
	as at 31 December 2014	change in fair value for year ended 31 December 2014	as at 31 December 2015	change in fair value for year ended 31 December 2015	as at 31 December 2016	change in fair value for year ended 31 December 2016	at 30 September 2017	change in fair value for the period ended 30 September 2017
	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	
Office								
Property 1 (Note 1)	288,000	4.3	367,000	27.4	374,000	1.9	404,000	8.0%
Property 2 (Note 2)	N/A	N/A	N/A	N/A	169,600	N/A	188,800	11.3%
Property 3 (Note 3)	140,600	5.9	144,600	2.8	178,000	23.1	197,200	10.8%
Property 4 (Note 6)	N/A	N/A	N/A	N/A	8,400	N/A	9,260	10.2%
Property 5 (Note 6)	N/A	N/A	N/A	N/A	12,000	N/A	13,190	9.9%
Property 6 (Note 6)	N/A	N/A	N/A	N/A	9,100	N/A	9,950	9.3%
Property 7 (Note 6)	N/A	N/A	N/A	N/A	8,500	N/A	9,290	9.3%
Property 8 (Note 6)	N/A	N/A	N/A	N/A	12,100	N/A	13,230	9.3%
Property 9 (Note 6)	N/A	N/A	N/A	N/A	9,100	N/A	9,990	9.8%
Property 10 (Note 6)	N/A	N/A	N/A	N/A	8,500	N/A	9,340	9.9%
Property 11 (Note 6)	N/A	N/A	N/A	N/A	12,100	N/A	13,310	10.0%
Property 12 (Note 6)	N/A	N/A	N/A	N/A	9,200	N/A	10,050	9.2%
Property 13 (Note 6)	N/A	N/A	N/A	N/A	8,800	N/A	9,660	9.8%
Property 14 (Note 6)	N/A	N/A	N/A	N/A	12,600	N/A	13,760	9.2%
Property 15 (Note 6)	N/A	N/A	N/A	N/A	9,500	N/A	10,380	9.3%
Property 16 (Note 6)	N/A	N/A	N/A	N/A	8,900	N/A	9,710	9.1%
Property 17 (Note 6)	N/A	N/A	N/A	N/A	12,600	N/A	13,840	9.8%
Property 18 (Note 6)	N/A	N/A	N/A	N/A	9,500	N/A	10,450	10.0%
Property 19 (Note 6)	N/A	N/A	N/A	N/A	8,900	N/A	9,800	10.1%
Property 20 (Note 6)	N/A	N/A	N/A	N/A	12,700	N/A	13,900	9.4%
Property 21 (Note 6)	N/A	N/A	N/A	N/A	9,600	N/A	10,500	9.4%

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Property	Percentage change in		Percentage change in		Percentage change in		Percentage change in	
	Fair value as at 31 December 2014	fair value for year ended 31 December 2014	Fair value as at 31 December 2015	fair value for year ended 31 December 2015	Fair value as at 31 December 2016	fair value for year ended 31 December 2016	Fair value as at 30 September 2017	the period ended 30 September 2017
	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	%	(HK\$'000)	
Retail								
Property 22 (Note 1)	59,500	11.4	63,600	6.9	64,500	1.4	67,500	4.7%
Property 23 (Note 4)	20,200	10.3	20,500	1.5	25,000	21.7	25,900	3.6%
Property 24 (Note 4)	22,100	10.0	22,400	1.4	27,300	21.9	28,100	2.9%
Property 25 (Note 4)	6,300	10.5	6,400	1.6	7,800	21.9	8,000	2.6%
Property 26 (Note 4)	6,600	10.0	6,700	1.5	8,100	20.9	8,400	3.7%
Property 27 (Note 4)	23,600	10.3	23,900	1.3	29,100	21.8	29,900	2.7%
Property 28 (Note 4)	20,600	10.2	20,900	1.5	25,500	22.0	26,200	2.7%
Property 29 (Note 4)	200	N/A	200	N/A	200	N/A	200	0.0%
Property 30 (Note 6)	N/A	N/A	N/A	N/A	98,700	N/A	102,800	4.2%
Property 31 (Note 6)	N/A	N/A	N/A	N/A	87,800	N/A	89,600	2.1%
					(Note 11)		(Note 11)	
Property 32 (Note 6)	N/A	N/A	N/A	N/A	87,800	N/A	89,600	2.1%
Property 33 (Note 7)	N/A	N/A	38,200	N/A	38,600	1.0	40,000	3.6%
Property 34 (Note 8)	19,000	N/A	22,100	16.3	22,300	0.9	23,100	3.6%
Property 35 (Note 9)	20,900	7.7	21,000	0.5	21,100	0.5	21,900	3.8%
Industrial								
Property 36 (Note 10)	102,000	2.5	108,000	5.9	118,000	9.3	128,000	8.5%

Note 1: Property 1 and Property 22 were acquired by Thing On Group from Landsea Green Properties on 27 December 2012 at a consideration of HK\$220.7 million which is calculated by pro-rating their valuations against the aggregate valuation of the entire portfolio of investment properties acquired from Landsea Green Properties.

Note 2: Property 2 was acquired by our Group on 28 November 2016 at a consideration of HK\$147.8 million.

Note 3: Property 3 was acquired by Thing On Group from Landsea Green Properties on 27 December 2012 at a consideration of HK\$100.3 million which is calculated by pro-rating its valuation against the aggregate valuation of the entire portfolio of investment properties acquired from Landsea Green Properties.

Note 4: Properties 23-29 were acquired by Thing On Group from Landsea Green Properties on 27 December 2012 at a consideration of HK\$51.2 million which is calculated by pro-rating their valuations against the aggregate valuation of the entire portfolio of investment properties acquired from Landsea Green Properties.

Note 5: For details of the acquisitions mentioned in Notes 1, 3 and 4 above, please see the section headed "History, Reorganization and Corporate Structure" in this prospectus.

Note 6: Properties 4 to 21 and 30 to 32 were acquired by our Group on 30 December 2016 at a total consideration of HK\$338.0 million. As the relevant properties were purchased under the same sale and purchase agreement, therefore the respective purchase price for each property was not available.

Note 7: Property 33 was acquired by our Group on 4 November 2015 at a consideration of HK\$35.0 million.

Note 8: Property 34 was acquired by our Group on 30 September 2014 at a consideration of HK\$17.0 million.

Note 9: Property 35 was acquired by our Group on 22 April 2013 at a consideration of HK\$17.8 million.

Note 10: Property 36 was acquired by our Group on 29 November 2013 at a consideration of HK\$90.0 million.

Note 11: The figures included the whole of Property 31 (of which we are interested in one-third share).

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Based on the combined financial statements and the Property Valuation Report of our Group, the fair value of our investment properties in our portfolio attributable to our Group as at 31 December 2014, 2015 and 2016 and the nine months ended 30 September 2017 amounted to approximately HK\$1,385.9 million, HK\$1,305.0 million, HK\$1,639.1 million and HK\$1,619.1 million, respectively.

For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our Group recorded net aggregate fair value gain of our investment properties of approximately HK\$77.6 million, HK\$115.5 million, HK\$214.3 million and HK\$77.9 million, respectively. For details, please refer to the section headed “Financial Information” in this prospectus.

Movement of our investment properties

During the Track Record Period and up to the Latest Practicable Date, we acquired 26 investment properties and disposed of five investment properties. The table below sets forth the movement of our investment properties during the Track Record Period and up to the Latest Practicable Date.

Table 3-2 — Movement of our investment properties

Number of investment properties	Year ended 31 December			Six months ended 30 June	Period subsequent to the Track Record Period and up to the Latest Practicable Date
	2014	2015	2016	2017	
As at the beginning of the relevant period	15	16	16	38	36
Acquisitions during the relevant period	1	2	23	0	0
Disposals during the relevant period	0	2	1	2	0
As at the end of the relevant period	16	16	38	36	36

BUSINESS

The table below sets forth details of the investment properties acquired by our Group during the Track Record Period up to the Latest Practicable Date.

Table 3-3 — Acquisitions during the Track Record Period up to the Latest Practicable Date

Acquisition Date	Property	District	Property Type	Purchase Price (HK\$'000)	Saleable area
30 September 2014	Property 34	Hong Kong Island	Retail	17,000	215
16 July 2015	Disposed Property 3	Hong Kong Island	Industrial	4,500	1,025
4 November 2015	Property 33	Kowloon	Retail	35,000	734 (Note 2)
30 June 2016	Disposed Property 5	Kowloon	Industrial	99,400	9,366
28 November 2016	Property 2	Hong Kong Island	Office	147,820	6,327
30 December 2016	Properties 4 to 21	Hong Kong Island	Office	338,000 (Note 1)	15,330
30 December 2016	Properties 30 to 32	Hong Kong Island	Retail	338,000 (Note 1)	10,960

Notes:

- 1: Properties 4 to 21 and 30 to 32 were purchased under the same sale and purchase agreement at a total consideration of approximately HK\$338.0 million and therefore the respective purchase price for each of the properties was not available.
- 2: The figure excludes the cockloft area of approximately 372 sq.ft. and yard area of approximately 254 sq.ft.

Acquisition of the Wanchai Properties

The acquisition of the Wanchai Properties, comprising 21 properties based on the title deeds, by our Group was completed on 30 December 2016. Set out below is the key timeline for the acquisition of the Wanchai Properties:

Month/Year	Events
December 2015	<ul style="list-style-type: none"> The Group first became aware of an opportunity, through an independent property agent, to purchase the whole of Wanchai Commercial Centre in December 2015. The property department started to conduct research and analysis on the occupation status, target tenants and surrounding neighborhood of Wanchai Commercial Centre and generated an in-house research report based on information in our in-house database. No transaction was concluded at that time

BUSINESS

- July 2016
- The Group was subsequently approached by another independent property agent regarding an opportunity to acquire the Wanchai Properties, which represented one-third of the whole of Wanchai Commercial Centre, from the relevant vendor, which is an independent third party of the Group
- August 2016
- The property department generated an in-house research report on the Wanchai Properties based on information in our in-house database at the material time which was reviewed by the Investment Committee
- November 2016
- The Group commenced negotiation with various financial institutions for a long-term loan to finance the potential acquisition
 - The Group obtained a term sheet from a financial institution in respect of a loan in the amount of HK\$330 million
 - The consideration for the acquisition of the Wanchai Properties was agreed at HK\$338 million between the Group and the relevant vendor after various rounds of negotiation. Such consideration was approved by the Investment Committee and the Board
 - The Group entered into a provisional sale and purchase agreement for the acquisition of the Wanchai Properties
- December 2016
- The Group entered into a facility agreement with the financial institution for the drawdown of the loan in the amount of HK\$330 million to finance the acquisition of the Wanchai Properties
 - On 30 December 2016, the Group completed the acquisition of the Wanchai Properties

BUSINESS

Set forth below are details of investment property disposals by our Group during the Track Record Period up to the Latest Practicable Date. All of the investment properties below were disposed of by our Group to Independent Third Parties.

Table 3-4 — Disposals during the Track Record Period up to the Latest Practicable Date

Property	Property Type	Saleable area of property (Approximate sq.ft.)	Acquisition Date	Purchase Price (HK\$'000)	Disposal Date	Disposal Consideration (HK\$'000)	Amount of gain on disposal (HK\$'000) (Note 1)	Rate of return on purchase price
Portion A of Office No.805 and Office No.806 on 8th Floor, World-Wide House No.19 Des Voeux Road Central, Central, Hong Kong ("Disposed Property 1")	Office	2,147	27 December 2012 (Note 2)	50,715	18 March 2015	83,000	32,285	63.7%
Office Unit B on 24th Floor, World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong ("Disposed Property 2")	Office	4,884	27 December 2012 (Note 2)	115,265	7 May 2015	224,289	109,023	94.6%
Workshop No.18 on 22nd Floor, Honour Industrial Centre, No.6 Sun Yip Street, Chai Wan, Hong Kong ("Disposed Property 3")	Industrial	1,025	16 July 2015	4,500	28 June 2016 (Note 3)	8,380	3,880	86.2%
Office on 30th Floor, United Centre, No. 95 Queensway, Admiralty, Hong Kong ("Disposed Property 4")	Office	17,880	27 December 2012 (Note 4)	221,958	25 January 2017 (Note 5)	512,225	290,267	130.8%
Workshop No.6, 3rd Floor, Workshop No.6, 5th Floor, Workshop No.1, 6th Floor, Workshop Nos.2 & 3, 7th Floor, Workshop No.1, 10th Floor, Workshop No.5, 16th Floor, Workshop Nos.1.2 & 3, 17th Floor, Workshop No.1, 18th Floor, Workshop Nos.2, 3, 4 & 5, 20th Floor, Entrepot Centre, No.117 How Ming Street, Kowloon, Hong Kong ("Disposed Property 5")	Industrial	9,366	30 June 2016 (except for Workshop No.6, 3rd Floor, which was acquired on 20 July 2016)	99,400	16 May 2017 (Note 6)	135,000	35,600	35.8%

Note 1: Gain on disposal is calculated based on the difference in purchase price and disposal consideration.

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- Note 2: Disposed Properties 1 and 2 were acquired by Thing On Group from Landsea Green Properties on 27 December 2012 through acquisition of the entire issued share capital of their holding companies, Grandtex Development and Value Shine, respectively. For details of the acquisition, please see the section headed “History, Reorganization and Corporate Structure” in this prospectus.*
- Note 3: Disposed Property 3 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 3 was disposed of by our Group through sale of the entire issued share capital of its holding company, Integral Grow, on 28 June 2016 at a total consideration of approximately HK\$8.4 million.*
- Note 4: Disposed Property 4 was acquired by Thing On Group from Landsea Green Properties on 27 December 2012 through acquisition of the entire issued share capital of its holding company, Stadium Holdings. For details of the acquisition please see the section headed “History, Reorganization and Corporate Structure” in this prospectus.*
- Note 5: Disposed Property 4 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 4 was disposed of by our Group through sale of the entire issued share capital of its holding company, Fession Group, on 25 January 2017 at a total consideration of approximately HK\$512.2 million.*
- Note 6: Disposed Property 5 was disposed of by our Group to an Independent Third Party after taking into account a number of factors, including the prevailing market price of similar properties at similar locations. Disposed Property 5 was disposed of by our Group through sale of the entire issued share capital of its holding companies Pop Act Group Limited and Fresh One Inc. on 16 May 2017 at a total consideration of approximately HK\$135.0 million.*

Property investments

Data collection, research and analysis stage

Our property department collects market information regarding investment opportunities in accordance with our investment strategy. We maintain close relationship with a network of property agencies and brokerage firms which have access to quality properties available for sale and relevant first-hand market information. We identify potential investment opportunities principally through contacts with property agencies and brokerage firms and through market deal advertisements on the internet and in printed media, such as newsletters and journals published by property vendors and agents. Mr. FH Wong, our chief executive officer, chairman of the Investment Committee and formerly the head of property department, has over 25 years of experience in property investment business in Hong Kong and has in-depth knowledge of the local properties market. He works closely with staff in our property department in identifying and exploring market opportunities which fits our investment strategy.

After obtaining information relating to investment opportunities, eligible investment opportunities are reported to the head of property department. If the opportunities are considered a good fit for our investment objectives and strategies, the head of property department will shortlist the targets for further analysis. Based on market information and statistics in our in-house database, our property department carries out research and analysis over relevant basic information, occupation status, potential group of interested tenants and surrounding neighborhood of the targets shortlisted, with a view to estimating their rental value and capital appreciation potential. The head of property department and his staff are then able to assess whether the prices asked for by the vendors are acceptable.

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If the asking prices offered by potential vendors are close to our own valuation with reference to our in-house database, the property department then summarizes the basic information concerning the targets, information about the occupants, current rental levels of the targets, prevailing market rent of comparable properties, photos of the outlooks of the targets and surrounding neighborhood, the floor plan, and expected return of the targets, by way of an in-house research report, carries out field visits and due diligence and put forward the report for the Investment Committee's deliberation.

Regardless of whether the investment opportunities are pursued, all relevant information gathered and generated at the data collection, research and analysis stage is recorded in our in-house database for future reference.

Decision making stage

The Investment Committee is delegated by our Board with powers and responsibilities for formulation of our Group's investment objectives and strategies, making decisions on acquisition and divestment opportunities within designated parameters and conducting review of the performance of our investment property portfolio regularly. We aim to acquire properties with steady high occupancy rate and capital appreciation potential which are able to generate stable income from long-term investment perspective when appropriate opportunities arise.

As time is of the essence, after considering the in-house research report prepared by the property department, if the investment opportunity is within the parameters of the Investment Committee, i.e. offer price indicated by the potential vendor for an acquisition target or acquisition targets (for group of properties in the same portfolio) does not exceed HK\$200 million, location of such acquisition target(s) is within close proximity to our existing investment property portfolio or in core areas for commercial properties, such acquisition target(s) is in fair condition, the agreement for the sale and purchase of such acquisition target(s) do not contain any unusual terms, such acquisition target(s) are not subject to any potential liability which is unacceptable to the Investment Committee, and there are no other issues which call for approval by the Board, the Investment Committee will decide whether to pursue the investment opportunity. Where the investment opportunity falls outside the parameters of the Investment Committee, the decision on whether to pursue the investment opportunity will be directed to our Board for deliberation. The Board shall regularly review the parameters of the Investment Committee on property investments.

The Investment Committee or our Board considers the merit of each of the potential investment opportunities, taking into account, among other things, the offer price of the properties available to us and indicators which reflect the rental value and capital appreciation potential of the properties, including the quality of location, direction of its views, surrounding complementary facilities and environment, ease of access to public transportation, property characteristics, standard of fittings, size and age of the properties, demand and supply of similar properties in the region, potential for growth in rental levels of the properties and major maintenance expenses and potential opportunity for redevelopment or refurbishment. For commercial retail shops, the Investment Committee or our Board takes into account additional factors such as pedestrian traffic flow, quality, nature of trade and target customers of other shop owners in the neighborhood. We do not base our investment decisions on speculation of future property market prices or trends.

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The Investment Committee or our Board also considers the capital appreciation capabilities of the potential targets. The Investment Committee or our Board may, with the assistance of our property department, carry out feasibility studies on whether property enhancement activities such as space rationalization, reconfiguration, sub-division or facilities upgrade can be carried out, time required and costs and expenses involved. The Investment Committee or our Board may engage external advisers and consultants to provide opinions on statutory compliance matters and other technical aspects concerned in formulating property enhancement plans.

Implementation stage

After considering the aforementioned criteria, if the Investment Committee or our Board finds a potential investment opportunity to be viable for our Group, the Investment Committee or our Board will resolve to acquire the investment target at the offer price and terms indicated by the potential vendor, if the offer price indicated by the potential vendor is below market price and the offer price and terms are considered acceptable to us. In other circumstances, the Investment Committee or our Board will authorize tenders, offers or biddings to, and negotiations with, the potential vendor on our behalf at the price range and terms approved by the Investment Committee or our Board. The tender, offer, bidding and negotiation processes can be carried out by our legal advisers, our property agencies or our property department. Final investment terms or any alternative offer must be endorsed by the Investment Committee or our Board before we proceed with execution of binding documentation.

Set forth below are information in respect of the tenders and bids submitted by the Group from 1 January 2017 up to 30 November 2017 and the results thereof.

	For the eleven months ended 30 November
	2017
Range of bidding price (HK\$'000)	35,000–950,000
Average consideration per bid price (HK\$'000)	260,483
Number of bids submitted	30
Number of successful bids	0
Rate of successful bids	0%

Note: Tender or bid is submitted by the Group when the Group or its agent submits a cheque and/or a sale and purchase agreement to the potential seller.

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Due to the highly competitive nature of the property investment market, the overall tender success rates are typically low. As such, we generally respond to tender notices or invitations to bid which are consistent with our criteria for property investment. Since 1 January 2017 up to 30 November 2017, we had no successful tenders or bids.

We delegate legal due diligence checks on property title and legal documentation preparation to our legal advisers. If necessary, we engage qualified surveyors and authorized persons to ascertain whether there are any unauthorized usage of property and illegal structures. Our property department is responsible for carrying out physical site inspections and handling relevant hand-over matters.

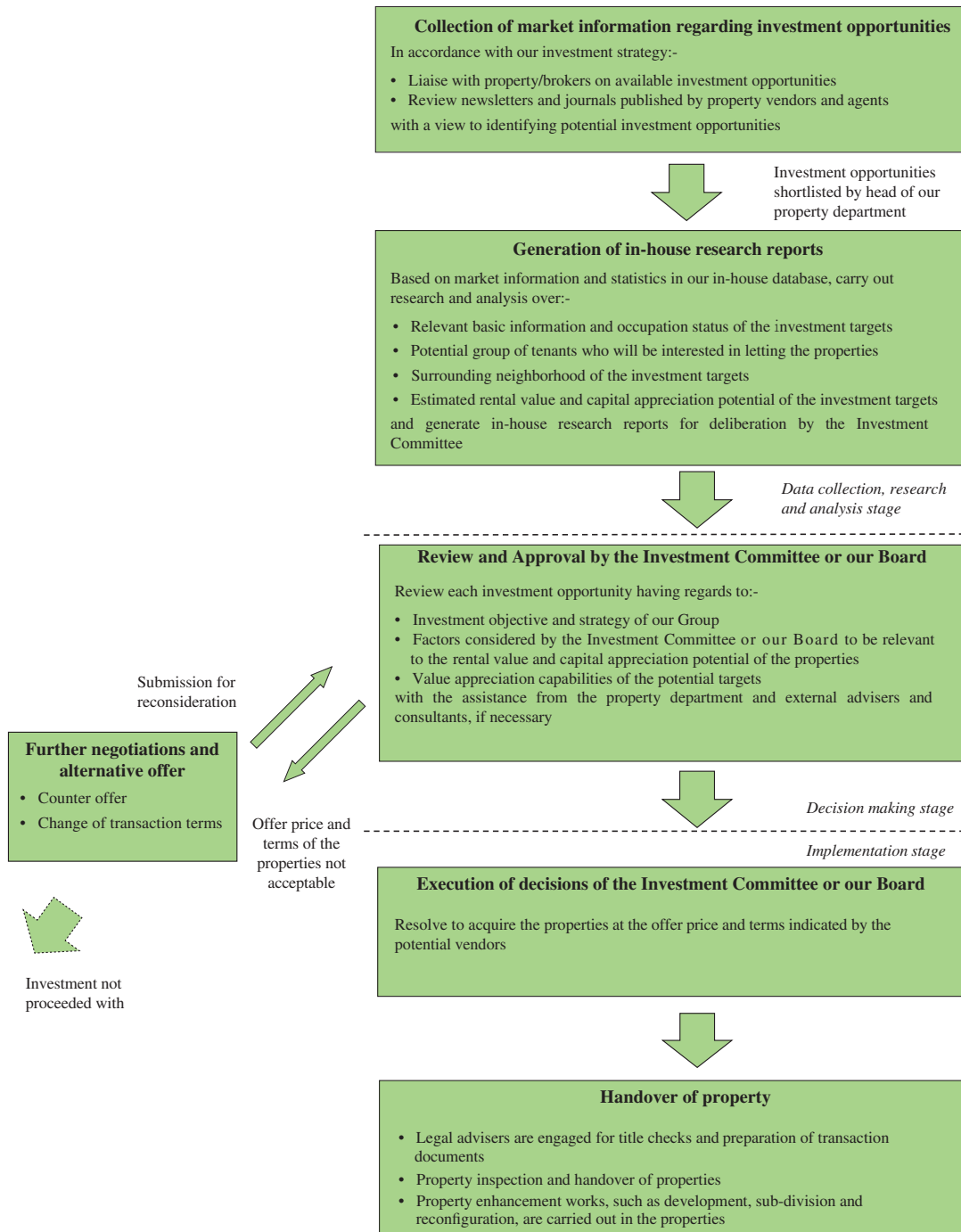
If property enhancement activities are approved by the Investment Committee or our Board, independent contractors will be engaged to carry out enhancement works before tenants take possession of our properties if necessary. Our property department is responsible for obtaining relevant quotations from independent contractors, supervising the schedule of enhancement works and ensuring works are completed within the approved budget.

Regardless of whether the final investment terms or any alternative offer are endorsed by the Investment Committee or our Board, all relevant information gathered and generated at the decision making stage is recorded in our in-house database.

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Operation flow regarding property investments

The chart below illustrates our typical operational procedures in acquisition of an investment property:



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Property divestments

Data collection, research and analysis stage

We focus on the generation of rental income. However, from time to time, we are approached by different property agencies, brokerage firms and potential purchasers regarding disposal opportunities of our investment properties and disposal terms including the sale price which is offered to us. Mr. FH Wong together with staff in our property department consolidate offers from independent third parties to purchase our investment properties.

To assist the decision making process, our property department summarizes relevant information including the historical performance of the disposal target such as its rental rate, occupancy rate, rental return, property size, its latest valuation and its market price by way of in-house research reports. Mr. FH Wong and his staff then analyze whether the prices offered by the potential purchasers are acceptable by reviewing the market comparable data from our in-house database. If the prices offered by the potential purchasers are acceptable, the property department then put forward the in-house research reports for the Investment Committee's deliberation.

The information gathered and generated at the data collection, research and analysis stage, irrespective of whether the disposal opportunities are pursued, is recorded in our in-house database.

Decision making stage

After considering the in-house research report prepared by the property department, if the disposal opportunity is within the parameters of the Investment Committee, i.e. sale price offered by the potential purchaser for a disposal target or disposal targets (for group of properties in the same portfolio) does not exceed HK\$200 million, the agreement for the sale and purchase of such disposal target(s) do not contain any unusual terms, and there are no issues which call for approval by the Board, the Investment Committee will decide whether to pursue the disposal opportunity. Where the disposal opportunity falls outside the parameters of the Investment Committee, the decision on whether to pursue the disposal opportunity will be directed to our Board for deliberation. The Board shall review the parameters of the Investment Committee on property disposals annually.

The Investment Committee or our Board may dispose of properties when it is in the best interest of our Group and our shareholders or when it is an appropriate commercial decision to do so, after considering all relevant factors. Sale of investment properties enable us to enhance our liquidity position and ability to finance acquisitions of new properties when opportunities arise.

In general, the Investment Committee or our Board takes into account a number of factors in reaching its decision, which include the market price of the disposal target as compared to its potential appreciation in rental value and capital appreciation potential if our Group continues to hold the property and whether there are other properties in the market which, in its view, would be better investment opportunities for our Group. We aim to dispose of our investment properties at prices above the prevailing market prices of similar properties located in the same area.

BUSINESS

Implementation stage

After considering the aforementioned criteria, if the Investment Committee or our Board finds a potential disposal opportunity to be fit for our Group, the Investment Committee or our Board will resolve to sell the disposal target at the sale price and terms offered by the potential purchaser, if the sale price offered by the potential purchaser is above our valuation with reference to our in-house database and the sale price and terms are considered acceptable to us. In other circumstances, the Investment Committee or our Board will authorize negotiations with the potential purchaser on our behalf at the price range and terms approved by the Investment Committee or our Board. The negotiation processes can be carried out by our legal advisers, property agencies or our property department. Final disposal terms or any alternative offer must be endorsed by the Investment Committee or our Board before we proceed with execution of binding documentation.

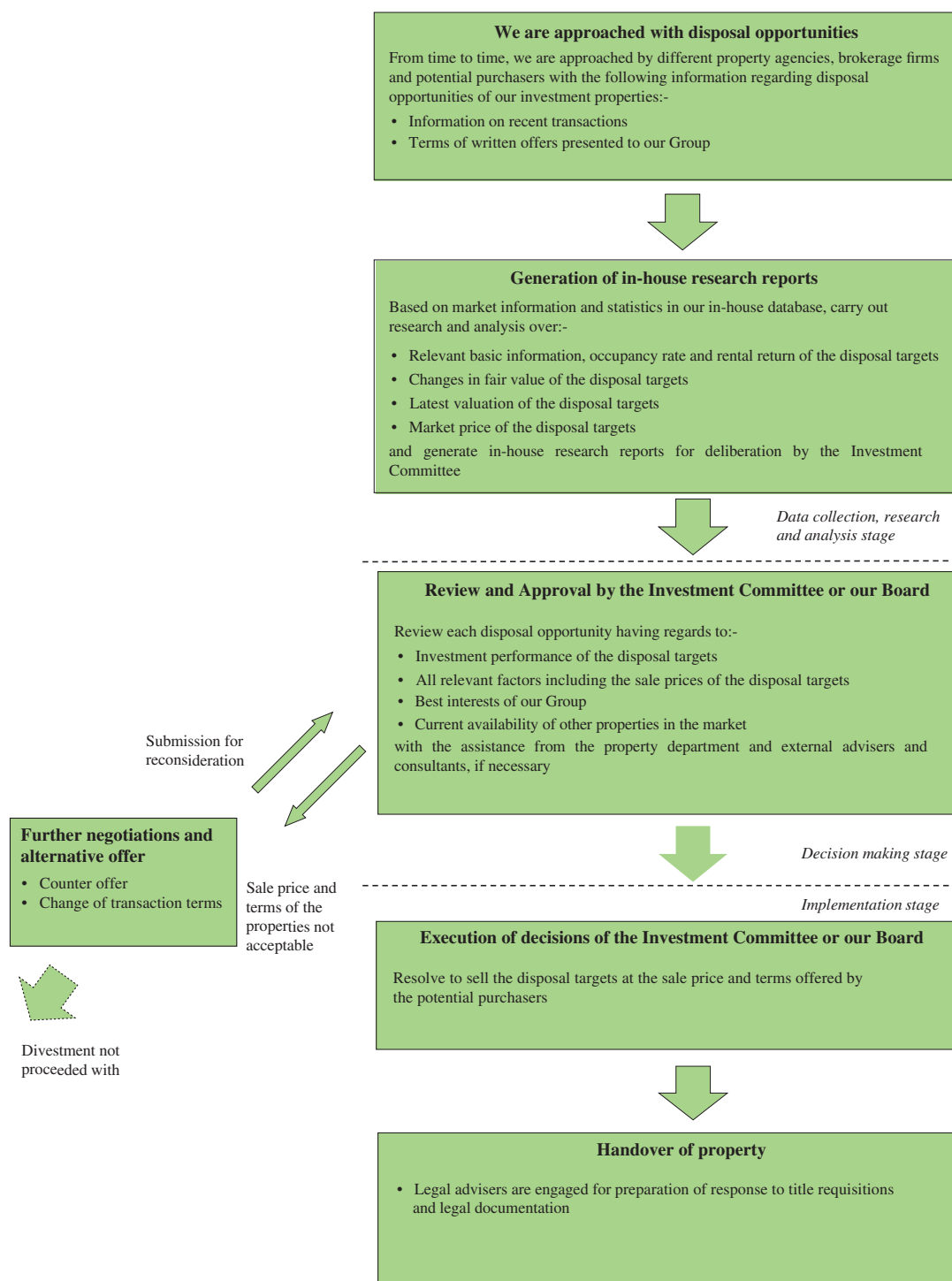
We delegate preparation of response to title requisitions and legal documentation to our legal advisers.

The information gathered and generated at the Implementation stage, irrespective of whether the final disposal terms or any alternative offer are endorsed by the Investment Committee or our Board, is recorded in our in-house database.

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Operation flow regarding property divestments

The chart below illustrates our typical operational procedures in disposal of an investment property:



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INSURANCE

Our Directors consider our insurance coverage to be customary for businesses of our size and type and in line with the industry practice. We maintain insurance for (i) employee's compensation for injuries or death in the course of employment; and (ii) public liability insurance covering accidental bodily injury or accidental damage to property caused by the fault or negligence of our Group. We also maintain a medical insurance scheme with an external medical scheme provider.

EMPLOYEES

General

As at the Latest Practicable Date, we had 15 employees, all of whom were full-time staff located in Hong Kong. 13 of our employees have served our Group for over three years and ten of them have served our Group for over ten years. During the Track Record Period and up to the Latest Practicable Date, no staff had departed our Group.

The following table sets forth a breakdown of the number of our employees by function as at the Latest Practicable Date:

Function	Number of employees
Management	5
Property department	5
Finance and accounting	3
Administration, human resources and information technology	<u>2</u>
Total	<u><u>15</u></u>

For more information on our organization and reporting structure, please refer to the section headed "Organization and Reporting Structure" in the Business section of this prospectus.

During the Track Record Period and up to the Latest Practicable Date, there was no labor union established by our employees and we have not experienced any material disruption to our business operations due to labor disputes.

Recruitment policy and Training

We recruit employees based on a number of factors including work experience, education background and the job description of the vacancies. We assess our human resources regularly to determine whether staff recruitment is required to cope with our business development. To strengthen staff commitment, we provide orientation programs to assist our new employees to understand our management structure, culture and mission, our employees' role to our business objective and success and office procedures. To nurture our employee's professional development, we also provide external trainings to our employees such as regular seminars.

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Remuneration and benefits

We enter into employment contracts with all our employees. Apart from salary remuneration and overtime compensation, our employees are entitled to medical insurance coverage and retirement benefits under the mandatory provident fund scheme in which our Group participates in. In addition, we grant discretionary bonuses to qualified employees, based on our operation results and individual performance. The Company has also adopted a share option scheme.

HEALTH AND WORK SAFETY MATTERS

We are subject to health and safety requirements of Hong Kong including, but not limited to, the Occupational Health and Safety Ordinance (Chapter 509) and the Factories and Industrial Undertakings Ordinance (Chapter 59). We have internal policies and systems in place designed with a view to ensuring compliance with such requirements. We believe that we are, and have been, in compliance with such requirements from the beginning of the Track Record Period up to the Latest Practicable Date. Our liability to our employees is covered by insurance, which we are required by law to take out. Our Directors further confirmed that there were no material violations of current applicable safety regulations nor were there any material employee safety issues involving our Group. During the Track Record Period and up to at the Latest Practicable Date, no fines or penalties for non-compliance of safety laws and regulations were imposed on us.

INTELLECTUAL PROPERTIES

As at the Latest Practicable Date, Thing On Group has registered trademarks used in Hong Kong and such trademarks will be assigned to our Group. For details of our intellectual property rights, please see the paragraph headed “Statutory and General Information — B. Further Information about our Business — 2. Intellectual property rights of our Group” in Appendix V to this prospectus.

To the best of our Directors’ knowledge and belief, during the Track Record Period, there were no material instances of infringement of intellectual property rights or disputes between our Group and other third parties in respect of intellectual property rights.

LITIGATION

As at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and, insofar as the Directors are aware, no litigation or claim of material importance is pending or threatened by or against any member of our Group.

As of the Latest Practicable Date, save as disclosed in the section headed “Directors and senior management” of this prospectus, none of our Directors and senior management was involved in any material litigation or arbitration.

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LEGAL COMPLIANCE

Overview of our investment property portfolio

During the Track Record Period and up to the Latest Practicable Date, there were instances of building orders issued by the Building Authority in respect of three of our investment properties in our portfolio as at the Latest Practicable Date. These building orders relate, for example, works required to be carried out in respect of some of our investment properties or in the common areas and parts of the buildings in which our investment properties are located. Based on the searches conducted on the Land Registry and as advised by our Legal Counsel, as at the Latest Practicable Date, the said building orders were either complied with and/or are of no further legal effect, and our Group was not liable in respect of any of the said building orders.

Our Directors confirm that, as at the Latest Practicable Date, there are no material non-compliance with any building orders in respect of our investment properties in Hong Kong.

Background information on and legal implication of building orders

Set out below is certain background information in relation to building orders registered in respect of some of our properties and the consequences of non-compliance.

Building orders

Building orders are issued by the Building Authority under the Buildings Ordinance for those unauthorized building works which require enforcement actions and in respect of the building orders mentioned in this sub-section headed “Legal compliance”, they relate to orders to carry out rectification works, investigation, repair or demolition of defective parts of our relevant investment property or parts of the building in which our relevant investment property is situated. Upon issue and service of a building order, the Building Authority may register it against the property at the Land Registry. A building order where the subject matter of the building order remains not complied with is an encumbrance on the property title which means, whilst as a matter of law it does not prevent the transfer of the property, it may entitle a future purchaser to refuse completion of a sale and purchase of that property.

Any person to whom the building order is issued (being the incorporated owners of the relevant building in the case of the building orders mentioned in sub paragraph (i) in the paragraph “Legal Compliance — Overview of our investment property portfolio” above) who fails, without reasonable excuse, to comply with a building order served on him commits an offence, and is subject to fines and/or imprisonment upon prosecution provided that proceedings are commenced within 12 months of

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the non-compliance with the building order or of such non-compliance being discovered or coming to the notice of the Building Authority. In addition, if an order to remove unauthorized building works is not complied with, the Building Authority may have the work carried out by a government contractor and all costs incurred, plus a supervision charge, shall be recoverable from the person who, as at the date of completion of the work, is the owner of the relevant property to which the order relates.

Effect on property title

Building orders constitute title defects in our investment properties so long as the subject matter of the building orders remain not complied with. In respect of each property where there is a title defect, our Group is not in a position to convey good title. Subject to contractual agreement, the property is conveyed with such encumbrances that exist. If a person does not contractually agree to purchase subject to such title defects, no sale will occur. If a person is prepared to accept title defects on the property, the sale will proceed. The laws in Hong Kong allow properties to be bought and sold subject to any title defects, which is entirely a matter of contract between a buyer and a seller.

Please also refer to the risk factor headed “Compliance obligations and costs relating to our properties could have an adverse effect on our business” as set out in the section headed “Risk Factors” of this prospectus for the risk associated with these building orders.

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Further details on our investment properties in our portfolio as at the Latest Practicable Date which are encumbered with building orders during the Track Record Period and their legal implications are summarized as below:

Properties with building orders registered against their title

Property/Building concerned	Subject of legal compliance issue	Legal implications	Status as at the Latest Practicable Date
Property 33	<p>When our Group acquired the property, there was one pre-existing building order relating to certain common parts of Tai Shan Wen Cun Commercial Building, the building of which Property 33 forms part. The building order was issued in 8 October 2014 in relation to, among other things, the demolition of a metal gate at the staircase landing on the 5th floor of the building in which our property is situated.</p> <p>The addressee of the building order is the incorporated owners of Tai Shan Wen Cun Commercial Building, but not individual flat owners. Property 33 is therefore subject to the building order. The building order was registered against our property at the Land Registry and has been complied with by virtue of the letter of compliance issued by the Building Authority dated 13 March 2017.</p>	<p>The building order no longer constitutes title defect given that the Building Authority has issued a letter of compliance dated 13 March 2017 relating to the building order.</p> <p>In the circumstances, there are no longer any legal implications on the title to the property.</p>	<p>The subject matter of the building order has been rectified and the Building Authority has issued a letter of compliance dated 13 March 2017 relating to the building order which has been registered at the Land Registry.</p> <p>As advised by our Legal Counsel, the building order had been complied with and no step or measure is required to be taken by the Group.</p>

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Property/Building concerned	Subject of legal compliance issue	Legal implications	Status as at the Latest Practicable Date
<p>Properties 4 to 21 and 30 to 32</p>	<p>When our Group acquired the property, there was one pre-existing building order (later superseded by another building order) relating to certain common parts of Wanchai Commercial Centre, the building of which Properties 4 to 21 and 30 to 32 form part. The building order was issued on 22 December 2005 (later superseded by another building order issued on 23 December 2005) in relation to, among other things, the repair or renewal of the choked and defective underground common drains, sewers and manholes at rear lane of Nos. 128-150 Wan Chai Road, rear lane of No. 3 Burrows Street, side and rear lane of No. 5 Burrows Street and side and rear lane of No. 7 Burrows Street, Hong Kong.</p> <p>The addressee of the building order is the incorporated owners of Wanchai Commercial Centre, but not individual flat owners. Properties 4 to 21 and 30 to 32 are therefore subject to the building order.</p> <p>Pursuant to a letter issued by the Building Authority dated 6 March 2017, the Building Authority confirmed that the relevant work had been completed by the contractor appointed by the Government and there is no outstanding payment payable for such work.</p>	<p>The building order no longer constitutes a title defect given that the Building Authority has issued a notification letter of completion of rectification works relating to the building order stating that the drainage works or investigation specified in the building order have been completed and in accordance with the letter issued by the Building Authority dated 6 March 2017, the Building Authority confirmed that there is no outstanding payment payable for such work.</p> <p>In the circumstances, there are no longer any legal implications on the title to the property.</p>	<p>The subject matter of the building order has been settled and the Building Authority has issued a notification letter of completion of rectification works relating to the building order which has been registered at the Land Registry.</p> <p>As advised by our Legal Counsel, the relevant works required by the building order had been completed and there were no outstanding fees payable in respect of the works carried out. Accordingly, no step or measure is required to be taken by the Group.</p>

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Property/Building concerned	Subject of legal compliance issue	Legal implications	Status as at the Latest Practicable Date
Flat 8, 1st Floor, South Wall Mansion, Nos. 63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon, Hong Kong (being part of Property 22)	Various building orders in relation to the rectification of respective structures were registered against the property concerned at the Land Registry. The building orders were issued to us on 27 March 2014.	The building orders no longer constitute a title defect given that the Building Authority has issued letters of withdrawal withdrawing the building orders as the Building Authority noted that the works stated in the building orders had been carried out.	The subject matter of the building order has been rectified and the Building Authority has issued letters of withdrawal withdrawing the building orders which have been registered at the Land Registry.
Flat 5, 1st Floor, South Wall Mansion, Nos. 63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon, Hong Kong (being part of Property 22)	Pursuant to the building orders, we are required to perform, amongst other things, the following rectification works: (i) demolish the unauthorized building works; and	Building Authority noted that the works stated in the building orders had been carried out. In the circumstances, there are no longer any legal implications on the title to the property.	As advised by our Legal Counsel, the building orders have been withdrawn by the Building Authority and no step or measure is required to be taken by the Group.
Shop No. 5 (No. 69 South Wall Road), Ground Floor, South Wall Mansion, Nos. 63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon, Hong Kong (being part of Property 22)	(ii) reinstate the parts of the building so affected by the unauthorized building works in accordance with the plans approved by the Building Authority.		
Shop No.4 (No.67 South Wall Road), Ground Floor, South Wall Mansion, Nos. 63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon, Hong Kong (being part of Property 22)			

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For the building orders registered at the Land Registry against the relevant investment properties prior to the relevant acquisitions by the relevant member of Group, we were aware of the existence of such building orders at the time of the relevant acquisitions. Our Group believe that these acquisitions represented an appropriate investment opportunity available at the time of the acquisitions and that the costs for rectification works (if needed) for the relevant investment properties were insignificant relative to the value of the investment properties. In addition, while the existence of a title defect will prejudice the conveyance of the property, the laws in Hong Kong allow properties to be bought and sold subject to any title defects. Based on the experience of our Directors, the Directors are of the view that the purchase price of a property is the outcome of negotiation between the parties, taking into account, among other things, location, rental yield, quality of tenants, potential for appreciation in value and increase in rental yield, recent comparable transactions, current market conditions, economic outlook, potential major maintenance expenses, source of funding and financial impact on our Group. In the event that a building order is issued against a property, the market price of such property may or may not be affected depending on the nature and materiality of such matter and assessment by the potential purchaser on a case by case basis. For our Group, these particular acquisitions were no different and during the purchase process, the prices of the properties were determined after arm's length negotiations between the relevant members of our Group (as purchaser) and the respective vendors.

Nevertheless, we take into account of the requirements for legal compliance with building-related statutory provisions when acquiring new investment properties against which a building order is known to us to have been issued or registered at the Land Registry. We will engage legal adviser to provide relevant legal advice upon purchase of any new investment properties. We may also engage an authorized person (as permitted under the Buildings Ordinance), if necessary, to inspect the rectification works and proceed to completion where an authorized person (as permitted under the Buildings Ordinance) is of the view that there would be no legal impediment to obtaining a letter from the Building Authority certifying compliance with the subject matter in the building order concerned or factor in the financial resources needed to rectify such non-compliance in the purchase price and will proceed to rectify the non-compliance after completion.

RISK MANAGEMENT AND INTERNAL CONTROL

Risk management system

We expect to adopt before the Listing a risk management manual which sets out a risk management framework to identify, assess, evaluate and monitor key risks associated with our strategic objectives on an on-going basis. Our Audit Committee, and ultimately our Board, supervise the implementation of our risk management manual. Risks identified by management will be analysed on the basis of likelihood and impact, and be properly follow-up and mitigated by our Group and reported to our Board.

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The following key principles outline our Company's approach to risk management and internal control:

- i. Our Board has the overall responsibility for maintaining sound and effective risk management and internal controls to safeguard the shareholders' investment and our Company's assets;
- ii. Our management will provide a confirmation to our Board on the effectiveness of these systems;
- iii. Our Audit Committee provides oversight and reports to our Board on the risk management and internal control systems.

Internal control

We have implemented internal control policies to provide sufficient guidelines for our management staff and employees to work efficiently. Our internal control policies cover various operation processes from risk assessment, financial reporting, cost management, pricing for property projects to staff recruitment and training and maintenance of IT system control. Our internal control system is generally overseen by our executive Directors.

In preparation of the Listing, we have engaged an independent internal control consultant (the "**Internal Control Consultant**") in April 2016 to undertake a review on our internal control (the "**Internal Control Review**") on a number of business processes of certain entities of our Group and to identify findings and provide relevant recommendations to us.

The areas of the Internal Control Review included entity level control, revenue, accounts receivable and collection, purchase, accounts payable and payment, cash and treasury management, financial reporting and disclosure controls, human resources and payroll, property, plant and equipment, insurance, investment, taxation and information technology general controls.

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The table below sets out the material findings and recommendations raised by the Internal Control Consultant in their Internal Control Review:

No.	Internal Control Consultant's material findings	Internal Control Consultant's recommendations	Our responses
1.	<p>The Company's formal mechanism for risk assessment and management at the time of review was not comprehensive enough. The Company had not established formal policies and procedures regarding risk management, assessment and ongoing monitoring.</p>	<p>The Company should formally develop a set of risk assessment policies and corresponding risk mitigating actions. The policies should cover:</p> <ul style="list-style-type: none"> • The risk assessment process, including the frequency of assessment and who should be monitoring the process • The risk assessment criteria/methodology • Documentation of the key risks - i.e. summary of risks identified • Development of action plans to mitigate the key risks identified as needed 	<p>We have formally established policies and procedures regarding risk management. We have also conducted a formal risk assessment exercise and the risk assessment results have been formally documented in a Risk Register. Key action plans for the key risks have also been identified.</p>
2.	<p>The Company had not established anti-fraud framework, whistle-blower programme and policies and procedures in relation to misconduct.</p>	<p>The Company should develop a formal whistleblowing program for both internal and external stakeholders to report fraud or concerns over misconduct.</p>	<p>We have established policies and procedures regarding whistleblowing program.</p>
3.	<p>There was no control mechanism for the identification, monitoring and reporting of related parties and connected parties transactions for financial reporting and disclosure purposes.</p>	<p>The Company should develop control mechanism for the identification, monitoring and reporting of related parties and connected parties transactions for financial reporting and disclosure purposes.</p>	<p>We have established policies and procedures regarding identification, monitoring and reporting of related parties and connected parties transactions. In addition, management has to make annual conflict of interest declaration. All connected person's shareholdings in other companies is recorded in a register for record.</p>

BUSINESS

No.	Internal Control Consultant's material findings	Internal Control Consultant's recommendations	Our responses
4.	Although the Company reported financial and operational information to Directors on a monthly basis, the Company has not formalized a comprehensive management reporting framework for reporting of financial and operational information to the Board and sub-committees.	The Company should formalize a comprehensive management reporting framework to ensure the Board and its sub-committees have access to the most updated information of the Group in a timely manner and to discharge their duties as a Director.	We have established policies and procedures regarding management reporting framework.
5.	The Company has not established internal audit function and there was no formalized mechanism to identify, record, monitor, report and follow up on internal control deficiencies.	The Company should establish an independent internal audit function to provide the Board of Directors and management comfort over the systems of internal control.	We will establish an internal audit function upon Listing. The internal audit function will be reported to the Audit Committee independently.
6.	The practice of recognizing the rental income at the time of review might not comply with the Hong Kong Accounting Standard and controls over revenue recognition (e.g. rental income and management fee) should be enhanced.	The Company should recognize the rental income based on the effective rent and recognize management fees and other receivable as other incomes.	We have strengthened the controls over revenue recognition.

The Internal Control Consultant conducted follow-up reviews (the “**Follow-up Reviews**”) in February 2017 and May 2017, to review the status of the remedial actions taken by us to address the findings of the Internal Control Review.

The Internal Control Review and the Follow-up Reviews were conducted based on information provided by our Company and no assurance or opinion on internal controls was expressed by the Internal Control Consultant. The Internal Control Consultant raised no further recommendations in the Follow-up Review.

BUSINESS

Internal control measures designed to improve corporate governance

To further enhance our Group's corporate governance, we have adopted or intend to adopt the following measures (where applicable):

- i. our Board (which shall be responsible for monitoring the corporate governance of our Group) will also periodically review our compliance status with all relevant laws and regulations after the Listing;
- ii. we have established an Audit Committee on 15 December 2017 which will (a) make recommendations to our Board on the appointment and removal of external auditors; and (b) review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group;
- iii. we have engaged KGI Capital Asia Limited, the Sole Sponsor, as our compliance adviser to advise us on regulatory compliance with the Listing Rules upon the Listing;
- iv. our Directors and senior management attended training session in June 2017 conducted by our legal advisers as to Hong Kong law on (a) the on-going obligations and duties of a director of a company whose shares are listed on the Stock Exchange; and (b) compliance with the Listing Rules; and
- v. we have engaged and will continue to appoint, when necessary, external professional advisers, including auditors, internal control consultant, external legal adviser(s) and other advisers to render professional advice as to compliance with statutory and regulatory requirements, as applicable to our Group from time to time.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalization Issue (but without taking into account of any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and any options which may be granted under the Share Option Scheme), Thing On Group will hold 75% of the entire issued share capital of our Company. Thing On Group is held as to 100% by Mr. Richard Wong *JP*. Accordingly, Thing On Group and Mr. Richard Wong *JP* are regarded as our Controlling Shareholders under the Listing Rules. Thing On Group is an investment holding company and has not commenced any substantive business activities as at the Latest Practicable Date.

Our Controlling Shareholders and our Directors confirm that none of them was, as of the Latest Practicable Date, interested in any business, apart from the business of our Group, which competed or was likely to compete, either directly or indirectly, with the business of our Group, which would require disclosure under Rule 8.10 of the Listing Rules.

INFORMATION OF OTHER BUSINESSES OF OUR CONTROLLING SHAREHOLDERS

As at the Latest Practicable Date, other than the business carried out by our Group, Mr. Richard Wong *JP* and/or Thing On Group were also interested in other businesses which will not be included in our Group upon the Listing. These businesses mainly include (a) a residential property investment in Hong Kong; (b) investment in properties outside of Hong Kong (including but not limited to properties in the PRC and United Kingdom); and (c) securities and futures brokerage, gold and silver trading, and money lending business and family office investments, which includes investments in global equities, fix income, funds and structured products, private equity and loan business (the “**Other Businesses**”). Our Directors and senior management, Mr. Richard Wong *JP*, Mr. Ryan Wong and Mr. Roland Wong, are also directors of Thing On Group. Mr. Richard Wong *JP* is the father of Mr. Ryan Wong and Mr. Roland Wong.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

The table below sets forth information of properties which shall be retained by our Controlling Shareholders after the Listing (the “**Excluded Properties**”).

<u>Property Address</u>	<u>Property Type</u>	<u>Interests held by our Controlling Shareholders or its subsidiaries</u>	<u>Gross floor area of property (approximate sq.ft.)</u>	<u>Saleable area of property (approximate sq.ft.)</u>	<u>Description of Property</u>
Investment properties overseas					
1 139/141 Kensington High Street, London, United Kingdom	Residential and Retail	100%	N/A	6,648	The five-storey building consists of nine residential flats and two units of retail shops on the ground floor. As at the Latest Practicable Date, the property has been leased out for rental income.
2 The whole of Level 4 and Units 501-506 on Level 5, Block B, Beijing East Gate Plaza, No. 29 Dong Zhong Street, Dong Cheng District, Beijing, the PRC	Office	100%	55,772.7	N/A	The property comprises the whole of Level 4, and six adjoining office units on Level 5 of a low-rise office block. As at the Latest Practicable Date, the property has been leased out for rental income.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Property Address	Property Type	Interests held by our Controlling Shareholders or its subsidiaries	Gross floor area of property (approximate sq.ft.)	Saleable area of property (approximate sq.ft.)	Description of Property
3 A04 to A08, Ground Floor, Zhi Di Yi Xuan, Chunfeng Road North, Luohu District, Shenzhen, the PRC	Retail	100%	3,990.6	N/A	The property is a ground floor retail shop. As at the Latest Practicable Date, the property has been leased out for rental income.

Investment property in Hong Kong

4 Flat A1, 4/F., Block A, Lockhart House, 441 Lockhart Road & 440 Jaffe Road, Hong Kong	Residential	100%	671	552	The property is a residential unit located on the fourth floor of a 28-storey building. As at the Latest Practicable Date, the property has been leased out for rental income.
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As of the Latest Practicable Date, the above Excluded Properties are either (i) geographically located outside Hong Kong for rental income purpose; or (ii) located in Hong Kong but of residential nature for rental income purpose, which are different from our Group's office, retail and industrial properties leasing business in Hong Kong as set forth in the section headed "Business" in this prospectus. Our Directors are of the view that it is not desirable for our Group to negotiate with our Controlling Shareholders for inclusion of any of the above Excluded Properties in our property portfolio.

Further, the Other Businesses (excluding the property leasing business) operate in entirely different industry sectors from that of our Group, our Directors are of the view that the businesses that our Controlling Shareholders and our Directors are interested in, apart from the business of our Group, do not compete with the business of our Group.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

DEED OF NON-COMPETITION

Mr. Richard Wong *JP* and Thing On Group (the “**Covenantors**” and each a “**Covenantor**”) has entered into the Deed of Non-competition in favor of our Company (for its own and on behalf of all members of our Group) before the Listing pursuant to which each of the Covenantors, irrevocably and unconditionally, has undertaken to and covenanted with our Group that during the Restricted Period (as defined below), each of them shall not, and shall procure that none of his/its close associates shall:

- (a) directly or indirectly (other than through our Group) engage, participate, acquire or hold any right or interest in or otherwise be interested or involved in, directly or indirectly, any business which is in competition with or likely to be in competition with our business of property investment business in Hong Kong with a principal focus on office, retail and industrial properties leasing and in the property management business and any other business activities from time to time undertaken by us (the “**Restricted Business**”) except for the holding of not more than 5% shareholding interests (individually or collectively with his/its associates) in any company listed on a recognized stock exchange, provided that (i) at all times there should exist a third party shareholder holding (together, where appropriate, with its associates) a larger percentage of the shares in such listed company than the aggregate shareholding of the relevant Covenantor and his/its associates in such listed company; and (ii) the relevant Covenantor and his/its associates are not entitled to appoint a majority of the directors of that listed company;
- (b) either on his/its own account or for any person, solicit business from any person who has during the Restricted Period dealt with the Company or any member of our Group or who is in the process of negotiating with the Company or any other member of our Group in relation to the Restricted Business; and
- (c) directly or indirectly, employ or solicit for employment any person who has during the Restricted Period been a director, officer, manager, agent or servant of or consultant to any member of our Group and who by reason of such employment is or may be likely to be in possession of any confidential information in relation to our Group.

In addition, each of the Covenantors has irrevocably and unconditionally undertaken that during the Restricted Period if he/it, or his/its close associates, receive enquiries of any actual or potential business opportunity relating to any of the Restricted Business (the “**Business Opportunity**”) is made available to him/it or his/its close associates, he/it shall direct or procure the relevant close associate to direct such Business Opportunity to us (and not to any other person) on a timely basis but in any event no later than one month from the date of receipt of such enquiry or knowledge of such Business Opportunity together with such required information to enable our Group to evaluate the merits of Business Opportunity. The relevant Controlling Shareholder shall provide, or procure the relevant close associate to provide us with all such assistance to secure such Business Opportunity as our Company or the relevant member of our Group may reasonably require.

The Deed of Non-competition shall take effect from the Listing Date and shall cease to have effect on the earlier of: (i) the date on which the Covenantors cease to be controlling shareholders (as defined from time to time under the Listing Rules) of our Company or (ii) the date on which our Shares cease to be listed on the Stock Exchange (the “**Restricted Period**”).

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having considered the following factors, we believe that our Group is capable of carrying on our business independently of our Controlling Shareholders and their respective associates after the Global Offering.

Management independence

Our Directors are satisfied that our Company can manage our business independently of our Controlling Shareholders and their respective associates particularly with respect to the following factors:

(a) Board Structure

Upon the Listing, our Board will comprise six Directors, namely Mr. Roland Wong, Ms. Chan Choi Wan Rolie, Mr. Richard Wong *JP*, Ms. Chan Kam Ping, Mr. Wong King Wai Kirk and Mr. Wen Cyrus Jun-ming. Among them, three are independent non-executive Directors who have extensive experience in different areas or are professionals and any decision of our Board will be made only after due consideration of independent and impartial opinions. Our Directors believe that the presence of Directors from different background provides a balance of opinions. Furthermore, our Board acts collectively by majority decisions in accordance with the Articles and the laws of the Cayman Islands, and no single Director may make any material decision for our Company unless authorized by our Board.

(b) Disclosure of interest

According to the Articles of our Company, if any Director is in any way, directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with our Company (“**Interested Director**”), he will declare the nature of his interest to our Board at his earliest convenience.

In addition, such Interested Director shall not vote (nor be counted in the quorum) on any resolution of our Board approving such contract or arrangement or other proposal in which he or any of his associates is to his knowledge materially interested except in certain circumstances as set out in the Articles as summarized in Appendix IV to this Prospectus.

Furthermore, as a matter of good corporate governance practice, an Interested Director shall abstain from attending any Board meeting, or the relevant part of the meeting, at which matter(s) in which he has a material interest is (are) discussed, unless he is specifically requested to attend or to remain in the meeting by our Directors who have no interest in such matter(s).

(c) Participation in Board Meeting and voting therein

According to the Articles of our Company, each Director is entitled to one vote in meetings of our Board and a simple majority is required to approve any business considered therein.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

(d) Participation in general meeting and voting therein

The Articles of our Company do not impose any restriction on our Shareholders to attend general meetings of our Company nor to vote on any resolution proposed therein. However, where our Company has knowledge that any Shareholder, under the Listing Rules, is required to abstain from voting on any particular resolution of our Company or restricted to voting only for or only against any particular resolution of our Company, any votes cast by or on behalf of such Shareholder in contravention of such requirement or restriction shall not be counted.

In addition, any transaction between us and our Controlling Shareholders shall be governed by Chapter 14A of the Listing Rules, which provides that certain categories of connected transactions shall be subject to independent shareholders' approval. Thing On Group, as a Shareholder, has a right to attend any general meeting of our Company through its authorized representative. However, it shall not vote on any resolution proposed at a general meeting in approving any contract or arrangement or other proposal in which it or Mr. Richard Wong *JP* has any material interest when independent Shareholders' approval is required under Chapter 14A of the Listing Rules.

Financial independence

Our Group has sufficient capital and financial resources including debt facilities for carrying on our business independently.

During the Track Record Period, our Controlling Shareholders and their respective associates had made advances to our Group. As at 31 December 2014, 2015 and 2016 and 30 June 2017, the balance due to our Controlling Shareholders were approximately HK\$1,034.5 million, HK\$570.3 million, HK\$781.7 million and HK\$150.9 million, respectively. Our Directors confirm that the remaining balance of advances due to our Controlling Shareholders of approximately HK\$154.3 million as at 31 October 2017 has been fully capitalized before Listing on 15 December 2017. For details of the advances provided by our Controlling Shareholders for the benefit of our Group, please refer to Note 29 to the Accountant's Report set out in Appendix I to this prospectus.

As at 30 June 2017, borrowing of our Group amounted to HK\$330 million was secured by an unlimited guarantee given by Mr. Richard Wong *JP*. Please refer to Note 26 to the Accountant's Report as set out in Appendix I to this prospectus. As at the Latest Practicable Date, consent from the relevant facility provider had been obtained and the unlimited personal guarantee given by Mr. Richard Wong *JP* will be released and replaced by the corporate guarantee of our Company upon the Listing.

We have our own finance and accounting team and independent financial system and we make financial and accounting decisions according to our own business needs. Upon the Listing, we also have independent access to third party financing including borrowings and equity financing. Our Directors have confirmed that upon the Listing, there will be no financial dependence on our Controlling Shareholders or any of their respective associates.

RELATIONSHIP WITH CONTROLLING SHAREHOLDERS

Operational independence

Our Group has had our own team to manage the businesses and operations of our Group. We have our own organization and reporting structure comprising different functions, including management, property department, finance and accounting and administration, human resources and information technology.

Although our Controlling Shareholders will retain a controlling interest in our Company and Mr. Richard Wong *JP* will remain as a non-executive Director of our Company, our Directors consider that our operations are independent of our Controlling Shareholders for the following reasons:

- (i) we have internal control and corporate governance measures to avoid conflict of interests of Directors and Shareholders to enforce non-competition undertakings;
- (ii) we have our own premises, personnel and facilities to operate our businesses. The England investment property of our Controlling Shareholders is managed by an independent professional property management company located in the United Kingdom, the PRC investment properties of our Controlling Shareholders are managed by other employees employed by our Controlling Shareholders located in the PRC office of such Controlling Shareholders, and the Hong Kong residential property of our Controlling Shareholders are personally managed by Mr. Richard Wong *JP* and his personal assistant. There is no overlap of operation and management between these investment properties of our Controlling Shareholders and the other investment properties of our Group;
- (iii) we have independent access to our property tenants.

Having considered the above, our Directors are satisfied that our business is independent from the business of our Controlling Shareholders and our Directors are of the view that our business activities are clearly delineated from Other Businesses after the Listing.

CONTINUING CONNECTED TRANSACTION

We have entered into the following agreement with our connected person (as defined under Chapter 14A of the Listing Rules) which will continue to be effective upon Listing:

Parties involved	Nature of transaction	Connected relationship	Term	Terms of payment and annual cap	Basis of determination
Grandtex Development, as landlord and Thing On Capital Limited, as tenant	Tenancy agreement in respect of lease of a portion of the office space located at 17th Floor, and Car Parking Space No.18, 19, and 20 on 2nd Floor, Bank of East Asia Harbour View Centre, No.56 Gloucester Road, Hong Kong (ie. Property 3) for use as office and car parking space (the “ Tenancy Agreement ”)	Thing On Capital Limited is a subsidiary of Thing On Group	Period of 2 years and six months commencing from 1 July 2017	Monthly rental of HK\$400,000 (exclusive of government rent, rates, management fee, utility charge and all tenant’s expenses and outgoings). 2018: HK\$4.8 million 2019: HK\$4.8 million	Arm’s length negotiations based on the prevailing market rental value

Upon the Listing, the above transaction entered into with such connected person will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules. The Directors believe that this transaction is conducted in the ordinary and usual course of the Company’s business and is on normal commercial terms.

TENANCY AGREEMENT BETWEEN GRANDTEX DEVELOPMENT AND THING ON CAPITAL LIMITED

Grandtex Development is our wholly-owned subsidiary and Thing On Capital Limited is a wholly-owned subsidiary of Thing On Group, our Controlling Shareholder, and the Tenancy Agreement between Grandtex Development and Thing On Capital Limited will constitute continuing connected transaction under Chapter 14A of the Listing Rules upon the Listing. The monthly rental under the Tenancy Agreement will be HK\$400,000 and is determined through arm’s length negotiations based on the prevailing market rental value. The Property Valuer has reviewed the Tenancy Agreement and all the rentals payable pursuant to the Tenancy Agreement and confirmed that the amount of rentals payable reflect the prevailing market rental value of comparable properties and are fair and reasonable.

The aggregate rental income paid by Thing On Capital Limited to Grandtex Development for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 amounted to approximately HK\$1.7 million, HK\$3.6 million, HK\$4.9 million and HK\$2.5 million, respectively. The fluctuation in the amount of the rental during the Track Record Period was due to the variation of the floor space leased by Thing On Capital Limited during the Track Record Period. The estimated annual rental income (“**Annual Caps**”) to be paid by Thing On Capital Limited to Grandtex Development which will constitute continuing connected transaction for the years ending 31 December 2018 and 31 December 2019 are HK\$4.8 million and HK\$4.8 million, respectively.

CONTINUING CONNECTED TRANSACTION

WAIVER

As one or more of the applicable percentage ratios (other than the profits ratio) as defined in Rule 14.04(9) of the Listing Rules and calculated with reference to the maximum annual rental income is expected to be more than 5% but less than 25% and the maximum aggregate annual rental income for the two years ending 31 December 2019 are more than HK\$3.0 million but less than HK\$10.0 million, the non-exempt continuing connected transaction is subject to reporting, annual review and announcement requirements but exempt from circular and independent shareholders' approval requirements pursuant to Rule 14A.76(2) of the Listing Rules.

We have applied for, and the Stock Exchange has granted us, a waiver from strict compliance with the announcement requirements of the Listing Rules in respect of the transaction as contemplated under the Tenancy Agreement, subject to the following conditions:

- (i) that the non-exempt continuing connected transaction will be carried out in compliance with the requirements of the Listing Rules and that the Company shall comply with the relevant requirements for continuing connected transactions in accordance with Chapter 14A of the Listing Rules; and
- (ii) that the value of transaction contemplated under the Tenancy Agreement for the term of the Tenancy Agreement will not exceed the Annual Caps. In the case that the Annual Caps is exceeded, the Company will comply with the applicable requirements under the Listing Rules.

DIRECTORS' VIEW

Our Directors, including the independent non-executive Directors, are of the view that the Tenancy Agreement will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, and such terms are fair and reasonable and in the interests of the Company and the Shareholders as a whole. The Directors, including the independent non-executive Directors, are also of the view that the Annual Caps are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

CONFIRMATION BY THE SOLE SPONSOR

The Sole Sponsor is of the view that (i) the continuing connected transaction referred to above will be entered into in the ordinary and usual course of business of our Group, on normal commercial terms, and such terms are fair and reasonable and in the interests of our Company and the Shareholders as a whole and (ii) the proposed Annual Caps are fair and reasonable and in the interests of our Company and the Shareholders as a whole.

DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

Our Board consists of six Directors, comprising two executive Directors, one non-executive Director and three independent non-executive Directors. Our Board is responsible and has general powers for the management and conduct of our business, while our senior management is responsible for the day-to-day management of our business.

The following table sets out certain information in respect of our Directors:

Name	Age	Position/Title	Date of joining our Group	Date of appointment as Director	Roles and responsibilities in our Group	Relationship with other Directors and the senior management
<i>Executive Directors</i>						
Wong Ka Yeung Roland (王家揚)	29	Executive Director, Chief Financial Officer and company secretary	20 January 2014	19 May 2016	being responsible for the overall financial management as well as company secretarial work of our Group and a member of the Investment Committee	Son of Mr. Richard Wong <i>JP</i> ; nephew of Mr. FH Wong; brother of Mr. Ryan Wong
Chan Choi Wan Rolie (陳彩雲)	59	Executive Director, Chief Administration Officer	20 January 1992	6 June 2017	being responsible for the overall administration of our Group and a member of the Investment Committee	N/A
<i>Non-executive Director</i>						
Wong Chung Tak Richard <i>JP</i> (王聰德)	59	Chairman and Non-executive Director	27 September 1985	19 May 2016	being responsible for the overall strategic planning of our Group	Brother of Mr. FH Wong; father of Mr. Ryan Wong and Mr. Roland Wong

DIRECTORS AND SENIOR MANAGEMENT

Name	Age	Position/Title	Date of joining our Group	Date of appointment as Director	Roles and responsibilities in our Group	Relationship with other Directors and the senior management
<i>Independent Non-executive Directors</i>						
Chan Kam Ping (陳錦萍)	47	Independent non-executive Director	15 December 2017	15 December 2017	being responsible for providing independent advice and judgement to our Board	N/A
Wong King Wai Kirk (王經緯)	35	Independent non-executive Director	15 December 2017	15 December 2017	being responsible for providing independent advice and judgement to our Board	N/A
Wen Cyrus Jun-ming (聞俊銘)	32	Independent non-executive Director	15 December 2017	15 December 2017	being responsible for providing independent advice and judgement to our Board	N/A

Executive Directors

Mr. Wong Ka Yeung Roland (王家揚), aged 29, was appointed as our executive Director on 19 May 2016. He is a director of all of our subsidiaries. Mr. Roland Wong has over three years of experience in financial management and properties investment in Hong Kong and overseas. He acts as a representative for the Company in dealing with external stakeholders. He is responsible for overall financial management, leading the Finance and Accounting Department, corporate finance and acquisitions and disposals as well as being the company secretary of our Group. Prior to joining our Group, Mr. Roland Wong was employed by PricewaterhouseCoopers (Hong Kong) as a senior associate from October 2011 to October 2013 and worked at the financial markets department of Standard Chartered Bank (Hong Kong) from October 2013 to January 2014.

Mr. Roland Wong obtained a bachelor degree of business administration (accounting and finance) from the University of Hong Kong in November 2011. He has been a member of Hong Kong Institute of Certified Public Accountants (香港會計師公會) since October 2013, a member of Association of Chartered Certified Accountants (英國特許公認會計師公會) since June 2014, a member of Institute of Chartered Accountants in England and Wales (英格蘭和威爾斯特許會計師公會) since July 2014 and a member of CPA Australia (澳洲會計師公會) since February 2015. He is a member of the Quality Education Fund — Assessment and Monitoring Sub-committee which are committees within the HKSAR since January 2016. He is also a member of the District Fight Crime Committee (Wan Chai District) under the Home Affairs Bureau since April 2016. He is an observer of the Independent Police Complaints Council since April 2017.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chan Choi Wan Rolie (陳彩雲), aged 59, was appointed as our executive Director on 6 June 2017. Ms. Chan has over 25 years of experience in property investments and related activities in Hong Kong and is responsible for overall administration of our Group. Ms. Chan joined our Group in January 1992 and has served as our account manager from March 1994 to March 2005, and was responsible for overseeing and developing business with customers of the Group. Ms. Chan was promoted to the position of finance manager in March 2005 and was responsible for reviewing financial reports, monitoring accounts, preparing activity reports and financial forecasts. Ms. Chan was further promoted and held the position of chief administration officer of Thing On Holdings since April 2015, and was responsible for managing the office operations. Prior to joining the Group, she has served as senior accountant of Fairmont Shipping (HK) Ltd. from March 1981 to December 1991. Ms. Chan graduated from Form 5 at Tsung Tsin Middle School in Hong Kong in July 1976.

Non-executive Director

Mr. Wong Chung Tak Richard JP (王聰德) (also known as Mr. Wong Chung Tak (王聰德)), aged 59, was appointed as the chairman of our Board and our non-executive Director on 19 May 2016. He is the founder of our Group and a director of all of our subsidiaries, except Thing On Investment (China), Excellent Generation, Power Net and Branding Good. Mr. Richard Wong JP has over 27 years of experience in properties investment and management in Hong Kong and is responsible for overall strategic planning of our Group since its establishment. Mr. Richard Wong JP has worked in investment and financial companies for more than 35 years and has solid experience in corporate development strategies, corporate operation management, market and projects development. He was a director of Tsun Fat Finance Company Limited, a company engaged in the provision of money lending and other financial services, from July 1982 to October 2003, and was responsible for planning and directing the operations of the company. He is a director of Thing On Capital Limited, a company engaged in the provision of money lending and other financial services, since May 1983, and is responsible for planning and directing the operations of the company. Mr. Richard Wong JP received various social awards from Hong Kong St. John Ambulance due to his constant and significant contributions, including Long Service Medal 1st Bar in 1999, Duke of Gloucester St. John Serving Brother Medal (awarded by Queen Elizabeth II of the United Kingdom) in November 2002 and Long Service Medal 2nd Bar in 2009. Mr. Richard Wong JP was appointed by the Hong Kong Government as Justice of the Peace with effect from 30 June 2017.

Mr. Richard Wong JP was an executive director and chairman of Landsea Green Properties Co., Ltd. (朗詩綠色地產有限公司) (stock code: 00106) (formerly known as Shenzhen High-tech Holdings Limited (深圳科技控股有限公司)), a company listed on the Stock Exchange, from October 2003 to July 2013 and was a non-executive director of the aforementioned company from July 2013 to November 2013. Mr. Richard Wong JP has been a representative (dealing in securities) under SFO since May 2006 and a registered manager of the Chinese Gold & Silver Exchange Society (金銀業貿易場) since November 2010. Mr. Richard Wong JP attended 培新英文書院 (Pui Sun English College*) up to Form 3 in 1970s.

* For identification purpose

DIRECTORS AND SENIOR MANAGEMENT

Mr. Richard Wong *JP* was a director of the following companies that were dissolved other than by members' voluntary winding up with the details as follows:

Name of company	Place of Incorporation	Nature of business	Reason of dissolution	Date of dissolution	Manner of dissolution
Stockway Limited	Hong Kong	Investment holding	Failure to comply with annual filing requirement	22 November 2002	Struck off
Hostwin Investments Limited	British Virgin Islands	Investment holding	Failure to pay annual government fee	30 April 2015	Struck off

Mr. Richard Wong *JP* confirmed that, to the best of his knowledge, the above dissolved companies were solvent and inactive at the time of being struck off and that there is no wrongful act on his part leading to their dissolution and he is not aware of any actual or potential claim which has been or will be made against him as a result of their dissolution.

Mr. Richard Wong *JP* was also a director of the following company incorporated in the PRC which had its business licence revoked during his tenure:

Name of company	Nature of business	Reasons of revocation of business licence	Date of revocation of business licence
Shishi Jinan Real Estate Developing Co. Ltd. (石獅市晉安房地產開發有限公司) (<i>Note</i>)	Real estate development	Failure to complete statutory annual inspection as required under the relevant PRC laws and regulations after cessation of business in 2001	13 May 2004

Note:

As at the Latest Practicable Date, dissolution of Shishi Jinan Real Estate Developing Co. Ltd. has not been commenced.

Mr. Richard Wong *JP* confirmed that, to the best of his knowledge, Shishi Jinan Real Estate Developing Co. Ltd. was solvent and inactive at the time of revocation of its business licence and had no outstanding claims or liabilities.

Independent non-executive Directors

Ms. Chan Kam Ping (陳錦萍), aged 47, was appointed as our Independent non-executive Director on 15 December 2017. Ms. Chan has been a partner at Liu Leung Chan since January 2004. She was previously an audit trainee and an audit manager in Chris Liu & Co from October 1993 to December 2003. She has over 23 years of experience in audit accounting in Hong Kong.

DIRECTORS AND SENIOR MANAGEMENT

Ms. Chan obtained a bachelor degree of arts from The University of Hong Kong in November 1993. She has been a member of Hong Kong Institute of Certified Public Accountants (香港會計師公會) since July 2000, a member of Association of Chartered Certified Accountants (英國特許公認會計師公會) since June 2000 and was admitted as a fellow of Association of Chartered Certified Accountants (英國特許公認會計師公會) since July 2005.

Mr. Wong King Wai Kirk (王經緯), aged 35, was appointed as our independent non-executive Director on 15 December 2017. Mr. Wong has been the founder and a director of Marvel Group Holdings Limited, a company that manufactures disposable baby products, since April 2012. He has also been a director and legal counsel at Keenway Industries Ltd., a plastic toy manufacturer, since September 2009. He is responsible for the overall operations of the aforementioned companies. Mr. Wong has over 14 years of experience in corporate management in Hong Kong. He had served as a trainee solicitor at Sidley Austin in Hong Kong from September 2007 to September 2009.

Mr. Wong obtained a bachelor degree of arts from the University of British Columbia, Canada in May 2004. He passed the common professional examination and obtained the graduate diploma in English and Hong Kong Law in July 2006. He graduated from the University of Hong Kong with a postgraduate certificate in laws in June 2007. He was admitted as a solicitor of the High Court of Hong Kong in January 2010. Mr. Wong obtained a master's degree in business administration from the Hong Kong University of Science and Technology in November 2014.

Mr. Wen Cyrus Jun-Ming (聞俊銘), aged 32, was appointed as our independent non-executive Director on 15 December 2017. Mr Wen is a partner of STI Asset Management Limited and joined the company since 2012. He is responsible for the sourcing, evaluating, structuring, executing, monitoring and divesting of the company's businesses and investments. He currently serves as a director of Ayers Alliance Quantum Fund that runs various systematic trading strategies. He is one of the founders of Harborx, a Europe based forex brokerage. He is a non-executive director of Ever Smart International Holdings Limited (Stock Code: 8187) since 11 December 2017, a non-executive director of Fresh Express Delivery Holding Group Co., Limited (Stock Code: 1175) since 8 December 2016, and a non-executive director of Sanai Health Industry Group Company Limited (formerly known as Wuyi International Pharmaceutical Company Limited, (Stock Code: 1889) for the period from 15 June 2015 to 3 March 2016. Prior to joining STI Financial Group, he worked at various financial service companies, such as VMS Investment Group, Kazakhstan Hong Kong Development Fund, and Citigroup during the period from August 2008 to November 2012. He has over ten years of experience in the financial service industry.

Mr. Wen obtained a bachelor of science degree in business administration from Washington University in St. Louis in United States in May 2008. He is a responsible officer of STI Asset Management Limited with license to carry on type 1 (dealing in securities), type 4 (advising on securities) and type 9 (asset management) regulated activities under the Securities and Futures Ordinance.

Except as disclosed above, each of our Directors has not been a director of any other publicly listed company during the three years preceding the date of this prospectus.

DIRECTORS AND SENIOR MANAGEMENT

SENIOR MANAGEMENT

The following table sets out the information regarding the senior management of our Group:

Name	Age	Position/Title	Date of joining Our Group	Roles and responsibilities in our Group	Relationship with other Directors and the senior management
Wong Fung Hing (王逢興)	50	Chief executive officer	1 September 1991	being responsible for the overall business operation, formulating business plans and chairperson of the Investment Committee	Brother of Mr. Richard Wong <i>JP</i> ; uncle of Mr. Ryan Wong and Mr. Roland Wong
Wong Man Yeung Ryan (王文揚)	32	General manager	1 September 2014	being responsible for overseeing the properties department and chairperson of the leasing committee	Son of Mr. Richard Wong <i>JP</i> ; nephew of Mr. FH Wong; brother of Mr. Roland Wong
Cheung Yee Wah Polly (張綺華)	62	Assistant general manager	20 April 2005	being responsible for operation matters including coordinating leases, assisting the finance and accounting department in tenant account management and a member of the Investment Committee and Leasing Committee	N/A

DIRECTORS AND SENIOR MANAGEMENT

Mr. Wong Fung Hing (王逢興), aged 50, was appointed as our chief executive officer in July 2013. He joined our Group in September 1991 and was previously the head of our Group's property investment operation and specializes in property management, strategic planning and business development. Mr. FH Wong has over 25 years of experience in property investment and management in Hong Kong. Since joining our Group, he was responsible for the overall real estate management which includes overseeing the accounts and finances of our investment properties, handling leases with tenants, and overseeing the redevelopment, refurbishment and maintenance of our investment properties. He oversees a professional team comprising project managers, architects, designers and contractors in relation to redevelopment and property enhancement projects. He is also the chairman of the Investment Committee, which is responsible for property acquisitions, disposals and risk management.

Mr. FH Wong attended the University of Windsor (Canada) studying finance and management from 1987 to 1989. Mr. FH Wong has been a registered manager of the Chinese Gold & Silver Exchange Society (金銀業貿易場) since November 2010 and a registered member of Hong Kong Jade Association since December 2015.

Mr. FH Wong was a director of the following company incorporated in the British Virgin Islands which was dissolved other than by members' voluntary winding up with the details as follows:

Name of company	Nature of business	Reason of dissolution	Date of dissolution	Manner of dissolution
Sun Success Holdings Limited	Investment holding	Failure to pay annual government fee	31 October 2013	Struck off

Mr. FH Wong confirmed that, to the best of his knowledge, the above dissolved company was solvent and inactive at the time of being struck off and that there is no wrongful act on his part leading to its dissolution and he is not aware of any actual or potential claim which has been or will be made against him as a result of its dissolution.

Mr. FH Wong was also a director of the following company incorporated in the PRC which had its business licence revoked during his tenure:

Name of company	Nature of business	Reason of revocation of business licence	Date of revocation of business licence
Shishi Jinan Real Estate Developing Co. Ltd. (石獅市晉安房地產開發有限公司) (Note)	Real estate development	Failure to complete statutory annual inspection as required under the relevant PRC laws and regulations after cessation of business in 2001	13 May 2004

DIRECTORS AND SENIOR MANAGEMENT

Note:

As at the Latest Practicable Date, dissolution of Shishi Jinan Real Estate Developing Co. Ltd. has not been commenced.

Mr. FH Wong confirmed that, to the best of his knowledge, Shishi Jinan Real Estate Developing Co. Ltd. was solvent and inactive at the time of revocation of its business licence and had no outstanding claims or liabilities.

Mr. Wong Man Yeung Ryan (王文揚), aged 32, was appointed as our general manager on 1 September 2014. He is a director of all of our subsidiaries, except Thing On Investment (China) and Branding Good. Mr. Ryan Wong has over two years of experience in properties investment in Hong Kong. He is responsible for operations of the property department. He acts as a representative for the Company in dealing with internal stakeholders (e.g. representing the Company at the Incorporated Owners' meeting). He contributes to the day-to-day management of the Property Department and chairs the Leasing Committee. Mr. Ryan Wong had served as senior house officer of Royal Free Hospital London (NHS Foundation Trust) in United Kingdom from July 2012 to August 2014.

Mr. Ryan Wong obtained a bachelor degree of science from Imperial College of Science, Technology and Medicine to the University of London (United Kingdom) in August 2007 and a bachelor degree of medicine and a bachelor degree of surgery from the University of Sheffield (United Kingdom) in June 2012. He was admitted to be an associate of the Royal College of Science by the Council of the Imperial College of Science, Technology and Medicine on August 2007 and a registered medical practitioner of General Medical Council on July 2012.

Ms. Cheung Yee Wah Polly (張綺華), aged 62, was appointed as our assistant general manager on 1 July 2015. She joined our Group in April 2005 and has over 12 years of experience in properties management in Hong Kong. Since joining our Group, she was responsible for managing the marketing for the rental of our investment properties, administration of leases, relations with the tenants and property agencies, and redevelopment, refurbishment and maintenance of our investment properties. She is also responsible for operation matters including coordinating leases, client service management and maintaining rental account with finance and accounting department.

She obtained a Higher Stage Certificate from The London Chamber of Commerce and Industry in Accounting in Autumn 1982 and Costing with distinction in Autumn 1983.

Each of our senior management has not been a director of any other publicly listed company during the three years preceding the date of this prospectus.

COMPANY SECRETARY

Mr. Roland Wong is our executive Director, chief financial officer and company secretary. Please refer to the paragraph headed "Directors" in this section for further information pertaining to Mr. Roland Wong's biography.

DIRECTORS AND SENIOR MANAGEMENT

BOARD COMMITTEES

Audit Committee

Our Company has established an audit committee on 15 December 2017 with written terms of reference in compliance with Rule 3.21 of the Listing Rules and the Corporate Governance Code. The primary duties of the Audit Committee are to make recommendations to the Board on the appointment and removal of external auditors; review the financial statements and render advice in respect of financial reporting as well as oversee internal control procedures of our Group. The Audit Committee consists of three members, namely Ms. Chan Kam Ping, Mr. Wong King Wai Kirk and Mr. Wen Cyrus Jun-ming. Ms. Chan Kam Ping is the chairman of the Audit Committee.

Remuneration Committee

Our Company has established a remuneration committee on 15 December 2017 with written terms of reference in compliance with Rule 3.25 of the Listing Rules and the Corporate Governance Code. The primary duties of the Remuneration Committee are to make recommendations to the Board on the overall remuneration policy and structure relating to all our Directors and senior management of our Group, review performance based remuneration and ensure none of our Directors determine their own remuneration. The Remuneration Committee consists of three members, namely Mr. Wen Cyrus Jun-ming, Ms. Chan Kam Ping and Mr. Wong King Wai Kirk. Mr. Wen Cyrus Jun-ming is the chairman of the Remuneration Committee.

Nomination Committee

Our Company has established a nomination committee on 15 December 2017 with written terms of reference in compliance with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules. The primary duties of the Nomination Committee are to make recommendations to the Board on the appointment of our Directors and the management of the Board's succession. The Nomination Committee consists of three members, namely Mr. Wong King Wai Kirk, Ms. Chan Kam Ping and Mr. Wen Cyrus Jun-ming. Mr. Wong King Wai Kirk is the chairman of the Nomination Committee.

CORPORATE GOVERNANCE

Our Directors recognize the importance of good corporate governance in management and internal procedures so as to achieve effective accountability. Our Company will comply with the Corporate Governance Code as set out in Appendix 14 to the Listing Rules.

Our Directors will review our corporate governance policies and compliance with the Corporate Governance Code each financial year and comply with the “*comply or explain*” principle in our corporate governance report which will be included in our annual reports upon the Listing.

DIRECTORS AND SENIOR MANAGEMENT

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, housing and other benefits in kind and/or discretionary bonuses. Our Group also reimburses them for expenses which are necessarily and reasonably incurred for providing services or executing their functions in relation to our Group's operations. Our Group regularly reviews and determines the remuneration and compensation packages of our Directors and senior management.

After the Listing, the Remuneration Committee will review and determine the remuneration and compensation packages of our Directors with reference to their experience, responsibilities, workload and time devoted to our Group and performance of our Group. Our Directors may also be offered options under the Share Option Scheme.

REMUNERATION OF DIRECTORS AND SENIOR MANAGEMENT

During the Track Record Period, the remuneration payable by our Group to our Directors, including salaries, housing and other benefits in kind, contributions to defined contribution benefit plans (including pensions) and discretionary bonuses, totaling approximately HK\$1.3 million, HK\$1.6 million, HK\$1.7 million and HK\$0.9 million, respectively. Without taking into account the remuneration paid to our Directors, the aggregate remuneration (including salaries, housing and other benefits in kind, contributions to defined contribution benefits plans (including pensions) and discretionary bonus) paid to our five highest paid individuals during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively, were approximately HK\$1.1 million, HK\$1.0 million, HK\$1.9 million and HK\$1.3 million, respectively. Please refer to the Accountant's Report set out in Appendix I to this prospectus for further information.

No remuneration was paid to our Directors or the five highest paid individuals as an inducement to join, or upon joining, our Group. No compensation was paid to, or is receivable by, our Directors or past Directors for the Track Record Period for the loss of office as director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. None of our Directors waived any emoluments during the same period.

Save as disclosed above, no other payments have been made or are payable by our Company or any of our subsidiaries to our Directors in respect of the services rendered during the Track Record Period.

Directors' remuneration is determined with reference to salaries paid by comparable companies, experience, responsibilities and performance of our Group.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and the benefits in kind receivable by, our Directors (excluding discretionary bonuses) for the year ending 31 December 2017 will be approximately HK\$3,014,000.

DIRECTORS AND SENIOR MANAGEMENT

INTERESTS OF DIRECTORS

Except as disclosed in this prospectus, to the best of the knowledge, information and belief of our Directors after having made all reasonable enquiries, there was no additional matter with respect to the appointment of our Directors that needs to be brought to the attention of the Shareholders and there was no additional information relating to our Directors that is required to be disclosed pursuant to Rules 13.51(2)(h) to (v) of the Listing Rules as of the Latest Practicable Date.

COMPLIANCE ADVISER

In accordance with Rule 3A.19 of the Listing Rules, our Company has appointed KGI Capital Asia Limited as our compliance adviser. The term of the appointment shall commence on the Listing Date and end on the date on which our Group complies with Rule 13.46 of the Listing Rules in respect of our financial results for the first full financial year after the Listing Date.

Pursuant to Rule 3A.23 of the Listing Rules, we will consult with and, if necessary, seek advice from the compliance adviser in the following circumstances:

- before the publication of any regulatory announcement, circular or financial report;
- where a transaction, which might be a notifiable or connected transaction, is contemplated, including share issues or share repurchase;
- where we propose to use the proceeds from the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and
- where the Stock Exchange makes an inquiry with us under Rule 13.10 of the Listing Rules.

SHARE OPTION SCHEME

The Share Option Scheme was conditionally adopted pursuant to the written resolutions of the sole shareholder of the Company passed on 15 December 2017. The rules of the Share Option Scheme are in compliance with Chapter 17 of the Listing Rules and other relevant rules and regulations. Please see the paragraph headed “Statutory and General Information — D. Share Option Scheme” in Appendix V to this prospectus for details.

SUBSTANTIAL SHAREHOLDERS

So far as our Directors are aware, each of the following persons will, immediately after completion of the Global Offering and the Capitalization Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the exercise of any options that may be granted under the Share Option Scheme), have an interest or short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, are directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our Company's subsidiaries:

Name of shareholder	Capacity/Nature of interest	Number of Shares held	Approximate shareholding percentage (%)
Thing On Group	Beneficial owner (<i>Note</i>)	540,000,000	75.0
Mr. Richard Wong <i>JP</i>	Interest in a controlled corporation (<i>Note</i>)	540,000,000	75.0

Note:

Mr. Richard Wong *JP* and Thing On Group are our Controlling Shareholders. Mr. Richard Wong *JP* owns the entire issued share capital of Thing On Group. By virtue of the SFO, Mr. Richard Wong *JP* is deemed to be interested in such Shares held by Thing On Group.

Save as disclosed herein, our Directors are not aware of any persons who will, immediately following completion of the Global Offering and Capitalization Issue (without taking into account of any Shares which may be allotted and issued upon the exercise of the Over-allotment Option and the exercise of any options that may be granted under the Share Option Scheme), have an interest or a short position in our Shares or underlying Shares which would be required to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or, will be, directly or indirectly, interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of our Company or any of our Company's subsidiaries.

SHARE CAPITAL

The authorized and issued share capital of our Company is as follows:

Authorized share capital:		<i>HK\$</i>
7,600,000,000	Shares of HK\$0.00005 each	380,000

The issued share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme) will be as follows:

Issued and to be issued, fully paid or credited as fully paid:		<i>HK\$</i>
3	Shares in issue as at the date of this prospectus	0.00015
539,999,997	Shares to be issued pursuant to the Capitalization Issue	26,999.99985
180,000,000	Share to be issued pursuant to the Global Offering (excluding any Shares which may be issued under the Over-allotment Option)	9,000
720,000,000	Shares in total	36,000

Assuming the Over-allotment Option is exercised in full, the share capital of our Company immediately following completion of the Global Offering and the Capitalization Issue (without taking into account the Shares which may be issued upon exercise of the Share Option Scheme) will be as follows:

Issued and to be issued, fully paid or credited as fully paid:		<i>HK\$</i>
3	Shares in issue as at the date of this prospectus	0.00015
539,999,997	Shares to be issued pursuant to the Capitalization Issue	26,999.99985
207,000,000	Share to be issued pursuant to the Global Offering and the Over-allotment Option	10,350
747,000,000	Shares in total	37,350

Assumptions

The above tables assume the Global Offering has become unconditional and the issue of Shares pursuant thereto is made as described herein. It does not take into account (i) any Shares which may be allotted and issued upon exercise of the Share Option Scheme; or (ii) any Shares which may be allotted and issued or repurchased by our Company under the general mandate for the allotment and issue or the repurchase of Shares granted to our Directors as referred to below.

SHARE CAPITAL

Ranking

The Offer Shares and the Shares which may be issued pursuant to the Over-allotment Option shall rank pari passu with all existing Shares in issue on the date of the allotment and issue of such Shares, and in particular will be entitled to all dividends or other distributions declared, made or paid after the date of this prospectus save for entitlements under the Capitalization Issue.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1) of the Listing Rules, at the time of the Listing and at all time thereafter, our Company shall maintain the minimum prescribed percentage of 25% of our issued share capital in the hands of the public.

Capitalization Issue

Pursuant to the written resolutions of our sole Shareholder passed on 15 December 2017 and subject to the conditions set out therein, our Directors were authorized to allot and issue a total of 539,999,997 Shares credited as fully paid at par to our Shareholders whose names appear on the register of members of our Company (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) in proportion to their respective shareholdings by way of capitalization of the sum of HK\$26,999.99985 standing to the credit of the share premium account of our Company, and the Shares to be allotted and issued pursuant to the Capitalization Issue shall rank pari passu in all respects with the existing issued Shares in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall carry the same rights in all respects with the then existing issued Shares.

Share Option Scheme

We have conditionally adopted the Share Option Scheme as further described in “Statutory and General Information — Other Information — 13. Share Option Scheme” as set out in Appendix V to this prospectus.

General mandate to issues Shares

Our Directors have been granted with a conditional mandate to allot, issue and deal with Shares with an aggregate nominal value of not more than the sum of:

- (a) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue; and
- (b) the aggregate nominal value of share capital of our Company repurchased by our Company, if any, under the general mandate to repurchase Shares referred to below.

The aggregate nominal value of the Shares which our Directors are authorized to allot and issue under this issuing mandate will not be reduced by the allotment and issue of Shares pursuant to (i) a rights issue; (ii) any scrip dividend scheme or similar arrangement providing for the allotment and

SHARE CAPITAL

issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles of Association; (iii) any specific authority granted by the Shareholders in general meeting(s); or (iv) the exercise of options which may be granted under the Share Option Scheme or any arrangement which may be regulated under Chapter 17 of the Listing Rules.

This issuing mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting;
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or the Articles of Association to hold our next annual general meeting;
or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

Please refer to the paragraph headed "Statutory and General Information — Further Information about our Company — 5. Written resolutions of our sole Shareholder passed on 15 December 2017" in Appendix V to this prospectus for further details of this issuing mandate.

General mandate to repurchase Shares

Our Directors have been granted with a general unconditional mandate to exercise all powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue.

This repurchase mandate only relates to repurchases made on the Stock Exchange or any other stock exchange on which the Shares are listed (and which is recognized by the SFC and the Stock Exchange for this purpose) and which are made in accordance with all applicable laws and requirements of the Listing Rules. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares by our Company is set out in "Statutory and General Information — Further Information about our Company — 6. Repurchase of Shares" in Appendix V to this prospectus.

This repurchase mandate will expire at the earliest of:

- (a) the conclusion of our Company's next annual general meeting;
- (b) the expiration of the period within which our Company is required by the applicable Cayman Islands laws or the Articles of Association to hold our next annual general meeting;
or
- (c) when varied, revoked or renewed by an ordinary resolution of our Shareholders in general meeting.

SHARE CAPITAL

Please refer to the paragraph headed “Statutory and General Information — Further Information about our Company — 5. Written resolutions of our sole Shareholder passed on 15 December 2017” in Appendix V to this prospectus for further details of this repurchase mandate.

Circumstances Under Which General Meeting And Class Meeting Are Required

Pursuant to the Companies Law and the terms of our Memorandum of Association and our Articles of Association, our Company may from time to time by ordinary resolution of shareholders (i) increase its capital; (ii) consolidate and divide its capital into Shares of larger amount; (iii) divide its Shares into several classes; (iv) subdivide its Shares of smaller amount; and (v) cancel any Shares which have not been taken. In addition, our Company may subject to the provisions of the Companies Law reduce its share capital by special resolution of shareholders. Please refer to the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix IV to this prospectus for details.

Pursuant to the Companies Law and the terms of our Memorandum of Association and our Articles of Association, all or any of the special rights attached to our Share or any class of Shares may be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued Shares in that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the Shares in that class. Please refer to the section headed “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix IV to this prospectus for details.

FINANCIAL INFORMATION

You should read this section in conjunction with our combined financial information, including the notes thereto, as set out in the Accountant's Report in Appendix I to this prospectus. The combined financial information has been prepared in accordance with HKFRSs.

The following discussion and analysis contains forward-looking statements that involve risks and uncertainties. These statements are based on assumptions and analyses made by us in light of our experience and perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. However, our actual results may differ significantly from those projected in the forward-looking statements. Factors that might cause future results to differ significantly from those projected in the forward-looking statements include those discussed in the section headed "Risk Factors" in this prospectus.

OVERVIEW

We engage in property investment in Hong Kong with a principal focus on office, retail and industrial properties leasing. Our office properties include Grade A office space in core business areas and retail premises in prime urban areas. Our investment property portfolio also covers industrial building units in a developed urban area. As at the Latest Practicable Date, we owned an investment property portfolio with an aggregate saleable area of approximately 92,136 sq.ft.* and a total value attributable to our Group of approximately HK\$1,619.1 million as at 30 September 2017 as valued by the Property Valuer.

We lease our investment properties for recurring rental income. We also provide related value-added property management services to our tenants. Our dedicated property department with our own operation system manages our leasing business. For the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, our Group recorded rental income of approximately HK\$33.1 million, HK\$33.6 million, HK\$37.1 million and HK\$21.2 million, respectively, of which approximately 72.3%, 69.3%, 63.4% and 57.9%, respectively, was derived from rental of office properties, approximately 13.2%, 16.4%, 18.4% and 24.2%, respectively, was derived from rental of retail properties and approximately 14.5%, 14.3%, 18.2% and 17.9%, respectively, was derived from rental of industrial properties. As at the Latest Practicable Date, we entered into a total of 40 tenancy agreements and/or arrangement and over 98.3% of the aggregate saleable area of our investment properties was subject to lease.

In order to expand our investment property portfolio with the aim of growing our rental income, we constantly review our investment property portfolio and identify and evaluate potential acquisition or divestment opportunities. We acquire properties with steady high occupancy rate and capital appreciation potential when appropriate opportunities arise. During the Track Record Period and up to the Latest Practicable Date, we acquired 26 investment properties and disposed of five investment properties.

* The figure included the whole of Property 31 (of which we are interested in one-third share).

FINANCIAL INFORMATION

For the years ended 31 December 2014, 2015 and 2016, our total revenue was approximately HK\$36.8 million, HK\$37.5 million and HK\$41.3 million, respectively, while our profit before tax for the years ended 31 December 2014, 2015 and 2016 was approximately HK\$116.3 million, HK\$210.7 million and HK\$245.9 million, respectively. For the six months ended 30 June 2016 and 2017, our total revenue was approximately HK\$19.6 million and HK\$23.7 million, respectively, while our profit before tax for the six months ended 30 June 2016 and 2017 was approximately HK\$88.5 million and HK\$98.1 million, respectively. Our operating profit mainly represented the changes in fair value of investment properties which were approximately HK\$77.6 million, HK\$115.5 million and HK\$214.3 million for each of the years ended 31 December 2014, 2015 and 2016, respectively, and were approximately HK\$72.5 million and HK\$77.9 million for the each of the six months ended 30 June 2016 and 2017, respectively.

BASIS OF PRESENTATION

Our Company was incorporated in the Cayman Islands on 19 May 2016 as an exempted company with limited liability under the Cayman Islands Company Law. Immediately prior to and after the Reorganization, our business was and will continue to be conducted by members of our Group. Pursuant to the Reorganization, our business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganization and does not meet the definition of a business. The Reorganization is merely a reorganization of our business with no change in management of such business and the ultimate owner of our business remains the same.

Details regarding the basis of presentation and preparation of our combined financial information are set out in Notes 1.3 and 2.1 to the Accountant's Report in Appendix I to this prospectus.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS

Our results of operations have been and will continue to be affected by a number of factors, including those set out below:

Economic conditions and market cycles in Hong Kong

Our rental income is greatly affected by the market demand for our investment properties, which is directly affected by the economic conditions in Hong Kong. Nominal GDP of Hong Kong recorded growth of 2.7%, 2.4% and 2.0% during 2014, 2015 and 2016, respectively. This trend of economic growth attributed to the increase in our rental income during the Track Record Period as we were able to increase monthly rental income by entering into new leases or renewal of existing leases. On the contrary, if the economic growth of Hong Kong declines, the market demand for leasing our investment properties and our rental income is likely to be adversely affected.

Since most of our tenancies are of a term of 2-3 years, our operating results may be affected if new leases are not entered into or reduction in rental income is agreed upon renewal of existing leases. As a result of relatively short-term lets, our rental income is also more susceptible to more frequent market-led reviews or adjustments when we enter into a new lease or renew an existing lease. As such, we expect the demand for our investment properties and our operating results will continue to be affected by the general economic conditions in Hong Kong.

FINANCIAL INFORMATION

Changes in fair value of investment properties

During the Track Record Period, our investment properties are stated at their estimated fair value on our combined statements of financial position as non-current assets as at each reporting date on the basis of valuations by the Property Valuer. The fair value of our investment properties attributable to our Group amounted to approximately HK\$1,385.9 million, HK\$1,305.0 million, HK\$1,639.1 million and HK\$1,584.8 million as at 31 December 2014, 2015 and 2016 and 30 June 2017, respectively.

Our investment properties valuation was based on the investment method taking into account the current rents passing and the reversionary income potential of each of the investment properties. Gains or losses arising from changes in the estimated fair value of our investment properties are accounted for as changes in fair value of investment properties in our combined statements of comprehensive income. During the Track Record Period, we recorded net aggregate fair value gain of investment properties of approximately HK\$77.6 million, HK\$115.5 million, HK\$214.3 million and HK\$77.9 million for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively. The valuation of our investment properties has resulted in, and may continue to result in, significant impact on our operating profit. For additional information on valuation of our investment properties, please see the sub-paragraph headed “Critical Accounting Policies and Estimates — Critical accounting estimates and judgements — Fair value of investment properties” and the paragraph headed “Description of certain items of combined statements of financial position — Investment properties” in this section.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our gains arising from changes in fair value of investment properties on our profit before tax during the Track Record Period, assuming all other variables remain constant. Fluctuations in our gains arising from changes in fair value of investment properties are assumed to be 10%, 20% and 30%.

	Changes in %		
	+/- 10%	+/- 20%	+/- 30%
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Hypothetical fluctuations			
Increase/decrease in profit before tax for the respective year/period			
Year ended 31 December 2014.....	+/-7,762	+/-15,524	+/-23,287
Year ended 31 December 2015.....	+/-11,554	+/-23,108	+/-34,662
Year ended 31 December 2016.....	+/-21,427	+/-42,853	+/-64,280
Six month ended 30 June 2017.....	+/-7,787	+/-15,572	+/-23,359

Prospective investors should note that the above sensitivity analysis is for reference only and should not be viewed as an actual effect.

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Availability of and ability to acquire properties

Our financial performance is significantly affected by our rental income and changes in fair value of our investment properties which depend heavily on the number, quality and demand for leasing of our investment property portfolio. To optimize the composition of our investment property portfolio, availability of and ability to acquire potential properties will be the key drivers.

During the Track Record Period, we adjusted the composition of our investment property portfolio through the acquisition and disposal of certain investment properties. Going forward, we intend to further optimize our investment property portfolio through acquiring and disposing of investment properties should suitable investment and divestment opportunities arise.

Although there is no certainty in the availability of potential properties in the market, our visionary and experienced management team, who have a proven track record of generating growth, will be able to capture profitable market opportunities in a timely manner should suitable investment opportunities arise. Accordingly, this will enhance our financial performance and asset value in the future.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The financial information has been prepared in accordance with Hong Kong Financial Reporting Standards (“**HKFRSs**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) as set out below. The financial information has been prepared under the historical cost convention, as modified by the revaluation of investment properties which are stated at fair value. Our Group has identified below the accounting policies, estimates and judgements that we believe are the most critical to the preparation of our combined financial information. For more details of our Group’s accounting policies, please refer to Notes 2 and 4 to the Accountant’s Report in Appendix I to this prospectus.

Significant accounting policies

Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable for the sale of services rendered in the ordinary course of our Group’s activities. Revenue is stated net of allowances for credit and other revenue reducing factors after eliminating sales within our Group.

Revenue is recognized when the amount can be reliably measured, it is probable that future economic benefits will flow to our Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activities have been resolved. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Rental income*

Operating lease rental income is recognized on a straight-line basis over the lease period.

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(ii) *Property management fee income*

Property management fee income is recognized when services are rendered.

(iii) *Interest income*

Interest income is recognized on a time proportion basis using the effective interest method.

(iv) *Dividend income*

Dividend income is recognized when the right to receive payment is established.

Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in the combined statements of comprehensive income for the period in which they arise.

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

Non-current assets or disposal groups held-for-sales

Non-current assets or disposal groups are classified as held-for-sales when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Investment properties, which are classified as held for sale, would continue to be measured in accordance with the policies set out elsewhere in Note 2 to the Accountant's Report in Appendix I to this prospectus.

Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortized over the period of the facility to which it relates.

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Borrowings are classified as current liabilities unless our Group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

Current and deferred income tax

The tax expense for the year comprises current and deferred income tax. Tax is recognized in the combined statements of comprehensive income, except to the extent that it relates to items recognized directly in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where our Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

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Critical accounting estimates and judgements

Fair value of investment properties

Investment properties are carried in the combined statements of financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017 at their fair values. The fair values were based on valuation of these properties conducted by the Property Valuer using property valuation techniques which involve certain assumptions of market conditions. Favourable or unfavourable changes to these assumptions and inputs would result in changes in the fair value of our Group's investment properties and corresponding adjustments to the amount of gain or loss recognized in the combined statements of comprehensive income.

RESULTS OF OPERATIONS

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

	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	Percentage of		Percentage of		Percentage of		Percentage of		Percentage of	
	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue	Amount	Revenue
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Revenue	36,751	100.0	37,478	100.0	41,294	100.0	19,622	100.0	23,696	100.0
Cost of sales	(5,610)	(15.3)	(4,636)	(12.4)	(4,305)	(10.4)	(1,961)	(10.0)	(3,884)	(16.4)
Gross profit	31,141	84.7	32,842	87.6	36,989	89.6	17,661	90.0	19,812	83.6
Other income, gains/losses, net	160	0.4	19	0.1	2,297	5.6	2,297	11.7	11,180	47.2
Gain on disposals of investment properties	—	—	64,838	173.0	—	—	—	—	—	—
Changes in fair value of investment properties	77,622	211.2	115,541	308.3	214,266	518.9	72,500	369.5	77,863	328.6
General and administrative expenses	(4,144)	(11.3)	(5,280)	(14.1)	(7,648)	(18.5)	(3,977)	(20.3)	(9,209)	(38.9)
Operating profit	104,779	285.1	207,960	554.9	245,904	595.5	88,481	450.9	99,646	420.5
Finance income/(expenses)	11,503	31.3	2,727	7.3	(44)	(0.1)	—	0	(1,557)	(6.6)
Profit before income tax	116,282	316.4	210,687	562.2	245,860	595.4	88,481	450.9	98,089	413.9
Income tax expenses	(6,972)	(19.0)	(5,180)	(13.8)	(5,015)	(12.1)	(2,352)	(12.0)	(2,679)	(11.3)
Profit for the year/period	<u>109,310</u>	<u>297.4</u>	<u>205,507</u>	<u>548.3</u>	<u>240,845</u>	<u>583.2</u>	<u>86,129</u>	<u>438.9</u>	<u>95,410</u>	<u>402.6</u>

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DESCRIPTION OF SELECTED ITEMS IN COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

During the Track Record Period, our Group's revenue represented rental income from the leasing of our office properties, retail properties and industrial properties and property management fee income. The following table sets forth our rental income from the leasing of our investment properties and property management fee income in Hong Kong for the relevant periods indicated:

	Year ended 31 December						Six months ended 30 June				
	2014		2015		2016		2016		2017		
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	
Rental income —											
Office properties	23,956	65.2	23,268	62.1	23,503	56.9	11,530	58.8	12,269	51.8	
Rental income —											
Retail properties	4,373	11.9	5,524	14.7	6,810	16.5	3,602	18.4	5,125	21.6	
Rental income —											
Industrial properties	4,800	13.1	4,800	12.8	6,758	16.4	2,400	12.2	3,782	16.0	
Property management fee income	3,622	9.8	3,886	10.4	4,223	10.2	2,090	10.7	2,520	10.6	
	<u>36,751</u>	<u>100.0</u>	<u>37,478</u>	<u>100.0</u>	<u>41,294</u>	<u>100.0</u>	<u>19,622</u>	<u>100.0</u>	<u>23,696</u>	<u>100.0</u>	

For the years ended 31 December 2014, 2015 and 2016, excluding the rental income from connected persons of approximately HK\$1.7 million, HK\$3.6 million and HK\$4.9 million, respectively, the rental income recorded by our Group of approximately HK\$31.5 million, HK\$30.0 million and HK\$32.1 million, respectively, were from tenants which are Independent Third Parties. For the six months ended 30 June 2016 and 2017, excluding the rental income from connected persons of approximately HK\$2.5 million and HK\$2.5 million, respectively, the rental income recorded by our Group of approximately HK\$15.0 million and HK\$18.7 million, respectively, were from tenants which are Independent Third Parties. For the existing leases between our Group and the related companies commonly controlled by Mr. Richard Wong *JP*, our Group will continue to lease the relevant properties to related companies commonly controlled by Mr. Richard Wong *JP* upon the Listing and such leases will constitute continuing connected transactions of the Company. Please refer to the section headed "Continuing Connected Transaction" in this prospectus for further details.

During the Track Record Period, our property management fee income was approximately HK\$3.6 million, HK\$3.9 million and HK\$4.2 million, for the years ended 31 December 2014, 2015 and 2016, respectively, and HK\$2.1 million and HK\$2.5 million for the six months ended 30 June 2016 and 2017, respectively. The property management fee income contributed approximately 9.8%, 10.4% and 10.2% for the years ended 31 December 2014, 2015 and 2016, respectively, to our total revenue, and 10.7% and 10.6% for the six months ended 30 June 2016 and 2017, respectively, to our total revenue.

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Cost of sales

The following table sets out a breakdown of our Group's cost of sales during the Track Record Period:

	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Property management fee expenses	2,972	53.0	2,594	56.0	2,526	58.7	1,184	60.4	1,808	46.5
Rates and government rent	1,468	26.2	1,405	30.3	1,537	35.7	693	35.3	835	21.5
Direct operating expenses arising from investment properties generating rental income (<i>Note (a)</i>)	1,170	20.8	637	13.7	242	5.6	84	4.3	1,241	32.0
	<u>5,610</u>	<u>100.0</u>	<u>4,636</u>	<u>100.0</u>	<u>4,305</u>	<u>100.0</u>	<u>1,961</u>	<u>100.0</u>	<u>3,884</u>	<u>100.0</u>

Note (a): The direct operating expenses arising from investment properties generating rental income mainly include cleaning expenses, commission expenses and repairs and maintenances expenses.

Cost of sales amounted to approximately HK\$5.6 million, HK\$4.6 million and HK\$4.3 million for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately HK\$2.0 million and HK\$3.9 million for the six months ended 30 June 2016 and 2017, respectively. Our cost of sales represented approximately 15.3%, 12.4% and 10.4% of total revenue for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately 10.0% and 16.4% of total revenue for the six months ended 30 June 2016 and 2017, respectively.

Other income, gains/losses, net

Our other income, gains/losses, net comprises mainly forfeiture of deposit and gain on disposal of a subsidiary. Other income, gains/losses, net amounted to approximately HK\$0.2 million, HK\$19,000 and HK\$2.3 million for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately HK\$2.3 million and HK\$11.2 million for the six months ended 30 June 2016 and 2017, respectively.

Changes in fair value of investment properties

Our property interests held for generating rental income under operating lease arrangement were measured using fair value model and were accounted for as investment properties during the Track Record Period. The fair value of our investment properties as at 31 December 2014, 2015 and 2016 and 30 June 2016 and 2017 were valued by the Property Valuer on the basis of market value.

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Our changes in fair value of investment properties were unrealized gains of approximately HK\$77.6 million, HK\$115.5 million and HK\$214.3 million for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately HK\$72.5 million and HK\$77.9 million for the six months ended 30 June 2016 and 2017, respectively.

The increase in fair value of investment properties were non-cash and non-taxable gains which did not constitute any cash nor tax effect on our financial results during the Track Record Period. For details of the changes in fair value of our investment properties, please refer to the paragraph headed “Business — Fair value and percentage change in fair value” and the Property Valuation Report in Appendix III to this prospectus.

General and administrative expenses

General and administrative expenses primarily comprise depreciation of property, plant and equipment, employee benefit expenses (including directors’ emoluments), listing expenses and auditor’s remuneration. The following table sets forth a breakdown of our general and administrative expenses during the Track Record Period:

	Year ended 31 December						Six months ended 30 June			
	2014		2015		2016		2016		2017	
	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%	HK\$'000	%
Depreciation of property, plant and equipment	303	7.3	283	5.4	268	3.5	134	3.4	134	1.5
Employee benefit expenses (including directors’ emoluments)	3,630	87.6	4,395	83.2	5,504	72.0	3,002	75.5	3,429	37.2
Listing expenses	—	—	—	—	760	9.9	554	13.9	5,067	55.0
Auditor’s remuneration	70	1.7	200	3.8	250	3.3	80	2.0	85	0.9
Other expenses (Note (a))	141	3.4	402	7.6	866	11.3	207	5.2	494	5.4
	<u>4,144</u>	<u>100.0</u>	<u>5,280</u>	<u>100.0</u>	<u>7,648</u>	<u>100.0</u>	<u>3,977</u>	<u>100.0</u>	<u>9,209</u>	<u>100.0</u>

Note (a): Other expenses mainly include office related expenses, entertainment expenses and legal and professional fees.

General and administrative expenses amounted to approximately HK\$4.1 million, HK\$5.3 million and HK\$7.6 million for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately HK\$4.0 million and HK\$9.2 million for the six months ended 30 June 2016 and 2017, respectively. Our general and administrative expenses represented approximately 11.3%, 14.1% and 18.5% of total revenue for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately 20.3% and 38.9% of total revenue for the six months ended 30 June 2016 and 2017, respectively.

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Finance income and costs

Our finance income comprise our interest income on the amounts due from related parties and our finance expenses comprise our interest expenses on borrowings. Finance income amounted to approximately HK\$11.5 million, HK\$2.7 million and nil for the years ended 31 December 2014, 2015 and 2016, respectively, and nil and nil for the six months ended 30 June 2016 and 2017, respectively. Finance expenses amounted to approximately nil, nil and HK\$44,000 for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately nil and HK\$1.6 million for the six months ended 30 June 2016 and 2017, respectively.

Going forward, we intend to finance our operations and capital expenditures using, among others, borrowings. We expect that this will lead to an increase in the amount of finance expenses.

Income tax expenses

Our Group is subject to income tax on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017. Our income tax expenses were approximately HK\$7.0 million, HK\$5.2 million and HK\$5.0 million for the years ended 31 December 2014, 2015 and 2016, respectively, and approximately HK\$2.4 million and HK\$2.7 million for the six months ended 30 June 2016 and 2017, respectively. The effective tax rate for the years ended 31 December 2014, 2015 and 2016 was approximately 6.0%, 2.5%, and 2.0%, respectively, and approximately 2.7% and 2.7% for the six months ended 30 June 2016 and 2017, respectively. The low effective tax rate is mainly attributable to the non-taxable gains on disposals of and changes in fair value of investment properties.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and had no unresolved income tax issues or disputes with the relevant tax authorities.

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Profit and total comprehensive income for the year attributable to owners of the Company

The following table sets forth our profit and total comprehensive income attributable to owner of our Company excluding changes in fair value of our investment properties and gain on disposals of investment properties during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit and total comprehensive income attributable to owner of our Company	109,310	205,507	240,845	86,129	95,410
Less: Gain on disposals of investment properties	—	(64,838)	—	—	—
Changes in fair value of investment properties	<u>(77,622)</u>	<u>(115,541)</u>	<u>(214,266)</u>	<u>(72,500)</u>	<u>(77,863)</u>
Profit and total comprehensive income attributable to owner of our Company excluding changes in fair value of investment properties and gain on disposals of investment properties	<u>31,688</u>	<u>25,128</u>	<u>26,579</u>	<u>13,629</u>	<u>17,547</u>

Certain of our investment properties have been leased to connected persons during the Track Record Period. For the years ended 31 December 2014, 2015 and 2016, the rental income and property management fee income received from our connected persons amounted to approximately HK\$1.7 million, HK\$3.6 million and HK\$4.9 million, respectively, and the interest income from our connected persons amounted to approximately HK\$11.5 million, HK\$2.7 million and nil, respectively. For the six months ended 30 June 2016 and 2017, the rental income and property management fee income received from our connected persons amounted to approximately HK\$2.5 million and HK\$2.5 million, respectively, and the interest income from our connected persons amounted to nil and nil, respectively.

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The following table sets forth our profit and total comprehensive income attributable to owner of our Company excluding rental income, property management fee income and interest income collected from and management fee expenses paid to our connected persons (without considering any tax effect) during the Track Record Period:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Profit and total comprehensive income attributable to owner of our Company	109,310	205,507	240,845	86,129	95,410
less: rental income and property management fee income received from connected persons (<i>Note 1</i>)	(1,680)	(3,570)	(4,934)	(2,468)	(2,468)
interest income received from connected persons (<i>Note 2</i>)	(11,503)	(2,727)	—	—	—
management fee expenses to connected persons (<i>Note 3</i>)	—	90	—	—	—
Profit and total comprehensive income attributable to owner of our Company excluding rental income and property management fee income received and interest income from connected person	<u>96,127</u>	<u>199,300</u>	<u>235,911</u>	<u>83,661</u>	<u>92,942</u>

Notes:

1. Rental income and property management fee income received from Thing On Capital Limited, a company commonly controlled by Thing On Group Limited.
2. Interest income received from Tsun Fat Finance Company Limited, a company commonly controlled by Thing On Group Limited.
3. Management fee expenses to Thing On Capital Limited, a company commonly controlled by Thing On Group Limited.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Six months ended 30 June 2017 compared to six months ended 30 June 2016

Revenue

Our revenue increased by approximately HK\$4.1 million or 20.8% to approximately HK\$23.7 million for the six months ended 30 June 2017 from approximately HK\$19.6 million for the six months ended 30 June 2016. The increase in revenue of approximately HK\$4.1 million was primarily

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attributable to (i) additional rental income from office and retail properties of approximately HK\$2.3 million mainly due to the acquisition of office space in Bank of East Asia Harbour View Centre (Property 2) in November 2016 and the acquisition of Wanchai Commercial Centre (Properties 4-21 and 30-32) in December 2016; (ii) additional rental income from industrial properties of approximately HK\$1.4 million mainly due to tenancies entered into by our Group in respect of Disposed Property 5; and (iii) additional property management fee income of approximately HK\$0.4 million, partially offset by a decrease in rental income from retail properties of approximately HK\$0.8 million mainly due to Property 33 being vacant during the relevant period.

Cost of sales

Our cost of sales increased by approximately HK\$1.9 million or 98% to approximately HK\$3.9 million for the six months ended 30 June 2017 from approximately HK\$2.0 million for the six months ended 30 June 2016. The increase was primarily attributable to (i) increase in direct operating expenses arising from investment properties generating rental income of approximately HK\$0.8 million mainly due to the one-off repair and maintenance work in relation to Bank of East Asia Harbour View Centre (Properties 2 and 3); and (ii) increase in property management fee expenses and other cleaning expenses, commission expenses and repairs and maintenance expenses of approximately HK\$1.1 million mainly due to the acquisition of office space in Bank of East Asia Harbour View Centre (Property 2) in November 2016, the acquisition of office space in Wanchai Commercial Centre (Properties 4-21 and 30-32) in December 2016 and the acquisition of industrial properties (Disposed Property 5) in June 2016 and subsequently sold in May 2017.

Other income, gains/losses, net

Other income, gains/losses, net increased by approximately HK\$8.9 million or 386.7% to approximately HK\$11.2 million for the six months ended 30 June 2017 from approximately HK\$2.3 million for the six months ended 30 June 2016. The increase was primarily attributable to the increase in gain on disposal of a subsidiary of approximately HK\$8.2 million due to the disposal of Fession Group.

Changes in fair value of investment properties

Change in fair value of investment properties increased by approximately HK\$5.4 million or 7.4% to approximately HK\$77.9 million for the six months ended 30 June 2017 from approximately HK\$72.5 million for the six months ended 30 June 2016. The increase was primarily attributable to the increase in market value of our investment properties.

General and administrative expenses

General and administrative expenses increased by approximately HK\$5.2 million or 131.6% to approximately HK\$9.2 million for the six months ended 30 June 2017 from approximately HK\$4.0 million for the six months ended 30 June 2016. The increase was primarily attributable to the increase in listing expenses of approximately HK\$4.5 million.

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Finance income and costs

Finance costs increased to approximately HK\$1.6 million for the six months ended 30 June 2017 from nil for the six months ended 30 June 2016. The increase was attributable to the increase in interest expenses of approximately HK\$1.6 million due to increase in borrowings in the amount of HK\$330 million.

Income tax expenses

Income tax expenses increased by approximately HK\$0.3 million or 13.9% to approximately HK\$2.7 million for the six months ended 30 June 2017 from approximately HK\$2.4 million for the six months ended 30 June 2016. The increase was generally in line with the increase in our profit before taxation for the corresponding period. The effective tax rate remained unchanged at 2.7% for the six months ended 30 June 2016 and 2017.

Profit for the period

Profit for the period increased by approximately HK\$9.3 million or 10.8% to approximately HK\$95.4 million for the six months ended 30 June 2017 from approximately HK\$86.1 million for the six months ended 30 June 2016 mainly due to (i) increase in our rental income; (ii) increase in changes in fair value of investment properties; and (iii) increase in other income, gains/losses, net, partially offset by increase in general and administrative expenses.

Year ended 31 December 2016 compared to year ended 31 December 2015

Revenue

Our revenue increased by approximately HK\$3.8 million or 10.2% to approximately HK\$41.3 million for the year ended 31 December 2016 from approximately HK\$37.5 million for the year ended 31 December 2015. The increase in revenue of approximately HK\$3.8 million was primarily attributable to (i) additional rental income from industrial properties of approximately HK\$2.0 million mainly due to new tenancies entered into by our Group in respect of Disposed Property 5 acquired in June 2016; (ii) additional rental income from retail properties of approximately HK\$1.3 million mainly due to the renewal of existing tenancies; and (iii) additional property management fee income of approximately HK\$0.3 million.

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Cost of sales

Our cost of sales decreased by HK\$0.3 million or 7.1% from approximately HK\$4.6 million for the year ended 31 December 2015 to approximately HK\$4.3 million for the year ended 31 December 2016. The decrease was primarily due to decrease in direct operating expenses of approximately HK\$0.4 million, which was mainly attributable to decrease in commission expenses related to tenancy renewal.

Other income, gains/losses, net

Other income, gains/losses, net increased to approximately HK\$2.3 million for the year ended 31 December 2016 from approximately HK\$19,000 for the year ended 31 December 2015. The other income, gains/losses, net for the year ended 31 December 2016 represented the gain on disposal of a subsidiary whereas the other income, gains/losses, net for the year ended 31 December 2015 represented sundries.

Changes in fair value of investment properties

Changes in fair value of investment properties increased by approximately HK\$98.7 million or 85.4% to HK\$214.3 million for the year ended 31 December 2016 from HK\$115.5 million for the year ended 31 December 2015. The increase was mainly due to the increase in market value of our investment properties. For details of the change in fair value of each of our investment properties, please refer to the paragraph “Fair value and percentage change in fair value” in the section headed “Business — Investment Property Portfolio Performance” in this prospectus.

General and administrative expenses

General and administrative expenses increased by approximately HK\$2.4 million or 44.8% to approximately HK\$7.7 million for the year ended 31 December 2016 from approximately HK\$5.3 million for the year ended 31 December 2015. The increase was primarily due to increase in employee benefit expenses (including directors’ emoluments) of approximately HK\$1.1 million and listing expenses of approximately HK\$0.8 million. The increase in employee benefit expenses (including directors’ emoluments) was mainly due to the employment of one senior management and the increase in the average salaries of staff.

Finance income and costs

Finance income decreased to nil for the year ended 31 December 2016 from approximately HK\$2.7 million for the year ended 31 December 2015. The decrease was attributable to the decrease in interest income from related companies. Finance costs increased to approximately HK\$44,000 for the year ended 31 December 2016 from nil for the year ended 31 December 2015. The increase was attributable to the increase in interest expenses on borrowings.

Income tax expenses

Income tax expenses decreased by approximately HK\$0.2 million or 3.2% to HK\$5.0 million for the year ended 31 December 2016 from HK\$5.2 million for the year ended 31 December 2015. The

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decrease was mainly due to decrease in deferred income tax expense from approximately HK\$1.0 million for the year ended 31 December 2015 to HK\$0.1 million for the year ended 31 December 2016, partially offset by an increase in profits tax of approximately HK\$0.7 million. The effective tax rate decreased to approximately 2.0% for the year ended 31 December 2016 from 2.5% for the year ended 31 December 2015. The decrease in effective tax rate was mainly due to increase in non-taxable change in fair value of investment properties of approximately HK\$98.7 million.

Profit for the year

Profit for the year increased by approximately HK\$35.3 million or 17.2% to approximately HK\$240.8 million for the year ended 31 December 2016 from approximately HK\$205.5 million for the year ended 31 December 2015 mainly due to increase in changes in fair value of investment properties and increase in our rental income partially offset by the decrease in gain on disposal of investment properties.

Year ended 31 December 2015 compared to year ended 31 December 2014

Revenue

Our revenue increased by approximately HK\$0.7 million or 2.0% to approximately HK\$37.5 million for the year ended 31 December 2015 from approximately HK\$36.8 million for the year ended 31 December 2014. The increase in revenue was primarily attributable to additional rental income from investment properties of approximately HK\$0.5 million due to the renewal of existing leases.

Cost of sales

Our cost of sales decreased from HK\$1.0 million or 17.4% from approximately HK\$5.6 million for the year ended 31 December 2014 to approximately HK\$4.6 million for the year ended 31 December 2015. The decrease was primarily due to (i) the decrease in property management fee expenses of approximately HK\$0.4 million due to the disposal of two properties in 2015; and (ii) the decrease in direct operating expenses of approximately HK\$0.5 million due to the decrease in repair and maintenance fees for the year ended 31 December 2015, as repair and maintenance on certain investment properties were carried out in 2014.

Other income, gains/losses, net

Other income, gains/losses, net reduced by approximately HK\$141,000 or 88.1% to approximately HK\$19,000 for the year ended 31 December 2015 from approximately HK\$160,000 for the year ended 31 December 2014. The other income, gains/losses, net for the year ended 31 December 2015 represented sundries whereas the other income, gains/losses, net for the year ended 31 December 2014 represented the forfeiture of deposits.

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Changes in fair value of investment properties

Changes in fair value of investment properties increased by approximately HK\$37.9 million or 48.9% to HK\$115.5 million for the year ended 31 December 2015 from HK\$77.6 million for the year ended 31 December 2014. The increase was primarily due to the increase in market value of our investment properties. For details of the change in fair value of each of our investment properties, please refer to the paragraph “Fair value and percentage change in fair value” in the section headed “Business — Investment Property Portfolio Performance” in this prospectus.

General and administrative expenses

General and administrative expenses increased by approximately HK\$1.1 million or 27.4% to approximately HK\$5.3 million for the year ended 31 December 2015 from approximately HK\$4.1 million for the year ended 31 December 2014. The increase was primarily due to the increase in employee benefit expenses (including directors’ emoluments). The increase in employee benefit expenses (including directors’ emoluments) was mainly due to the increase in the average salaries of staff.

Finance income and costs

Finance income decreased by approximately HK\$8.8 million or 76.3% to approximately HK\$2.7 million for the year ended 31 December 2015 from approximately HK\$11.5 million for the year ended 31 December 2014. The decrease was attributable to the decrease in interest income from related companies.

Income tax expenses

Income tax expenses decreased by approximately HK\$1.8 million or 25.7% to HK\$5.2 million for the year ended 31 December 2015 from HK\$7.0 million for the year ended 31 December 2014. The decrease was mainly due to decrease in deferred income tax expense from HK\$6.6 million for the year ended 31 December 2014 to HK\$1.0 million for the year ended 31 December 2015, partially offset by an increase in profits tax of approximately HK\$3.8 million. The effective tax rate decreased to approximately 2.5% for the year ended 31 December 2015 from 6.0% for the year ended 31 December 2014. The decrease in effective tax rate was mainly due to increase in non-taxable changes in fair value of investment properties of approximately HK\$37.9 million.

Profit for the year

Profit for the year increased by approximately HK\$96.2 million or 88.0% to approximately HK\$205.5 million for the year ended 31 December 2015 from approximately HK\$109.3 million for the year ended 31 December 2014 mainly due to increase in gain on disposals of investment properties and changes in fair value of investment properties partially offset by the decrease in interest income from a related company.

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COMBINED STATEMENTS OF FINANCIAL POSITION

The following table sets forth the combined statements of financial position during the Track Record Period, details of which are set out in the Accountant's Report in Appendix I to this prospectus.

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
ASSETS				
Non-current assets				
Investment properties	1,385,900	1,305,020	1,639,100	1,584,833
Property, plant and equipment	12,879	12,596	12,328	12,194
Deferred income tax assets	1,016	—	—	—
Prepayment	—	551	—	—
	<u>1,399,795</u>	<u>1,318,167</u>	<u>1,651,428</u>	<u>1,597,027</u>
Current assets				
Trade receivables	420	3,593	—	—
Prepayment, deposits and other receivables	753	517	792	2,145
Amounts due from related companies	202,553	22,150	—	—
Tax prepayment	344	1,530	437	27
Cash and bank balances	2,558	2,207	30,946	2,036
	<u>206,628</u>	<u>29,997</u>	<u>32,175</u>	<u>4,208</u>
Assets of disposal group classified as held for sales	—	—	505,216	—
	<u>206,628</u>	<u>29,997</u>	<u>537,391</u>	<u>4,208</u>
Total assets	<u>1,606,423</u>	<u>1,348,164</u>	<u>2,188,819</u>	<u>1,601,235</u>
EQUITY				
Combined share capital	—	—	—	—
Reserves	558,899	764,406	1,005,251	1,100,661
Total equity attributable to owner of our Company	<u>558,899</u>	<u>764,406</u>	<u>1,005,251</u>	<u>1,110,661</u>
LIABILITIES				
Non-current liabilities				
Deferred income tax liabilities	1,029	1,014	1,134	1,188
Borrowings	—	—	330,000	330,000
	<u>1,029</u>	<u>1,014</u>	<u>331,134</u>	<u>331,188</u>
Current liabilities				
Other payables and accruals	11,690	11,051	64,533	16,219
Amount due to ultimate holding company	1,034,516	570,330	781,693	150,853
Tax payable	289	1,363	2,202	2,314
	<u>1,046,495</u>	<u>582,744</u>	<u>848,428</u>	<u>169,386</u>
Liabilities of disposal group classified as held for sales	—	—	4,006	—
	<u>1,046,495</u>	<u>582,744</u>	<u>852,434</u>	<u>169,386</u>
Total liabilities	<u>1,047,524</u>	<u>583,758</u>	<u>1,183,568</u>	<u>500,574</u>
Net current liabilities	<u>(839,867)</u>	<u>(552,747)</u>	<u>(315,043)</u>	<u>(165,178)</u>
Total equity and liabilities	<u>1,606,423</u>	<u>1,348,164</u>	<u>2,188,819</u>	<u>1,601,235</u>

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DESCRIPTION OF CERTAIN ITEMS OF COMBINED STATEMENTS OF FINANCIAL POSITION

Trade receivables

Our trade receivables mainly comprise rental income receivable from a related company.

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Related company	<u>420</u>	<u>3,593</u>	<u>—</u>	<u>—</u>

The invoice date of trade receivables is the same as the invoice due date. The ageing analysis of trade receivables that are past due but not impaired is set out as below.

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Under 6 months	420	2,470	—	—
6 months to 1 year	<u>—</u>	<u>1,123</u>	<u>—</u>	<u>—</u>
	<u>420</u>	<u>3,593</u>	<u>—</u>	<u>—</u>

As at 31 December 2014 and 2015, none of our Group's trade receivables was impaired. As at 31 December 2016 and 30 June 2017, the balance of our trade receivables was nil and nil, respectively.

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Other payables and accruals

Our other payables and accruals mainly represented our rental deposits, rental receipts in advance, accruals and other payables such as audit fees and other service fees, and deposits for disposal of subsidiaries. The following table sets forth a breakdown of our other payables and accrual as at each reporting date:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental deposits	9,600	8,994	10,619	10,958
Rental receipt in advance	2,013	1,763	531	816
Accruals and other payables	77	294	2,160	4,445
Deposits for disposal of subsidiaries (Note)	<u>—</u>	<u>—</u>	<u>51,223</u>	<u>—</u>
	<u>11,690</u>	<u>11,051</u>	<u>64,533</u>	<u>16,219</u>

Note: The deposit for disposal of subsidiaries represents the deposit received for the disposal of Fession Group Limited. For the details of the transaction, please refer to Note 25 of Appendix I to this prospectus.

Amounts due from related companies

As at 31 December 2014, 2015, 2016 and 30 June 2017, we had amounts due from related companies of approximately HK\$202.6 million, HK\$22.2 million, nil and nil, respectively.

Amount due to ultimate holding company

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Amount due to ultimate holding company	1,034,516	570,330	781,693	150,853

During the Track Record Period, the amount due to ultimate holding company represented principally the financing to our Group for the acquisition of investment properties. The amount due to ultimate holding company are unsecured, interest-free and repayable on demand. The carrying amount of the amount due to ultimate holding company are denominated in Hong Kong dollars.

During the six months ended 30 June 2017, HK\$630.8 million of amount due to ultimate holding company was settled and the remaining balance of the amount due to the ultimate holding company as at 31 October 2017 was approximately HK\$154.3 million, which has been capitalized before Listing on 15 December 2017.

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Borrowings

Our Group's borrowings at each reporting date were repayable as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Between 2 and 5 years	—	—	330,000	330,000
Total	—	—	330,000	330,000

The exposure of our Group's borrowings to interest rate changes and the contractual repricing dates at each reporting date are as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
6 months or less	—	—	330,000	330,000
	—	—	330,000	330,000

The borrowings represent a long-term loan from a subsidiary of financial institution and it will be matured in 2019 and bears an effective interest rate of 1.22% and 0.97% per annum as at 31 December 2016 and 30 June 2017 (2014 and 2015: Nil), which was calculated at the rate of one-month HIBOR at the end of each month plus half a percentage (0.5%) per annum. The borrowings of approximately HK\$330.0 million has been fully utilized for the acquisition of investment properties in the fourth quarter of 2016. The loan is secured by the unlimited personal guarantee of Mr. Richard Wong *JP* which will be released and replaced by corporate guarantees of our Company upon the Listing.

We regularly evaluate our property investment portfolio, which includes acquisitions and disposals when the right opportunities arise. During the Track Record Period, we acquired a number of investment properties with an aggregate consideration of HK\$641.7 million and disposed of a number of investment properties with an aggregate consideration of HK\$315.7 million. For the two years ended 31 December 2015, we funded the acquisition of investment properties by advances from our ultimate holding company and proceeds from our disposals and cash generated from our operations. Our Directors believe that obtaining lower cost of funding is crucial to our expansion in light of the rising interest rates. As such, we obtained the aforementioned HK\$330 million long-term loan in 2016 in order to capture the relatively low interest rate financing, which has been fully utilized for the acquisition of investment properties in the fourth quarter of 2016. Proceeds from disposal of two investment properties in the first half of 2017 were applied to partially settle the amount due to the ultimate holding company, with the remaining balance being capitalized before Listing on 15 December 2017, thereby strengthening our Company's capital base. For further information, please refer to "Net current liabilities" in this section.

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Investment properties

Investment properties represented the properties held by our Group for generating rental income. The fair value of our investment properties amounted to approximately HK\$1,385.9 million, HK\$1,305.0 million, HK\$1,639.1 million and HK\$1,584.9 million as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively. The amount recorded was based on the fair value arrived at by the Property Valuer and were accounted for in accordance with applicable accounting standards.

The fair value of our investment properties decreased to approximately HK\$1,305.0 million as at 31 December 2015 from approximately HK\$1,385.9 million as at 31 December 2014. The decrease was mainly due to disposal of two office properties net off by the acquisition of a retail property.

The fair value of our investment properties increased to approximately HK\$1,639.1 million as at 31 December 2016. The increase was mainly due to acquisition of 19 office properties and three retail properties and disposal of an industrial property and the change in fair value of investment properties.

The fair value of our investment properties decreased to approximately HK\$1,584.9 million as at 30 June 2017. The decrease was mainly due to disposal of Disposed Property 5 partially offset by increase in fair value gains of our investment properties.

Net assets per Share

Assuming the amount due to ultimate holding company of our Group had been fully capitalized, the adjusted combined net tangible assets of our Group attributable to owner of the Company would have been approximately HK\$1,593.4 million, HK\$1,334.7 million, HK\$1,786.9 million and HK\$1,251.5 million as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively, and, based on 720,000,000 Shares (being the number of Shares expected to be in issue immediately after completion of the Global Offering, without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option) to be issued, the adjusted combined net tangible assets of our Group attributable to owners of our Company per Share, if adjusted by reference to those adjusted net assets, would have been approximately HK\$2.21, HK\$1.85, HK\$2.48 and HK\$1.74 as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively.

LIQUIDITY FINANCIAL AND CAPITAL RESOURCES

Our operation has been funded through a combination of cash generated from our operation, advances from our ultimate holding company and debt financing during the Track Record Period. Upon completion of the Global Offering, our liquidity will be satisfied by a combination of proceeds from the Global Offering and cash generated from our operations.

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Net current liabilities

The table below sets out selected information for our current liabilities as at 31 December 2014, 2015, 2016, 30 June 2017 and 31 October 2017, respectively:

	As at 31 December			As at	As at
	2014	2015	2016	30 June	31 October
	HK\$'000	HK\$'000	HK\$'000	2017	2017
	(audited)	(audited)	(audited)	(audited)	(unaudited)
Current Assets					
Trade receivables	420	3,593	—	—	123
Prepayment, deposits and other receivables	753	517	792	2,145	2,647
Amounts due from related companies	202,553	22,150	—	—	—
Tax prepayment	344	1,530	437	27	—
Cash and bank balances	2,558	2,207	30,946	2,036	11,132
	206,628	29,997	32,175	4,208	13,902
Assets of disposal group classified as held for sales	—	—	505,216	—	—
	206,628	29,997	537,391	4,208	13,902
Current liabilities					
Other payables and accruals	11,690	11,051	64,533	16,219	14,462
Amount due to ultimate holding company	1,034,516	570,330	781,693	150,853	154,264
Tax payable	289	1,363	2,202	2,314	2,070
	1,046,495	582,744	848,428	169,386	170,796
Liabilities of disposal group classified as held for sales	—	—	4,006	—	—
	1,046,495	582,744	852,434	169,386	170,796
Net current liabilities	(839,867)	(552,747)	(315,043)	(165,178)	(156,894)

We recorded net current liabilities of approximately HK\$839.9 million, HK\$552.7 million, HK\$315.0 million, HK\$165.2 million and HK\$156.9 million as at 31 December 2014, 2015, 2016, 30 June 2017 and 31 October 2017, respectively.

As at 31 December 2014, 2015, 2016, 30 June 2017 and 31 October 2017, we incurred net current liabilities principally due to (i) the utilization of advances from ultimate holding company to finance our acquisitions of investment properties; and (ii) the amount due to ultimate holding company of approximately HK\$1,034.5 million, HK\$570.3 million, HK\$781.7 million, HK\$150.9 million and HK\$154.3 million as at 31 December 2014, 2015, 2016, 30 June 2017 and 31 October 2017, respectively, were classified as current liabilities according to the relevant accounting standards as there were no fixed terms of repayment.

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As at 31 October 2017, being the latest practicable date for the purpose of our indebtedness statement, the remaining balance of the amount due to ultimate holding company was approximately HK\$154.3 million, which has been capitalized before Listing and we expect our net current liabilities position to improve.

Our Group's net current liabilities decreased from approximately HK\$165.2 million as at 30 June 2017 to approximately HK\$156.9 million as at 31 October 2017. The decrease was primarily attributable to (i) the increase in cash and bank balances of approximately HK\$9.1 million mainly due to the recurring rental income received; and (ii) the decrease in other payable and accruals of approximately HK\$1.8 million mainly due to decrease in rental deposits partially offset by the increase in amount due to ultimate holding company of approximately HK\$3.4 million for the payment of listing expenses.

Our Group's net current liabilities decreased from approximately HK\$315.0 million as at 31 December 2016 to approximately HK\$165.2 million as at 30 June 2017. The decrease was primarily attributable to (i) the decrease in other payables and accruals mainly due to the decrease in deposits received for the disposal of Fession Group in the amount of HK\$51.2 million; and (ii) the decrease in amount due to our holding company of approximately HK\$630.8 million partially offset by (i) decrease in the assets of Fession Group classified as held for sale of approximately HK\$505.2 million due to completion of the disposal of Fession Group; and (ii) decrease in cash and bank balances of approximately HK\$28.9 million.

Our Group's net current liabilities decreased from approximately HK\$552.7 million as at 31 December 2015 to approximately HK\$315.0 million as at 31 December 2016. The decrease was mainly due to the reclassification of the assets of Fession Group in the amount of HK\$505.2 million as current assets as it was held for sale partially offset by (i) increase in amount due to our holding company of approximately HK\$211.4 million; and (ii) increase in other payables and accruals of approximately HK\$53.5 million.

Our Group's net current liabilities decreased from approximately HK\$839.9 million as at 31 December 2014 to approximately HK\$552.7 million as at 31 December 2015. The decrease was primarily due to settlement of amount due to ultimate holding company of approximately HK\$464.2 million offset by repayment of amounts due from related companies of approximately HK\$180.4 million.

Our net current liabilities positions primarily reflected the business nature of property investment business. During the Track Record Period, we financed our non-current assets such as investment properties mainly with borrowings and advances from ultimate holding company. Our borrowings were long term loans with specified repayment dates, while the advances from our ultimate holding company were without any fixed terms of repayment. As a result of such clause, the advances from our ultimate holding company were classified as current liabilities. However, we have not received any demand for early repayment from our ultimate holding company. Thus, our net current liabilities were incurred when our properties were classified as investment properties which are non-current assets.

Our Directors have given careful consideration to the going concern of our Group in light of the fact that we had net current liabilities of approximately HK\$156.9 million as at 31 October 2017. Our Group's ability to continue as a going concern is dependent on the ongoing availability of funds to our

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Group. Based on the fact that (i) our Group did not encounter difficulty in renewal of facility up to the date of this Prospectus and upon maturity; (ii) our Group has capitalized the amount due to ultimate holding company of approximately HK\$154.3 million as at 31 October 2017 before Listing; and (iii) our Group will obtain the banking facilities of an amount up to 50% of the market value of properties held by the Group according to the indicative loan term sheet to enable our Group to meet the liabilities as and when they fall due, our Directors are of the opinion that we will have the necessary funds to finance our working capital and to meet our capital expenditure requirements.

Cash flow analysis

The following table summarizes, for the Track Record Period, our combined statements of cash flows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Net cash generated from operating activities	22,454	19,997	30,355	11,876	8,973
Net cash generated from/(used in) investing activities	—	229,567	(527,748)	(1,444)	(1,021)
Net cash (used in)/generated from financing activities	(21,485)	(249,915)	527,229	(9,441)	(37,959)
Net increase/(decrease) in cash and cash equivalents	969	(351)	29,836	991	(30,007)
Cash and cash equivalents at beginning of year/period	<u>1,589</u>	<u>2,558</u>	<u>2,207</u>	<u>2,207</u>	<u>32,043</u>
Cash and cash equivalents at the end of year/period	<u><u>2,558</u></u>	<u><u>2,207</u></u>	<u><u>32,043</u></u>	<u><u>3,198</u></u>	<u><u>2,036</u></u>

Operating activities

During our Track Record Period, our cash inflow from operating activities was principally from the rental income received. Our cash outflow used in operating activities was principally payment for direct operating expenses and general and administrative expenses.

For the six months ended 30 June 2017, our Group had net cash generated from operating activities of approximately HK\$9.0 million. Such cash inflow was primarily attributable to (i) cash inflows from operating activities before change in working capital of approximately HK\$10.8 million; and (ii) an increase in other payables and accruals received of approximately HK\$0.8 million, partially offset by a payment of Hong Kong profits tax of approximately HK\$2.0 million.

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For the year ended 31 December 2016, our Group had net cash generated from operating activities of approximately HK\$30.4 million. Such cash inflow was primarily attributable to (i) cash inflows from operating activities before changes in working capital of approximately HK\$29.6 million; and (ii) an increase in other payables and accruals received of approximately HK\$3.9 million, partially offset by a payment of Hong Kong profits tax of approximately HK\$3.1 million.

For the year ended 31 December 2015, our Group had net cash generated from operating activities of approximately HK\$20.0 million. Such cash inflow was primarily attributable to (i) cash inflows from operating activities before changes in working capital of approximately HK\$27.9 million; and (ii) a decrease in deposits and other receivables of approximately HK\$0.2 million, partially offset by (i) an increase in trade receivables of approximately HK\$3.2 million; (ii) a decrease in other payables and accruals of approximately HK\$0.6 million; and (iii) a payment of Hong Kong profit tax of approximately HK\$4.3 million.

For the year ended 31 December 2014, our Group had net cash generated from operating activities of approximately HK\$22.5 million. Such net cash inflow was primarily attributable to (i) cash inflows from operating activities before changes in working capital of approximately HK\$27.5 million, partially offset by (i) an increase in trade receivables of approximately HK\$0.4 million; (ii) a decrease in other payables and accruals of approximately HK\$4.0 million; and (iii) a payment of Hong Kong profit tax of approximately HK\$0.5 million.

Investing activities

During the Track Record Period, our cash inflow from investing activities was principally proceeds from disposals of investment properties. Our cash outflow used in investing activities was principally for (i) deposit paid for purchases of investment properties and acquisition of subsidiaries; and (ii) purchases of investment properties and acquisition of subsidiaries.

For the six months ended 30 June 2017, our Group had net cash used in investing activities of approximately HK\$1.0 million which was primarily attributable to (i) net cash outflow of HK\$0.1 million in respect of the disposal of Fession Group; and (ii) net cash outflow of HK\$0.9 million in respect of the disposal of Pop Act Limited and Fresh One Inc.

For the year ended 31 December 2016, our Group had net cash used in investing activities of approximately HK\$527.7 million which was attributable to the net cash outflow for the acquisition of investment properties through acquisition of subsidiary companies.

For the year ended 31 December 2015, our Group had net cash generated from investing activities of approximately HK\$229.6 million which was primarily attributable to proceeds from disposals of our investment properties.

For the year ended 31 December 2014, our Group had net cash generated from investing activities of nil.

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Financing activities

During the Track Record Period, our cash inflow from financing activities was principally from proceeds from borrowings. Our cash outflow used in financing activities was principally for the repayments of advances from our ultimate holding company.

For the six months ended 30 June 2017, our Group had net cash used in financing activities of approximately HK\$38.0 million which was primarily attributable to repayment of advances from our ultimate holding company of approximately HK\$37.2 million and payment of listing expense of approximately HK\$0.7 million.

For the year ended 31 December 2016, our Group had net cash generated from financing activities of approximately HK\$527.2 million which was primarily attributable to the new advances from our ultimate holding company of approximately HK\$197.5 million and borrowings of approximately HK\$330.0 million for acquisition of new investment properties.

For the year ended 31 December 2015, our Group had net cash used in financing activities of approximately HK\$249.9 million which was attributable to the repayments of advances from our ultimate holding company utilizing proceeds from disposals of investment properties.

For the year ended 31 December 2014, our Group had net cash used in financing activities of approximately HK\$21.5 million which was attributable to the repayments of advances from our ultimate holding company.

CAPITAL EXPENDITURES

During the Track Record Period, we funded acquisition of investment properties by internal resources, property disposal proceeds, advances from our ultimate holding company and debt financing.

Our Group's capital expenditures have principally consisted of expenditures on acquisitions of investment properties for our operations. During the Track Record Period, our Group incurred capital expenditures of approximately HK\$18.4 million, HK\$42.7 million and HK\$629.8 million for the years ended 31 December 2014, 2015 and 2016, respectively, and nil for the six months ended 30 June 2017. Since the end of the Track Record Period up to the Latest Practicable Date, we did not make any material capital expenditures.

For the year ending 31 December 2018, we estimate that the capital expenditures will amount to approximately HK\$500.5 million primarily for the acquisition of investment properties.

Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

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Our principal business activity is leasing of investment properties which provided a stable cash inflow during the Track Record Period. After the Listing, we anticipate that the funding required for future capital expenditure will be principally financed by cash generated from operations and borrowings, but our Group may consider raising additional funds as and when appropriate. Taking into account the cash and bank balances of approximately HK\$2.0 million in our Group's combined statement of financial position as at 30 June 2017, and the availability of our Group's investment properties as financial collaterals where necessary, our Directors consider our Group is able to fund its property acquisitions after the Listing when suitable opportunities arise.

INVESTMENT PROPERTY VALUATION

The fair value of our investment properties of our Group from our audited combined financial statements as at 30 June 2017 was HK\$1,584.8 million while the unaudited fair value of our investment properties as valued by the Property Valuer as at 30 September 2017 was HK\$1,619.1 million. The table below sets forth our reconciliation of the fair value of our investment properties from our audited combined financial statements as at 30 June 2017 to the unaudited fair value of our investment properties as at 30 September 2017 as valued by the Property Valuer:

	<u>HK\$'000</u>
Fair value of our investment properties as at 30 June 2017	1,584,833
Movements for the three months from 30 June 2017 to 30 September 2017	
Add: Fair value gains of our investment properties	<u>34,244</u>
Fair value as at 30 September 2017 (unaudited)	<u>1,619,077</u>
Valuation as at 30 September 2017 as per valuation report set out in Appendix III to this prospectus	<u>1,619,077</u>

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease arrangements — as lessor

Our Group leases our investment properties under operating lease arrangements, with leases negotiated for terms ranging from two to three years.

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Future lease receipts

Our Group has future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
No later than one year	27,619	31,139	31,468	27,961
Later than one year and no later than five years	24,540	14,358	23,947	27,214
	<u>52,159</u>	<u>45,497</u>	<u>55,415</u>	<u>55,175</u>

Capital commitments

We had capital commitments for the addition of investment property which were contracted but not provided for in our combined financial statements during our Track Record Period, as set out in the table below:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Contracted but not provided for	<u>—</u>	<u>200</u>	<u>—</u>	<u>—</u>

INDEBTEDNESS

The following table sets forth our total debts as at 31 December 2014, 2015, 2016, 30 June 2017 and 31 October 2017, respectively:

	As at 31 December			As at 30 June	As at 31 October
	2014	2015	2016	2017	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Borrowings	—	—	330,000	330,000	330,000
Amount due to ultimate holding company	1,034,516	570,330	781,693	150,853	154,264
	<u>1,034,516</u>	<u>570,330</u>	<u>1,111,693</u>	<u>480,853</u>	<u>484,264</u>

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As at 31 October 2017, being the latest practicable date of our indebtedness statement, except as disclosed in the table above, our Group did not have any outstanding debt securities, borrowings, indebtedness, or mortgages on a combined basis, furthermore, our Group did not have any unutilized bank facilities. Save as disclosed, there is no material adverse change in our indebtedness. The remaining balance of the amount due to ultimate holding company of HK\$154.3 million as at 31 October 2017 has been capitalized before Listing on 15 December 2017. For details of the fluctuation of our indebtedness, please refer to the paragraph headed “Description of Certain Items of Combined Statements of Financial Position” in this section.

Our directors confirm that there was no material covenants or any breach in financial covenants relating to our borrowings and no material defaults by our Group in payment of our trade and non-trade payables and borrowings during the Track Record Period and up to the Latest Practicable Date.

Contingent liabilities

As at 31 October 2017, being the latest practicable date for the purpose of our indebtedness statement, we did not have any material contingent liabilities or guarantees.

Save as aforesaid or as otherwise disclosed herein, and apart from intra-group liabilities, other payables and accruals and tax payable, our Group did not have outstanding indebtedness or any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities as at 31 October 2017, being the latest practicable date for the purpose of our indebtedness statement.

WORKING CAPITAL

We manage our cash flow and working capital by closely monitoring and managing our operations and expansion plans. We also diligently review future cash flow requirements and adjust our operations and expansion plans, if necessary, to ensure that we maintain sufficient working capital to support our business operations and expansion plans.

Working Capital Sufficiency Statement

Taking into consideration of the financial resources presently available to us, including cash and bank balances and existing borrowings, the expected cash generated from operations, banking facilities of an amount up to 50% of the market value of properties held by the Group to be obtained according to the indicative loan term sheet and the estimated net proceeds from the Global Offering, our Directors confirm, after due and careful enquiry, that we have sufficient working capital for our present and future requirement for at least the next 12 months from the date of this prospectus.

After due consideration of the foregoing factors and discussion with our management, the Sole Sponsor concurs with the Directors’ foregoing opinion.

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OFF-BALANCE SHEET ARRANGEMENT

During the Track Record Period and up to the Latest Practicable Date, our Group did not have any material off-balance sheet arrangement or contingencies.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountant's Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favorable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interests of our Shareholders as a whole.

KEY FINANCIAL RATIOS

The following table sets forth our key financial ratios during the Track Record Period:

	For the year ended 31 December			For the six months ended 30 June
	2014	2015	2016	2017
	Return on equity ⁽¹⁾	19.6%	26.9%	24.0%
Return on total assets ⁽²⁾	6.8%	15.2%	11.0%	12.0% ⁽⁶⁾
	As at 31 December			As at 30 June
	2014	2015	2016	2017
Current ratio ⁽³⁾	0.2	0.1	0.6	0.02
Gearing ratio ⁽⁴⁾	N/A	N/A	32.8%	30.0%
Net debt to equity ratio ⁽⁵⁾	N/A	N/A	29.7%	29.8%

Notes:

- (1) Return on equity for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively was calculated based on the profit attributable to equity holders for the respective periods divided by the total equity attributable to our owners as of the respective dates and multiplied by 100%.
- (2) Return on total assets for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, respectively was calculated based on the profit attributable to equity holders for the respective periods divided by the total assets of the respective periods and multiplied by 100%.
- (3) Current ratios as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively were calculated based on the total current assets as of the respective dates divided by the total current liabilities as at the respective dates.

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- (4) Gearing ratios as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively were calculated based on the total debt as of the respective dates divided by equity attributable to our owners as at the respective dates and multiplied by 100%.
- (5) Net debt to equity ratios as of 31 December 2014, 2015, 2016 and 30 June 2017 were calculated based on net debts (being total debt net of cash and cash equivalents) as of the respective dates divided by equity attributable to our owners as of the respective dates.
- (6) For the six months ended 30 June 2017, return on equity and return on total assets are annualized by dividing the actual profit for the period by 181 days and multiplied by 365 days.

Return on equity

Our return on equity was 19.6%, 26.9% and 24.0% for the years ended 31 December 2014, 2015 and 2016, respectively, and 17.5% for the six months ended 30 June 2017. The increase for the year ended 31 December 2015 was mainly due to (i) the increase in changes in fair value on investment properties of approximately HK\$37.9 million; (ii) the gain on disposal of investment properties of approximately HK\$64.8 million; and (iii) the increase in our rental income from our operation. The decrease for the year ended 31 December 2016 was mainly due to increase in reserve attributable to profit realized for the year ended 31 December 2016. The decrease for the six months ended 30 June 2017 was mainly due to the decrease in change in fair value of investment properties of approximately HK\$136.4 million.

Return on total assets

Our return on total assets was 6.8%, 15.2% and 11.0% for the years ended 31 December 2014, 2015 and 2016, respectively, and 12.0% for the six months ended 30 June 2017. The increase for the year ended 31 December 2015 was mainly due to (i) the increase in changes in fair value on investment properties of approximately HK\$37.9 million; (ii) the gain on disposal of investment properties of approximately HK\$64.8 million; and (iii) the increase in our rental income from our operation. The decrease for the year ended 31 December 2016 was mainly due to the acquisition of approximately HK\$629.8 million of investment properties during the year ended 31 December 2016. The increase for the six months ended 30 June 2017 was mainly due to the net effect of (i) the decrease in change in fair value of investment properties of approximately HK\$136.4 million; and (ii) completion of sale of a wholly owned subsidiary, which was previously classified as “Assets of disposal group held for sale” under current assets on the combined statements of financial position as at 31 December 2016.

Current ratio

Our current ratio was 0.2, 0.1, 0.6 and 0.02 as at 31 December 2014, 2015, 2016 and 30 June 2017, respectively, as all of our amounts due to related companies were being classified as current liabilities as the amounts are repayable and payable on demand. As at 31 December 2016, the assets and liabilities related to Fession Group Limited, a wholly owned subsidiary of our Group, has been reclassified as current assets and current liabilities, as it was to be disposed of to an Independent Third Party. Our current ratio decreased to 0.02 as at 30 June 2017 mainly due to a significant decrease in current assets due to (i) decrease in the assets of Fession Group classified as held for sale of approximately HK\$505.2 million due to completion of the disposal of Fession Group; and (ii) decrease

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in cash and bank balances of approximately HK\$28.9 million, partially offset by the (i) the decrease in other payables and accruals mainly due to the decrease in deposits received for the disposal of Fession Group in the amount of HK\$51.2 million; and (ii) the decrease in amount due to our ultimate holding company of approximately HK\$630.8 million.

Gearing ratio

Our gearing ratio was 32.8% and 30.0% as at 31 December 2016 and 30 June 2017, respectively. The gearing ratio increased as at 31 December 2016 as compared to 31 December 2015 was primarily due to the increase in borrowings of approximately HK\$330.0 million for the acquisition of investment properties in the fourth quarter of 2016. The gearing ratio decreased as at 30 June 2017 was primarily due to increase in profit and comprehensive income attributed to reserves.

Going forward, we intend to finance our operations and capital expenditures using, among others, borrowings. We expect this will lead to an increase in our gearing ratio.

Net debt to equity ratio

Our net debt to equity ratio was 29.7% and 29.8% as at 31 December 2016 and 30 June 2017, respectively. The net debt to equity ratio increased in lesser extent to the gearing ratio as at 31 December 2016 as the cash and bank balances increased by approximately HK\$28.7 million as compared to 31 December 2015. The net debt to equity ratio remained stable as at 30 June 2017.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to a variety of financial risks such as cash flow interest rate risk, credit risk and liquidity risk. Our overall risk management program focuses on the unpredictability of the financial markets and how to minimize potential adverse effects on our Group's financial performance.

Interest rate risk

Our Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose our Group to cash flow interest rate risk which is partially offset by cash held at variable rates. As at 30 June 2017, our Group's borrowings at variable rate were denominated in the HK dollar.

Our Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, our Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent major interest-bearing positions.

As at 30 June 2017, our, if interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, profit after tax for the year would have been HK\$1,650,000 (2014 and 2015: Nil, 2016: HK\$1,650,000) lower/higher, mainly as a result of higher/lower interest expense on variable rate borrowings.

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Credit risk

The credit risk of our Group mainly arises from trade receivables, deposits and other receivables, amounts due from related companies and deposits with banks and financial institutions.

Deposits are mainly placed with high-credit-quality financial institutions. In respect of credit exposures to customers, our Group has policies in place to assess the credit history of customers and carries out follow-up actions on overdue amounts to minimize the credit risk exposure. Our Group has no significant concentrations of credit risk as we have a large number of customers.

Management regularly assesses credit risk for amounts due from related companies by reviewing financial information of related companies on a regular basis to minimize credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each receivable in the statement of financial position after deducting any impairment allowance.

Liquidity risk

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of our Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities.

The table below categorizes our Group's liabilities into relevant maturity groups based on the remaining period as at 31 December 2014, 2015, 2016 and 30 June 2017 to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying amount, as the impact of discounting is not significant. For the balances due more than 12 months, our management considers the carrying amount approximate the present values. The impact of discounting is not significant and the balances represent our contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 December 2014			
Other payables and accruals	5,645	3,194	838
Amount due to ultimate holding company	<u>1,034,516</u>	<u>—</u>	<u>—</u>
Subtotal	<u><u>1,040,161</u></u>	<u><u>3,194</u></u>	<u><u>838</u></u>

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	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As at 31 December 2015			
Other payables and accruals	7,462	1,536	290
Amount due to ultimate holding company	570,330	—	—
Subtotal	577,792	1,536	290
As at 31 December 2016			
Other payables and accruals	9,850	2,087	798
Amount due to ultimate holding company	781,693	—	—
Borrowings	4,070	4,026	333,982
Subtotal	795,613	6,113	334,780
As at 30 June 2017			
Other payables and accruals	10,327	2,371	1,104
Amount due to ultimate holding company	150,853	—	—
Borrowings	3,202	3,201	331,587
Subtotal	164,382	5,572	332,691

RECENT DEVELOPMENT

Subsequent to the Track Record Period and up to the Latest Practicable Date, there was no material change in our Group's rental income, rental yield, major expenses and rental default status by tenants. The amount due to the ultimate holding company as at 31 October 2017 was approximately HK\$154.3 million, which has been capitalized before Listing on 15 December 2017.

For the year ending 31 December 2017, the following factors may affect our net profit and financial position: (i) decrease in fair value gains of our investment properties; (ii) increase in one-off listing expenses; and (iii) increase in finance costs due to the increase in interest expenses on borrowings.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as of the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

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LISTING EXPENSES

We expect to incur total approximately HK\$28.5 million of listing expenses (assuming an Offer Price of HK\$1.12 per Share, being the mid-point of the indicative Offer Price range of HK\$1.00 to HK\$1.24 per Share and the Over-allotment Option is not exercised). During the Track Record Period, we incurred approximately HK\$7.3 million listing expenses, of which approximately HK\$5.8 million was recognized in our combined statements of comprehensive income and approximately HK\$1.5 million is expected to be charged against equity upon the Listing. We estimate that we will incur approximately HK\$7.8 million to be charged against equity upon the Listing and approximately HK\$13.4 million to be charged to our combined statement of comprehensive income for the remaining period of the year ending 31 December 2017 and the year ending 31 December 2018.

DIVIDEND

No dividend was declared or paid by our Company and other subsidiaries during the Track Record Period. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. As at the Latest Practicable Date, our Group does not expect to declare any dividend in 2017 and 2018 as our Directors consider that it will be in the interest of our Company and our Shareholders as a whole to retain the earnings of our Group primarily for the acquisition of new investment properties to our existing investment property portfolio, therefore our Group currently does not have any pre-determined dividend payout ratio. In any event and from 2019 onwards, our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 19 May 2016 and is an investment holding company. There were no reserves available for distribution to the Shareholders as of the Latest Practicable Date.

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UNAUDITED PRO FORMA ADJUSTED COMBINED NET TANGIBLE ASSETS

The following unaudited pro forma statement of adjusted combined net tangible assets prepared in accordance with Rule 4.29 of the Listing Rules is set out to illustrate the effect of the Global Offering on our net tangible assets as of 30 June 2017 as if it had taken place on 30 June 2017. The unaudited pro forma statement of adjusted combined net tangible assets has been prepared for illustration purpose only and, because of its hypothetical nature, it may not give a true picture of our net tangible assets as of 30 June 2017 or any future date following the Global Offering. It is prepared based on our net assets as of 30 June 2017 as set out in the Accountant's Report in Appendix I to this prospectus, and adjusted as described below. The unaudited pro forma statement of adjusted combined net tangible assets does not form part of the Accountant's Report in Appendix I to this prospectus.

Audited combined net tangible assets of our Group attributable to the equity holders of our Company as at 30 June 2017	Estimated net proceeds from the Global Offering	Capitalization of amount due to ultimate holding company	Unaudited pro forma adjusted combined net tangible assets attributable to the equity holders of our Company as at 30 June 2017	Unaudited pro forma adjusted combined net tangible assets per Share	
<i>(Note 1)</i>	<i>(Note 2)</i>	<i>(Note 3)</i>		<i>(Note 4)</i>	
<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>	
Based on an Offer Price of HK\$1.00 per Share	<u>1,100,661</u>	<u>157,766</u>	<u>150,853</u>	<u>1,409,280</u>	<u>1.96</u>
Based on an Offer Price of HK\$1.24 per Share	<u>1,100,661</u>	<u>200,102</u>	<u>150,853</u>	<u>1,451,616</u>	<u>2.02</u>

Notes:

- (1) The audited combined net tangible assets attributable to the equity holders of our Company as at 30 June 2017 is extracted from the Accountant's Report set out in Appendix I to this prospectus, which is based on the audited combined net assets of our Group attributable to the equity holders of our Company as at 30 June 2017 of approximately HK\$1,100.7 million.
- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$1.00 per Share and HK\$1.24 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately HK\$5.8 million which have been accounted for in the Group's combined statement of comprehensive income prior to 30 June 2017) payable by our Company and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this prospectus.

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- (3) Pursuant to the Reorganization, the outstanding balance of amount due to the ultimate holding company by the Group as at 31 October 2017 had been assigned to our Company and capitalized on 15 December 2017. The outstanding balance of amount due to the ultimate holding company amounted to approximately HK\$150,853,000 as at 30 June 2017. No adjustment has been made to reflect other movement on the outstanding balance subsequent to 30 June 2017.
- (4) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in note 2 above and on the basis that 720,000,000 Shares were in issue assuming that the Global Offering and Capitalization Issue had been completed on 30 June 2017 but takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by our Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed “Share Capital” in this prospectus.
- (5) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 30 June 2017.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or the prospects of our Group since 30 June 2017 and there has been no event since 30 June 2017 which would materially affect the information in our combined financial statements included in the Accountant’s Report set forth in Appendix I to this prospectus, in each case except as otherwise disclosed herein.

FUTURE PLANS AND USE OF PROCEEDS

FUTURE PLANS

Please refer to the section headed “Business — Strategies on Future Development” in this prospectus for details of our future plans and business strategies.

REASONS FOR THE LISTING

Our Directors believe that the Listing will facilitate the implementation of our business strategies for continued growth and further business expansion, which will increase and diversify our revenue. To continue to take advantage on the positive outlook of real estate investment market in Hong Kong, we intend to (i) expand our investment property portfolio; (ii) continue to utilize our property enhancement capabilities; and (iii) expand and strengthen our value-added property management services.

To achieve these, our Directors consider that additional funding will be required after having taken consideration of (i) the property investment is a capital-intensive activity which sets a high entry threshold, but the market is highly competitive in Hong Kong; (ii) our competitive strengths; and (iii) our Directors believe that our Group can further grow our property management business and take on more sizeable properties if we can strengthen our available operational and financial resources when the right opportunities arise.

As at 30 June 2017, we had cash and bank balances of approximately HK\$2.0 million and outstanding borrowings of approximately HK\$330.0 million, which has been fully utilized for the acquisition of investment properties in the fourth quarter of 2016. We had been relying on internally generated funds, advances from ultimate holding company and borrowings to support our capital requirements. Being a private company, the amount of advances from ultimate holding company available is limited. Further, the financing cost of borrowings are usually relatively higher for private companies and banks would normally require guarantees from our Shareholders for securing the debt financing. Therefore, our Group’s reliance on borrowings to finance our operations will increase our expenses. Despite the listing expenses of approximately HK\$28.5 million, representing approximately 14.1% of the gross proceeds of the Share Offer based on the mid-point of the indicative Offer Price range, our Directors consider that the Listing will lower our financing cost as compared with financing by a private company. Following the Listing, our Group will gain additional leverage in obtaining financing with relatively more favourable terms and higher bargaining power in negotiating terms with potential sellers, buyers, tenants, and/or suppliers and/or business partners. However, our Group may subject to certain restrictive covenants and repayment obligations in the debt financing which will constrain our operational flexibility. Therefore, our Directors consider that while our Group will incur financing cost in the form of commissions and fees when pursuing equity financing, a combination of equity financing and debt financing will be more beneficial to our Group as it can maximise the return for our Shareholders. Our Directors believe that the net proceeds from the Global Offering will provide us with the necessary additional financial resources to achieve our business strategies. In addition, our Directors believe that the Listing is important and beneficial to our Company and our Shareholders as a whole for the following reasons:

1. a public listing status will enhance our brand, corporate profile and recognition, which in turn will provide higher confidence to potential sellers and buyers of investment properties,

FUTURE PLANS AND USE OF PROCEEDS

our property management customers, our existing and new tenants, and business partners; a public listing status also provides better corporate governance, transparent financial disclosures and regulatory supervision;

2. a public listing status will help us remain competitive in the market as our Directors have also taken into consideration the fact that a number of our competitors in the real estate investment market in Hong Kong are also listed on the Stock Exchange;
3. people are an important asset to our business and it is important for us to attract and retain sufficient and quality property investment and management professionals, and our Directors believe that our ability to offer an equity-based incentive program after the Listing will help us achieve such goal;
4. the Listing will enhance the liquidity of our Shares which will be freely traded on the Stock Exchange as compared to the limited liquidity of our Shares as a private company; and
5. the Listing will offer our Company a broader shareholder base which could lead to a more liquid market in the trading of our Shares.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses payable by us in connection with the Global Offering) (the “**Net Proceeds**”), assuming an Offer Price of HK\$1.12, being the mid-point of the indicative Offer Price range, will be approximately HK\$173.1 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the Net Proceeds in the following manner:

- Approximately HK\$155.8 million, or 90%, will be used for acquisitions of new investment properties to our existing investment property portfolio. We have been actively looking at investment opportunities presented by various sources including agents, brokers and potential vendors and we have submitted tenders and bids during the first half of 2017 after taking into consideration factors including rental rate, occupancy rate, rental return, property size, latest valuation, market price by way of in-house research reports, interest rate and government policies relating to the property market in Hong Kong. When selecting acquisition targets, our Group primarily focuses on acquiring office, retail and industrial properties in Hong Kong as our Board believes that such properties offer steady growth with a strong rental demand and capital appreciation potential. As at the Latest Practicable Date, our Directors confirmed that we had not identified any target investment properties for acquisition. Also, we do not have a target number of property acquisitions which we aim to achieve, nor do we have a fixed ratio for investment in office, retail and industrial properties;
- Approximately HK\$8.7 million, or 5% will be used for the expansion and strengthening of our value-added property management services; and

FUTURE PLANS AND USE OF PROCEEDS

- Approximately HK\$8.7 million, or 5% will be used for working capital and other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the Net Proceeds, assuming that the Over-allotment Option is not exercised, will increase to approximately HK\$194.0 million or decrease to approximately HK\$152.1 million, respectively, and in such event, we intend to increase or decrease, respectively, the Net Proceeds to be used for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, the Net Proceeds will increase to approximately HK\$202.4 million, assuming an Offer Price of HK\$1.12, being the mid-point of the proposed Offer Price range. If the Offer Price is set at the high-end or low-end of the proposed Offer Price range, the Net Proceeds including the proceeds from the exercise of the Over-allotment Option will increase to approximately HK\$226.5 million or decrease to approximately HK\$178.3 million, respectively; and in such event, we intend to increase or decrease, respectively, the allocation of the Net Proceeds to the above purposes on a pro-rata basis.

To the extent that the Net Proceeds are not sufficient to fund the purposes as set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the Net Proceeds of the Global Offering are not immediately required for the above purposes and to the extent permitted by applicable law and regulations, if we are unable to effect any part of our future plans as intended, we may hold such funds in short term demand deposits with banks in Hong Kong.

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UNDERWRITERS FOR THE GLOBAL OFFERING

The Sole Global Coordinator, the Sole Bookrunner and the Sole Lead Manager

KGI Capital Asia Limited

Hong Kong Underwriters

KGI Capital Asia Limited

Dongxing Securities (Hong Kong) Company Limited

Tongfang Securities Limited

Ever-Long Securities Company Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, we are offering our Hong Kong Offer Shares for subscription by members of the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms.

The Hong Kong Underwriting Agreement is conditional upon and subject to, amongst others, the International Underwriting Agreement becoming unconditional and not having been terminated. Subject to the listing of and permission to deal in our Shares in issue and to be issued as mentioned in this prospectus being granted by the Listing Committee of the Stock Exchange and to certain other conditions set out in the Hong Kong Underwriting Agreement, the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers, for our Hong Kong Offer Shares.

Grounds for termination

The Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) is entitled by notice (orally or in writing) given to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect if, at any time prior to 8:00 a.m. (Hong Kong time) on the Listing Date:-

- (a) there shall develop, occur or come into force:-
 - (i) any new law or regulation or any change in existing laws or regulations or any change in the interpretation or application thereof by any court or other competent authority in Hong Kong, the PRC, the British Virgin Islands, the Cayman Islands or any other jurisdiction(s) relevant to our Company and our subsidiaries or any other similar event which in the reasonable opinion of the Sole Global Coordinator (for itself and

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on behalf of the Hong Kong Underwriters) has or is likely to have a material adverse effect on the business or financial conditions or prospects of our Group or which may be expected to adversely affect the business or financial condition or prospects of our Group in a material way; or

- (ii) any change (whether or not permanent) in national, regional, international, financial, military, industrial or economic conditions or prospects, stock market, fiscal or political conditions, regulatory or market conditions and matters and/or disasters in Hong Kong, the PRC, the British Virgin Islands, the Cayman Islands or any other jurisdiction(s) relevant to our Company and our subsidiaries or any other similar event which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has or is likely to have a material adverse effect on the business or financial conditions or prospects of our Group or which may be expected to adversely affect the business or financial condition or prospects of our Group in a material way; or
- (iii) without prejudice to sub-paragraph (i) of paragraph above, the imposition of any moratorium, suspension or material restriction on trading in securities generally on the Stock Exchange due to exceptional financial circumstances or otherwise; or
- (iv) any event, or series of events, beyond the control of the Hong Kong Underwriters (including, without limitation, acts of government, strikes, lockout, fire, explosion, flooding, civil commotion, acts of war or acts of God or accident) would or might have a material adverse effect on any member of our Group or its present or prospective shareholders in their capacity as such; or
- (v) any material adverse change or development involving a prospective material adverse change in taxation or in exchange control in Hong Kong, the PRC, the British Virgin Islands, the Cayman Islands or any other jurisdiction(s) to which any member of our Group is subject or the implementation of any exchange controls which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) would or might have a material adverse effect on any member of our Group or our present or prospective shareholders in their capacity as such in a material way; or
- (vi) any litigation or claim of material importance to the business, financial or operations of our Group being threatened or instituted against any member of our Group; or
- (vii) the imposition of economic sanctions, in whatever form, directly or indirectly, in Hong Kong, the PRC, the British Virgin Islands, the Cayman Islands or any other jurisdiction(s) relevant to our Company and our subsidiaries; or
- (viii) any governmental or regulatory commission, board, body, authority or agency, or any stock exchange, self-regulatory organisation or other non-government regulatory authority, or any court, tribunal or arbitrator, whether national, central, federal,

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provincial, state, regional, municipal, local, domestic or foreign, or a political body or organisation in any relevant jurisdiction commencing any investigation or other action, or announcing an intention to investigate or take other action, against any members of our Group or Director; or

- (ix) order or petition for the winding up of any members of our Group or any composition or arrangement made by any members of our Group with its creditors or a scheme of arrangement entered into by any members of our Group or any resolution for the winding up of any members of our Group or the appointment of a provisional liquidator, receiver or manager over all or part of the material assets or undertaking of any members of our Group or anything analogous thereto occurring in respect of any members of our Group;
 - (x) and any such event, which, individually, or in the aggregate, in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), (i) has or may have a material adverse effect on the success of the Global Offering, or the level of applications under the Hong Kong Public Offer or the level of interest under the International Offering; or (ii) has or will or may have a material adverse effect on the assets, liabilities, business, prospects, trading or financial position of our Group as a whole; or (iii) makes it inadvisable or impracticable to proceed with the Global Offering; or (iv) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.
- (b) there comes to the notice of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) any matter or event showing any of the representations and warranties contained in the Hong Kong Underwriting Agreement to be materially untrue or inaccurate or, if repeated immediately after the occurrence thereof, would be untrue or inaccurate in any material respect considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in its reasonable opinion to be material or showing any of the obligations or undertakings expressed to be assumed by or imposed on our Company or the covenants under the Hong Kong Underwriting Agreement not to have been complied with in any material respect considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters in its reasonable opinion to be material); or
 - (c) there comes to the notice of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) any material breach on the part of our Company or any of the covenants of any provisions of the Hong Kong Underwriting Agreement in any material respect which is considered by the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters in its reasonable opinion to be material); or
 - (d) any statement contained in this prospectus, notices, advertisements, announcements, application proof prospectus, post hearing information pack, the submissions, documents or information provided to the Sole Global Coordinator (for itself and on behalf of the Hong

UNDERWRITING

Kong Underwriters), the Stock Exchange, the legal advisers to the Sole Global Coordinator and the Underwriters and any other parties involved in the Global Offering which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) has become or been discovered to be untrue, incorrect, incomplete or misleading in any material respect; or

- (e) matters have arisen or have been discovered which would, if this prospectus, notices, advertisements, announcements, application proof prospectus, post hearing information pack, was to be issued at that time, constitute, in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) a material omission of such information; or
- (f) there is any material adverse change or prospective material adverse change in the business or in the financial or trading position or prospects of our Group which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) is material; or
- (g) the approval of the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares in issue, the Shares to be issued or sold under the Global Offering and the Shares to be issued pursuant to the Capitalisation Issue is refused or not granted, other than subject to customary conditions, on or before 8:00am. (Hong Kong time) on the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or
- (h) any expert, who has given opinion or advice which are contained in this prospectus, has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, opinions or advices and references to its name included in the form and context in which it respectively appears prior to the issue of this prospectus; or
- (i) our Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or
- (j) there comes to the notice of the Sole Global Coordinator or any of the Underwriters any material information, matter or event which in the reasonable opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):
 - (i) is inconsistent in any material respect with any information contained in the Declaration and Undertaking with regard to Directors (Form B) given by any Directors pursuant to the Global Offering; or
 - (ii) would cast any serious doubt on the integrity or reputation of any Director or the reputation of our Group.

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UNDERTAKINGS TO THE STOCK EXCHANGE PURSUANT TO THE LISTING RULES

Undertaking by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities (whether or not of a class already listed) may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the Listing Date), except pursuant to the Global Offering, the Over-allotment Option, the Share Option Scheme or any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertaking by our Controlling Shareholders

Pursuant to Rule 10.07(1) of the Listing Rules, our Controlling Shareholders immediately before completion of the Global Offering, have undertaken to the Stock Exchange that except pursuant to the Global Offering or permitted by the Listing Rules, each of them shall not, and shall procure that any other registered holder (if any) of our Shares in which our respective Controlling Shareholders have a beneficial interest shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the requirements of the Listing Rules:

- (a) in the period commencing on the date by reference to which disclosure of the shareholding of our Controlling Shareholders is made in this prospectus and ending on the date which is six months from the date on which dealings in our Shares commence on the Stock Exchange (the “**First Six-month Period**”), dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests, or encumbrances in respect of any of our Shares or securities in respect of which any of them are shown in this prospectus to be the beneficial owner(s); and
- (b) in the six months period commencing from the expiry of the First Six-month Period (the “**Second Six-month Period**”) dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances in respect of any of our Shares or securities in respect of which any of them are shown in this prospectus to be the beneficial owner(s), if immediately following such disposal, or upon the exercise or enforcement of such options, rights, interests or encumbrances, any of them would then cease to be a controlling shareholder (as the term is defined under the Listing Rules) of our Company.

Pursuant to Note 3 to Rule 10.07(2) of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and to our Company that within the First Six-month Period and the Second Six-month Period, they will:

- (i) when any of them pledges or charges any of our Shares or securities beneficially owned by any of them in favor of an authorised institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) for a bona fide commercial loan, immediately inform our Company of such pledge or charge together with the number of our Shares or securities so pledged or charged; and

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- (ii) when any of them receives indications, either verbal or written, from the pledgee or chargee of any of our Shares or securities that any of the pledged or charged Shares or securities will be disposed of, immediately inform our Company of such indications.

We shall also inform the Stock Exchange as soon as we have been informed of any of the above matters (if any) by any of our Controlling Shareholders and disclose such matters by way of announcement in accordance with the publication requirements under Rule 2.07C of the Listing Rules as soon as possible after being so informed by any of our Controlling Shareholders.

Voluntary undertakings by the Controlling Shareholders

In addition to the requirement of Rule 10.07(1) of the Listing Rules, each of our Controlling Shareholders has jointly and severally and irrevocably undertaken to our Company that:

- (a) he/it shall not, and will procure that none of its/his associates or companies controlled by it/him or any nominee or trustee holding in trust for it/him not to at any time during the period of 12 months after the Second six-month Period (the “**Next 12-month Period**”), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any Shares held by him/it or any of his/its associates or companies controlled by him/it or any nominee or trustee holding in trust for himself/itself, such that immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it/he would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or the aggregate interest of all members of the Controlling Shareholders would be less than 30% of our Company’s issued share capital; and
- (b) until the expiry of the Next 12-month Period, in the event of any sale, transfer or disposal of any Shares or securities of our Company or any interest therein, he/it shall take all reasonable steps to ensure that such sale, transfer or disposal shall be effected in such a manner so as not to create a disorderly or false market for our Shares or other securities of our Company.

The above voluntary undertakings are irrevocable and non-waivable.

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UNDERTAKING PURSUANT TO THE HONG KONG UNDERWRITING AGREEMENT

Undertaking by our Controlling Shareholder

Each of the Controlling Shareholders hereby jointly, severally undertakes to each of the Company, the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters that, save for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option, any stabilizing activities by the Stabilizing Manager and any lending of Shares by Thing On Group pursuant to the Stock Borrowing Agreement which is in compliance with the requirements under Rule 10.07(3) of the Listing Rules), without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, none of the Controlling Shareholders will, and will procure that none of its close associates will:

- (i) during the First Six-month Period, (a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares, as applicable) (the foregoing restriction is expressly agreed to include the Controlling Shareholders from engaging in any hedging or other transactions which is designed to or which reasonably could be expected to lead to or result in a sale or disposition of any Shares even if such Shares would be disposed of by someone other than the Controlling Shareholders, respectively. Such prohibited hedging or other transactions would include without limitation any put or call option with respect to any Shares or with respect to any security that includes, relates to or derives any significant part of its value from such Shares), or (b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or (c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above, or (d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above, in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period);
- (ii) he or it will not, at any time during the period of 18 months commencing on the date which the First Six-month Period expires (the “**Next Eighteen-month Period**”), enter into any of the transactions specified in (a), (b) or (c) under paragraph (i) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or encumbrance pursuant to such transaction, he or it will cease to be a “controlling shareholder” (as the term is defined in the Listing Rules) of our Company or cease to hold,

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directly or indirectly, a controlling interest of over 30% or such lower amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer, in any of the companies controlled by him or it and/or any of his or its close associate which owns such Shares or interests as aforesaid; and

- (iii) until the expiry of the Next Eighteen-month Period, in the event that he or it enters into any of the transactions specified in (a), (b) or (c) under paragraph (i) above or offers to or agrees to or announces any intention to effect any such transaction, he or it will take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company.

Except for the offer and sale of the Offer Shares pursuant to the Global Offering (including pursuant to the Over-allotment Option) and the issue and allotment of Shares pursuant to the Capitalisation Issue and Reorganization as disclosed in this prospectus, during the First Six-month Period, our Company hereby undertakes to each of the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters not to, without the prior written consent of the Sole Global Coordinator (on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

- (i) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares, or any other securities of the Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares); or
- (iii) enter into any transaction with the same economic effect as any transaction specified in paragraphs (i) and (ii) above; or
- (iv) offer to or agree to or announce any intention to effect any transaction specified in paragraphs (i), (ii) or (iii) above,

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in each case, whether any of the transactions specified in paragraphs (i), (ii) or (iii) above is to be settled by delivery of Shares or such other securities of our Company, or in cash or otherwise (whether or not the issue of Shares or such other securities will be completed within the aforesaid period). In the event that, during the Second Six Month Period, our Company enters into any of the transactions specified in paragraphs (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in the securities of our Company. Each of our Company, our Controlling Shareholders and our executive Directors undertakes to each of the Sole Global Coordinator, the Sole Sponsor and the Hong Kong Underwriters to procure our Company to comply with the undertakings in this paragraph.

Each of our Company, our Controlling Shareholders and our executive Directors under the Hong Kong Underwriting Agreement undertakes to and covenants with the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that save with the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), no company in the Group will during the First Six Month Period purchase any securities of our Company.

Without prejudice to the above, each of the Controlling Shareholders undertakes and covenants with our Company, the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that:

- (i) save with the prior written consent from the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and to the extent as allowed under the Listing Rules, during the period commencing on the date by reference to which disclosure of the shareholding of the Controlling Shareholders is made in this prospectus and ending on the date which is 12 months from the Listing Date, he or it shall not and shall procure that none of his or its close associates shall pledge or charge or create any other rights or encumbrances in any Shares or any interest therein owned by him or it or any of their close associates or in which he or it or any of their close associates is, directly or indirectly, interested immediately following completion of the Global Offering (or any other Shares or securities of or interest in our Company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise) or any share or interest in any company controlled by him or it or any of their close associates which is the beneficial owner (directly or indirectly) of such Shares or interest therein as aforesaid (or any other shares or securities of or interest in the company arising or deriving therefrom as a result of capitalisation issue or scrip dividend or otherwise); and
- (ii) in the event that notification is given to the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters), when he or it or any of their close associates shall pledge, charge or create any encumbrance or other right or any of the Shares or interests referred to in (i) above, he or it shall give prior written notice of not less than two business days to the Stock Exchange, our Company, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) giving details of the number of Shares, shares in the company which is the beneficial owner of such Shares, or the interests as aforesaid, the identities of the pledgee or person (the “**Mortgagee**”) in favour of whom the pledge, charge, encumbrance or interest is created and further if he or

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it or any of their close associates is aware of or receives indications or notice, either verbal or written, from the Mortgagee that the Mortgagee will dispose of or transfer any of the Shares or interests referred to in (i) above, he or it will immediately notify the Stock Exchange, our Company, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) in writing of such indications and provide details of such disposal or transfer to the Stock Exchange, our Company, the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) as they may require.

Our Company undertakes and covenants with the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters that our Company shall forthwith inform the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and the Stock Exchange in writing immediately after it has been informed of the matters referred to in paragraph (b) above and our Company shall, if so required by the Stock Exchange or the Listing Rules, disclose such matters by way of an announcement and shall comply with all requirements of the Stock Exchange.

The International Offering

In connection with the International Offering, it is expected that our Company and the International Underwriters will enter into the International Underwriting Agreement. Under the International Underwriting Agreement, our Company will offer our International Offer Shares for subscription and purchase by professional, institutional and other investors at the Offer Price payable in full on subscription and purchase in Hong Kong dollars, on and subject to the terms and conditions set out in the International Underwriting Agreement and the placing documents. It is expected that the International Underwriters will agree to severally underwrite for our International Offer Shares.

Commission

The Hong Kong Underwriters will receive a commission of 2.0% of the aggregate Offer Price of our Hong Kong Offer Shares underwritten by the Hong Kong Underwriters and the International Underwriters will receive a commission of 2.0% of the aggregate of the Offer Price of our International Offer Shares underwritten by the International Underwriters, out of which they will pay any sub-underwriting commissions.

The Sole Sponsor will in addition receive sponsorship and documentation fees. The underwriting commission, financial advisory and documentation fees, listing fees, the Stock Exchange trading fee, the SFC transaction levy, legal and other professional fees together with printing and other expenses relating to the Global Offering, assuming an Offer Price of HK\$1.12 (being the mid-point of Offer Price range between HK\$1.0 per Offer Share and HK\$1.24 per Offer Share), are estimated to amount to approximately HK\$28.5 million in total (assuming that the Over-allotment Option is not being exercised).

UNDERWRITING

Hong Kong Underwriters' interests in our Company

KGI Capital Asia Limited has been appointed as the compliance adviser of our Company with effect from the Listing Date until the despatch of our audited consolidated financial results for the first full financial year after the Listing Date, and we will pay an agreed fee to KGI Capital Asia Limited for its provision of services with the scope required under the Listing Rules.

Save for their interests and obligations under the Underwriting Agreements, none of the Sole Sponsor, the Sole Global Coordinator or the Underwriters is interested beneficially or non-beneficially in any shares in any member of our Group or has any right (whether legally enforceable or not) or option to subscribe for or to nominate persons to subscribe for any shares in any member of our Group.

Minimum public float

Our Directors will ensure that there will be a minimum of 25% of the total Shares in issue in public hands in accordance with Rule 8.08 of the Listing Rules after completion of the Capitalisation Issue and the Global Offering.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering which forms part of the Global Offering. KGI Capital Asia Limited is the Sole Sponsor for the listing of the Shares on the Stock Exchange as well as the Sole Bookrunner and the Sole Global Coordinator of the Global Offering.

The Global Offering initially consists of (subject to the Over-allotment Option):

- (i) the Hong Kong Public Offering of 18,000,000 Offer Shares (subject to reallocation as mentioned below) in Hong Kong as described in the paragraph headed “Hong Kong Public Offering” in this section below; and
- (ii) the International Offering of 162,000,000 Offer Shares (subject to reallocation and the Over-allotment Option as mentioned below) outside the United States in reliance on Regulation S.

Investors may apply for Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Offering, but may not do both. Reasonable steps will be taken to identify and reject applications in the Hong Kong Public Offering from investors who have received Offer Shares in the International Offering, and to identify and reject indications of interest in the International Offering from investors who have applied for Hong Kong Offer Shares in the Hong Kong Public Offering. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Offering will involve selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. The International Underwriters are soliciting from prospective investors’ indications of interest in acquiring the Offer Shares in the International Offering. Prospective professional, institutional and other investors will be required to specify the number of Offer Shares under the International Offering they would be prepared to acquire either at different prices or at a particular price. This process, known as “book-building”, is expected to continue up and to cease on or around, the last day of lodging applications under the Hong Kong Public Offering.

The number of Offer Shares to be offered under the Hong Kong Public Offering and International Offering respectively may be subject to reallocation and, in the case of the International Offering only, the Over-allotment Option as set out in the sub-section headed “International Offering — Over-allotment Option and Stabilization” in this section of the prospectus.

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Offering on the Price Determination Date. Details of the underwriting arrangements are summarized in the section headed “Underwriting” in this prospectus.

CONDITIONS OF THE GLOBAL OFFERING

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

- (i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering and the Capitalization Issue and any Shares which may be issued pursuant to the exercise of the Over-allotment Option, and any options which may be granted under Share Option Scheme;
- (ii) the Offer Price having been fixed on or around the Price Determination Date;
- (iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and
- (iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the respective agreements,

in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company on the Price Determination Date, which is expected to be on or around Monday, 8 January 2018.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company by Friday, 12 January 2018, the Global Offering will not proceed and will lapse.

The consummation of each of the Hong Kong Public Offering and the International Offering is conditional upon, among other things, the other offering becoming unconditional and not having been terminated in accordance with its terms.

If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at www.hkexnews.hk and our website at www.toenterprise.com on the next business day

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed “How to apply for the Hong Kong Offer Shares” in this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Monday, 15 January 2018 but will only become valid certificates of title at 8:00 a.m. on Tuesday, 16 January 2018 provided that (i) the Global Offering has become unconditional in all respects; and (ii) the right of termination as described in the section headed “Underwriting — Underwriting Arrangements and Expenses — Grounds for termination” in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

HONG KONG PUBLIC OFFERING

Number of Offer Shares initially offered

Our Company is initially offering 18,000,000 Offer Shares for subscription by the public in Hong Kong at the Offer Price, representing 10% of the total number of Offer Shares initially available under the Global Offering (assuming that the Over-allotment Option is not exercised). Subject to the reallocation of Shares between (i) the International Offering; and (ii) the Hong Kong Public Offering as mentioned below, the number of the Hong Kong Offer Shares will represent approximately 25.0% of our Company’s issued share capital immediately after completion of the Global Offering assuming that the Over-allotment Option is not exercised.

Completion of the Hong Kong Public Offering is subject to the conditions as set out in the paragraph headed “Conditions of the Global Offering” in this section of the prospectus.

Allocation

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offering (after taking into account of any reallocation of Offer Shares between the Hong Kong Public Offering and the International Offering) is to be divided into two pools (subject to adjustment of odd lot size) for allocation purposes: pool A and pool B. The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate price of HK\$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

who have applied for Hong Kong Offer Shares with an aggregate price of more than HK\$5 million (excluding the brokerage, SFC transaction levy and Stock Exchange trading fee payable). Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly. For the purpose of this paragraph only, the “price” for Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools and can only apply for Hong Kong Offer Shares in either pool A or pool B.

Multiple or suspected multiple applications within either pool or between pools and any application for more than 50% of the Hong Kong Offer Shares initially available under pool A or pool B are liable to be rejected.

Reallocation

The allocation of the Offer Shares between the Hong Kong Public Offering and the International Offering is subject to adjustment. If the number of Offer Shares validly applied for under the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times; (ii) 50 times or more but less than 100 times; and (iii) 100 times or more, of the number of Offer Shares initially available under the Hong Kong Public Offering, then Offer Shares will be reallocated to the Hong Kong Public Offering from the International Offering so that the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 54,000,000 Offer Shares (in the case of (i)), 72,000,000 Offer Shares (in the case of (ii)) and 90,000,000 Offer Shares (in the case of (iii)) representing 30%, 40% and 50% of the Offer Shares initially available under the Global Offering, respectively (before any exercise of the Over-allotment Option) in each case, the additional Offer Shares reallocated to the Hong Kong Public Offering will be allocated between pool A and pool B and the number of Offer Shares allocated to the International Offering will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate. In addition, in certain prescribed circumstances, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate International Offer Shares as it deems appropriate from the International Offering to the Hong Kong Public Offering to satisfy in whole or in part the excess valid application in the Hong Kong Public Offering.

If the Hong Kong Offer Shares are not fully subscribed for, the Sole Global Coordinator may, at its sole and absolute discretion, reallocate all or any unsubscribed Hong Kong Offer Shares to the International Offering, in such proportion as the Sole Global Coordinator deems appropriate.

Applications

The Sole Global Coordinator (on behalf of the Underwriters) may require any investor who has been offered Shares under the International Offering, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that it is excluded from any application for Shares under Hong Kong Public Offering.

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Each applicant under the Hong Kong Public Offering will also be required to give an undertaking and confirmation in the Application Form submitted by him that he and any person(s) for whose benefit he is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or it has been or will be placed or allocated (including conditionally and/or provisionally) Offer Shares under the International Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum price of HK\$1.24 per Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Offer Share. If the Offer Price, as finally determined in the manner described in the sub-section headed "Price determination of the Global Offering" in this section of the prospectus, is less than the maximum price of HK\$1.24 per Share, appropriate refund payments (including the brokerage, SFC transaction levy and Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out in the section headed "How to apply for the Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offering.

INTERNATIONAL OFFERING

Number of Offer Shares offered

The number of Offer Shares to be initially offered for subscription under the International Offering will be 162,000,000 Shares, representing 90% of the total number of the Offer Shares initially available under the Global Offering (subject to reallocation and the Over-allotment Option). Subject to any reallocation of Offer Shares between the International Offering and the Hong Kong Public Offering, the International Offer Shares will represent 22.5% of our enlarged issued share capital immediately after completion of the Global Offering assuming the Over-allotment Option is not exercised.

The International Offering is subject to the same conditions as stated in the sub-section headed "Conditions of the Global Offering" in this section of the prospectus.

Allocation

The International Offering will include selective marketing of Offer Shares to professional, institutional and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities.

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

Allocation of Offer Shares pursuant to the International Offering will be effected in accordance with the book-building process described in the sub-section headed “Price determination of the Global Offering” in this section of the prospectus and based on a number of factors, including the level and timing of demand, the total size of the relevant investor’s invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Offer Shares, and/or hold or sell its Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional shareholder base to the benefit of our Company and our Shareholders as a whole.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, our Company granted an Over-allotment Option to the Sole Global Coordinator exercisable at the sole discretion of the Sole Global Coordinator.

Pursuant to the Over-allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the Price Determination Date until 30 days from the date of the last day of lodging application under the Hong Kong Public Offering, to require our Company to allot and issue up to 27,000,000 additional Shares, representing 15% of the number of the Offer Shares initially available under the Global Offering, at the same price per Share under the International Offering to cover over allocation in the International Offering, if any. Offer Shares will represent approximately 3.61% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-allotment Option but without taking into account any Shares which may be issued and allotted upon the exercise of any options which may be granted under the Share Option Scheme. In the event that the Over-allotment Option is exercised, an announcement will be made in accordance with the Listing Rules.

STABILIZATION

Stabilization is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilize, the underwriters may bid for, or purchase, the new securities in the secondary market during a specified period of time to retard and, if possible, prevent any decline in the market price of the securities below the offer price. Such transactions may be effected in all jurisdictions where it is permitted to do so, in each case in compliance with all applicable laws, rules and regulations, including those of Hong Kong. In Hong Kong, activity aimed at reducing the market price is prohibited and the price at which stabilization is effected is not permitted to exceed the offer price.

The Sole Global Coordinator has been appointed by us as the stabilizing manager for the purposes of the Global Offering in accordance with the Securities and Futures (Price Stabilizing) Rules made under the SFO. In connection with the Global Offering, the Stabilizing Manager, its affiliates or any person acting for it, may, to the extent permitted by applicable laws of Hong Kong or elsewhere, overallocate or effect any other transactions with a view of stabilizing or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period beginning on the Listing Date and expected to end on the 30th day after the last day for lodging of applications under the Hong Kong Public Offering. Such transactions may be effected in all jurisdictions where it is permissible to do so, in each case in compliance with all

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing Rules), as amended, made under the SFO. Any market purchases of our Shares may be effected on any stock exchange, including the Stock Exchange, any over-the-counter market or otherwise, provided that they are made in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilizing Manager, its affiliates or any person acting for it to conduct any such stabilizing action, which if commenced, will be conducted at the sole and absolute discretion of the Stabilizing Manager, its affiliates or any person acting for it and may be discontinued at any time. Any such stabilizing activity is required to be brought to an end on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares that may be allotted and issued by our Company under the Over-allotment Option, namely 27,000,000 Shares in aggregate, which is 15% of our Shares initially available under the Global Offering.

Stabilizing action permitted in Hong Kong pursuant to the Securities and Futures (Price Stabilizing) Rules under the SFO includes (i) over-allocation for the purpose of preventing or minimizing any reduction in the market price of our Shares; (ii) selling or agreeing to sell our Shares so as to establish a short position in them for the purpose of preventing or minimizing any reduction in the market price of our Shares; (iii) subscribing, or agreeing to subscribe, for our Shares pursuant to the Over-allotment Option in order to close out any position established under (i) or (ii) above; (iv) purchasing, or agreeing to purchase, any of our Shares for the sole purpose of preventing or minimizing any reduction in the market price of our Shares; (v) selling, or agreeing to sell, our Shares in order to liquidate any position established as a result of those purchases; and (vi) offering or attempting to do anything described in (ii), (iii), (iv) or (v) above. The Stabilizing Manager, its affiliates or any person acting for it, may take all or any of the above stabilizing action in Hong Kong during the stabilization period.

Specifically, prospective applicants for and investors in our Shares should note that:

- the Stabilizing Manager, its affiliates or any person acting for it, may, in connection with the stabilizing action, maintain a long position in our Shares, and there is no certainty regarding the extent to which and the time period for which the Stabilizing Manager, its affiliates or any person acting for it, will maintain such a position. Investors should be warned of the possible impact of any liquidation of such long position by the Stabilizing Manager, its affiliates or any other person acting for them, may have an adverse impact on the market price of our Shares;
- stabilizing action cannot be used to support the price of our Shares for longer than the stabilizing period which will begin on the Listing Date, and is expected to expire on the 30th day after the last date for lodging applications under the Hong Kong Public Offering. After this date, when no further stabilizing action may be taken, demand for our Shares, and therefore the price of our Shares, could fall;
- the price of our Shares cannot be assured to stay at or above the Offer Price either during or after the stabilizing period by taking of any stabilizing action; and

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- stabilizing bids may be made or transactions effected in the course of the stabilizing action at any price at or below the Offer Price, which means that stabilizing bids may be made or transactions effected at a price below the price paid by applicants for, or investors in, our Shares.

Our Company will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules will be made within seven days of the expiration of the stabilizing period.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to and not more than an aggregate of 27,000,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Global Coordinator at its sole discretion, or by making purchases in the secondary market at prices that do not exceed the Offer Price or through stock borrowing arrangements or a combination of these means.

PRICE DETERMINATION OF THE GLOBAL OFFERING

The Offer Price is expected to be fixed on the Price Determination Date, which is expected to be on or around Monday, 8 January 2018 and, in any event, not later than Friday, 12 January 2018, by agreement between the Sole Global Coordinator and our Company.

The Offer Price will be not more than HK\$1.24 per Offer Share and is expected to be not less than HK\$1.00 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offering.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative Offer Price range stated in this prospectus.

If, based on the level of interest expressed by prospective institutional and professional investors and other investors during the book-building process, the Sole Global Coordinator (for itself and on behalf of the other Underwriters) consider the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range to be inappropriate, the Sole Global Coordinator (for itself and on behalf of the other Underwriters) may, with the consent of our Company, reduce the number of Offer Shares being offered pursuant to the Global Offering and/or the indicative Offer Price range below that stated in this prospectus at any time on or before the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offer on 8 January 2018, cause to be published at our website at www.toenterprise.com and the website of the Stock Exchange at www.hkexnews.hk, notices of the reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range and will, as soon as practicable following the decision to make such reduction, issue a supplemental prospectus updating investors of the change in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range, extend the period under which the Hong Kong Public Offering was opened for acceptance to allow potential investors sufficient time to consider their subscriptions or reconsider their submitted

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

subscriptions, and give potential investors who had applied for the Hong Kong Offer Shares the right to withdraw their applications under the Hong Kong Public Offering. Such announcement and supplemental prospectus shall also include confirmation or revision, as appropriate, of the Global Offering statistics as currently set out in the section headed “Summary” in this prospectus and any other financial information which may change as a result of such reduction. Before submitting applications for the Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering. The Offer Price, if agreed upon, will be fixed within such revised Offer Price range. In the absence of any notice being published of a reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range stated in this prospectus on or before the last day for lodging applications under the Hong Kong Public Offer, the Offer Price, if agreed upon, will under no circumstances be set outside the Offer Price range as stated in this prospectus. The Offer Shares to be offered in the Hong Kong Public Offering and the International Offering may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. Allocation of the International Offering Shares under the International Offering will be determined by the Sole Global Coordinator and will be based on a number of factors, including the level and timing of demand, total size of the relevant investor’s invested assets or equity assets in the relevant sector, and whether or not it is expected that the relevant investor is likely to buy further and/or hold or sell Offer Shares after the Listing. Such allocation may be made to professional, institutional, or corporate investors and is intended to result in a distribution of our Offer Shares on a basis which would lead to the establishment of a solid Shareholder base to the benefit of our Company and our Shareholders as a whole. Allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering will be based on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of the Hong Kong Offer Shares validly applied for by applicants. The allocation of the Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of the Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares. The applicable Offer Price, the level of applications in the Hong Kong Public Offering, the level of indications of interest in the International Offering, the basis of allocations of the Hong Kong Offer Shares, and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering are expected to be made available through a variety of channels in the manner described in the section headed “How to apply for the Hong Kong Offer Shares — 11. Publication of Results” in this prospectus.

STOCK BORROWING AGREEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Sole Global Coordinator (or any person acting for it) may choose to borrow Shares from Shareholders of our Company under stock borrowing arrangements, or acquire Shares from other sources, including the exercise of the Over-allotment Option.

The Stabilizing Manager will enter into the Stock Borrowing Agreement with Thing On Group, one of the Controlling Shareholders, whereby the Stabilizing Manager may borrow Shares from Thing On Group on the following conditions:

STRUCTURE AND CONDITIONS OF THE GLOBAL OFFERING

- (a) the stock borrowing will only be effected by the Stabilizing Manager for the settlement of over-allocations in connection with the International Offering;
- (b) the maximum number of Shares borrowed from Thing On Group will be limited to 27,000,000 Shares, being the maximum number of Shares which may be allotted and issued by our Company upon full exercise of the Over-allotment Option;
- (c) the same number of Shares borrowed from Thing On Group must be returned to it or its nominees (as the case may be) no later than the third business day following the earlier of (i) the last day on which the Over-allotment Option may be exercised; (ii) the date on which the Over-allotment Option is exercised in full and our Shares to be allotted and issued upon exercise of the Over-allotment Option have been allotted and issued; or (iii) such earlier time as may be agreed in writing between Thing On Group and the Stabilizing Manager;
- (d) the stock borrowing arrangement will be effected in compliance with all applicable listing rules, laws and other regulatory requirements; and
- (e) no payments will be made to Thing On Group by the Stabilizing Manager in relation to such stock borrowing arrangement.

The Stock Borrowing Agreement will be effected in compliance with all applicable laws, rules and regulatory requirements. The Stock Borrowing Arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that it complies with the requirements set out in Rule 10.07(3) of the Listing Rules. No payment will be made to Thing On Group by the Stabilizing Manager or its agent in relation to such stock.

DEALING

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Tuesday, 16 January 2018, it is expected that dealings in the Offer Shares on the Stock Exchange will commence at 9:30 a.m. on Tuesday, 16 January 2018, and will be traded in board lots of 2,000 Shares under the stock code 2292.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Offering Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **HK eIPO White Form service** at www.hkeipo.hk; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **HK eIPO White Form Service Provider** and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **HK eIPO White Form service**, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

The number of joint applicants may not exceed four and they may not apply by means of **HK eIPO White Form service** for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Offer Shares or otherwise participate in the International Offering.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through www.hkeipo.hk.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours between from 9:00 a.m. on Thursday, 28 December 2017 until 12:00 noon on Monday, 8 January 2018 from:

- (i) the following address of the Hong Kong Underwriters:

KGI Capital Asia Limited
41/F, Central Plaza
18 Harbour Road
Wanchai
Hong Kong

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Dongxing Securities (Hong Kong) Company Limited
6805-6806A International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong

Tongfang Securities Limited
Unit 2102-3 21/F Golden Centre
188 Des Voeux Road
Central
Hong Kong

Ever-Long Securities Company Limited
18/F Dah Sing Life Building
99-105 Des Voeux Road Central
Hong Kong

(ii) any of the branches of Wing Lung Bank Limited:

District	Branch	Address
Hong Kong Island . . .	Head Office	45 Des Voeux Road Central
Kowloon	Mongkok Branch	B/F Wing Lung Bank Centre, 636 Nathan Road
	Tsim Sha Tsui Branch	4 Carnarvon Road
New Territories	Tsuen Wan Branch	251 Sha Tsui Road

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Thursday, 28 December 2017 until 12:00 noon on Monday, 8 January 2018, from the **Depository Counter of HKSCC** at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or from your stockbroker.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Wing Lung Bank (Nominees) Limited — Thing On Ent Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

Thursday, 28 December 2017 — 9:00 a.m. to 5:00 p.m.
Friday, 29 December 2017 — 9:00 a.m. to 5:00 p.m.
Saturday, 30 December 2017 — 9:00 a.m. to 1:00 p.m.
Tuesday, 2 January 2018 — 9:00 a.m. to 5:00 p.m.
Wednesday, 3 January 2018 — 9:00 a.m. to 5:00 p.m.
Thursday, 4 January 2018 — 9:00 a.m. to 5:00 p.m.
Friday, 5 January 2018 — 9:00 a.m. to 5:00 p.m.
Saturday, 6 January 2018 — 9:00 a.m. to 1:00 p.m.
Monday, 8 January 2018 — 9:00 a.m. to 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Monday, 8 January 2018, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **HK eIPO White Form service**, among other things, you:

- (i) undertake to execute all relevant documents and instruct and authorize the Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;
- (ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;
- (iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;
- (iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;
- (vi) agree that none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Hong Kong Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);
- (vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering nor participated in the International Offering;
- (viii) agree to disclose to the Company, our Hong Kong Share Registrar, the receiving bank, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Hong Kong Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;
- (ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, and the Hong Kong Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;
- (x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;
- (xi) agree that your application will be governed by the laws of Hong Kong;
- (xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;
- (xiii) warrant that the information you have provided is true and accurate;
- (xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;
- (xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Auto Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- (xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;
- (xvii) understand that the Company, the Sole Global Coordinator and the Hong Kong Underwriters will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;
- (xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or to the HK eIPO White Form Service Provider by you or by any one as your agent or by any other person; and
- (xix) (if you are making the application as an agent for the benefit of another person) warrant that
 - (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC; and
 - (ii) you have due authority to sign the Application Form or give **electronic application instructions** on behalf of that other person as their agent.

Additional Instructions for **YELLOW** Application Form

You may refer to the **YELLOW** Application Form for details.

5. APPLYING THROUGH HK eIPO WHITE FORM SERVICE

General

Individuals who meet the criteria in “Who can apply” section, may apply through the **HK eIPO White Form service** for the Offer Shares to be allotted and registered in their own names through the designated website at www.hkeipo.hk.

Detailed instructions for application through the **HK eIPO White Form service** are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to the Company. If you apply through the designated website, you authorize the **HK eIPO White Form Service Provider** to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **HK eIPO White Form service**.

Time for Submitting Applications under the **HK eIPO White Form**

You may submit your application to the **HK eIPO White Form Service Provider** at www.hkeipo.hk (24 hours daily, except on the last application day) from 9:00 a.m. on Thursday, 28 December 2017 until 11:30 a.m. on Monday, 8 January 2018 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Monday, 8 January 2018 or such later time under the “Effects of Bad Weather on the Opening of the Applications Lists” in this section.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

No Multiple Applications

If you apply by means of **HK eIPO White Form**, once you complete payment in respect of any **electronic application instruction** given by you or for your benefit through the **HK eIPO White Form service** to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an **electronic application instruction** under **HK eIPO White Form** more than once and obtaining different payment reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **HK eIPO White Form service** or by any other means, all of your applications are liable to be rejected.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give **electronic application instructions** to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these **electronic application instructions** through the CCASS Phone System by calling 2979 7888 or through the CCASS Internet System (<https://ip.ccass.com>) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited
Customer Service Centre 1/F, One & Two Exchange Square
8 Connaught Place
Central
Hong Kong

and complete an input request form.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

- (i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;
- (ii) HKSCC Nominees will do the following things on your behalf:
 - agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;
 - agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;
 - undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Offering;
 - (if the electronic application instructions are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;
 - (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;
 - confirm that you understand that our Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;
 - authorize our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- confirm that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;
- confirm that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;
- agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);
- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;
- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;
- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;
- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offering results;
- agree to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

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- agree with the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and
- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;
- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and
- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

Thursday, 28 December 2017	— 9:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 29 December 2017	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, 30 December 2017	— 8:00 a.m. to 1:00 p.m.⁽¹⁾
Tuesday, 2 January 2018	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Wednesday, 3 January 2018	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Thursday, 4 January 2018	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Friday, 5 January 2018	— 8:00 a.m. to 8:30 p.m.⁽¹⁾
Saturday, 6 January 2018	— 8:00 a.m. to 1:00 p.m.⁽¹⁾
Monday, 8 January 2018	— 8:00 a.m.⁽¹⁾ to 12:00 noon

Note:

1. These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Thursday, 28 December 2017 until 12:00 noon on Monday, 8 January 2018 (24 hours daily, except the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Monday, 8 January 2018, the last application day or such later time as described in “Effect of Bad Weather on the Opening of the Application Lists” in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

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Personal Data

The section of the Application Form headed “Personal Data” applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving **electronic application instructions** to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **HK eIPO White Form service** is also only a facility provided by the **HK eIPO White Form Service Provider** to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. The Company, the Directors, the Sole Bookrunner, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **HK eIPO White Form service** will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their **electronic application instructions**, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC’s Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Monday, 8 January 2018.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked “For nominees” you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving **electronic application instructions** to HKSCC or through **HK eIPO White Form service**, is made for your benefit (including the part of the application made by HKSCC Nominees acting on **electronic application instructions**). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

“Unlisted company” means a company with no equity securities listed on the Stock Exchange.

“Statutory control” means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or
- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **HK eIPO White Form service** in respect of a minimum of 1,000 Hong Kong Offer Shares. Each application or **electronic application instruction** in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at www.hkeipo.hk.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, see the section headed “Structure and Conditions of the Global Offering”.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a “black” rainstorm warning,

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in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Monday, 8 January 2018. Instead they will open between 9:00 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 a.m. and 12:00 noon.

If the application lists do not open and close on Monday, 8 January 2018 or if there is a tropical cyclone warning signal number 8 or above or a “black” rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed “Expected Timetable”, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Offering, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Monday, 15 January 2018 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company’s website at www.toenterprise.com and the website of the Stock Exchange at www.hkexnews.hk.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company’s website at www.toenterprise.com and the Stock Exchange’s website at www.hkexnews.hk by no later than Monday, 15 January 2018;
- from the designated results of allocations website at share registrar’s website www.tricor.com.hk/ipo/result with a “search by ID” function on a 24-hour basis from 8:00 a.m. on Monday, 15 January 2018 to 12:00 midnight on Sunday, 21 January 2018;
- by telephone enquiry line by calling (852) 3691 8488 between 9:00 a.m. and 6:00 p.m. from Monday, 15 January 2018 to Thursday, 18 January 2018 (excluding Saturday, Sunday and Public Holiday);
- in the special allocation results booklets which will be available for inspection during opening hours from Monday, 15 January 2018 to Wednesday, 17 January 2018 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed “Structure and Conditions of the Global Offering”.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

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12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer Shares will not be allotted to you:

(i) *If your application is revoked:*

By completing and submitting an Application Form or giving **electronic application instructions** to HKSCC or to **HK eIPO White Form** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) *If the Company or its agents exercise their discretion to reject your application:*

The Company, the Sole Global Coordinator, the **HK eIPO White Form** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) *If the allotment of Hong Kong Offer Shares is void:*

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies the Company of that longer period within three weeks of the closing date of the application lists.

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(iv) *If:*

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Offering Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your **electronic application instructions** through the **HK eIPO White Form service** are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheques or banker's cashier order paid by you is dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK\$1.24 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with "Structure and Conditions of the Global Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheques or banker's cashier order will not be cleared.

Any refund of your application monies will be made on Monday, 15 January 2018.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by **electronic application instructions** to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and
- refund cheque(s) crossed “Account Payee Only” in favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or around Monday, 15 January 2018. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker’s cashier’s order(s).

Share certificates will only become valid at 8:00 a.m. on Tuesday, 16 January 2018 provided that the Global Offering has become unconditional and the right of termination described in the “Underwriting” section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) *If you apply using a WHITE Application Form*

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Company’s Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen’s Road East, Hong Kong, from 9:00 a.m. and 1:00 p.m. on Monday, 15 January 2018 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation’s chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

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If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on Monday, 15 January 2018, by ordinary post and at your own risk.

(ii) *If you apply using a YELLOW Application Form*

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on Monday, 15 January 2018, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Monday, 15 January 2018, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- *If you apply through a designated CCASS participant (other than a CCASS investor participant)*

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Monday, 15 January 2018 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) *If you apply through the HK eIPO White Form service*

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from Company's Hong Kong Branch Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, from 9:00 a.m. to 1:00 p.m. on Monday, 15 January 2018, or such other date as notified by the Company in the newspapers as the date of despatch/collection of Share certificates/e-Auto Refund payment instructions/refund cheques.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on Monday, 15 January 2018 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Auto Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) *If you apply via Electronic Application Instructions to HKSCC*

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives **electronic application instructions** or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Monday, 15 January 2018 or, on any other date determined by HKSCC or HKSCC Nominees.
- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Monday, 15 January 2018. You should check the announcement published by the Company and report any discrepancies to HKSCC before Monday, 15 January 2018 or such other date as determined by HKSCC or HKSCC Nominees.
- If you have instructed your broker or custodian to give **electronic application instructions** on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

HOW TO APPLY FOR THE HONG KONG OFFER SHARES

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Monday, 15 January 2018. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.
- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Monday, 15 January 2018.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional adviser for details of the settlement arrangement as such arrangements may affect their rights and interests.

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report set out on pages I-1 to I-3, received from the Company's reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus. It is prepared and addressed to the directors of the Company and to the Sole Sponsor pursuant to the requirements of HKSIR 200 Accountants' Reports on Historical Financial Information in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants.



羅兵咸永道

ACCOUNTANT'S REPORT ON HISTORICAL FINANCIAL INFORMATION TO THE DIRECTORS OF THING ON ENTERPRISE LIMITED AND KGI CAPITAL ASIA LIMITED

Introduction

We report on the historical financial information of Thing On Enterprise Limited (the "Company") and its subsidiaries (together, the "Group") set out on pages I-4 to I-73, which comprises the combined statements of financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017, the company statements of financial position as at 31 December 2016 and 30 June 2017 and the combined statements of comprehensive income, the combined statements of changes in equity and the combined statements of cash flows for each of the periods then ended (the "Track Record Period") and a summary of significant accounting policies and other explanatory information (together, the "Historical Financial Information"). The Historical Financial Information set out on pages I-4 to I-73 forms an integral part of this report, which has been prepared for inclusion in the prospectus of the Company dated 28 December 2017 (the "Prospectus") in connection with the initial listing of shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

Directors' responsibility for the Historical Financial Information

The directors of the Company are responsible for the preparation of Historical Financial Information that gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information, and for such internal control as the directors determine is necessary to enable the preparation of Historical Financial Information that is free from material misstatement, whether due to fraud or error.

Reporting accountant's responsibility

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

Our work involved performing procedures to obtain evidence about the amounts and disclosures in the Historical Financial Information. The procedures selected depend on the reporting accountant's judgement, including the assessment of risks of material misstatement of the Historical Financial Information, whether due to fraud or error. In making those risk assessments, the reporting accountant considers internal control relevant to the entity's preparation of Historical Financial Information that

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gives a true and fair view in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information in order to design procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Our work also included evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the Historical Financial Information.

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

Opinion

In our opinion the Historical Financial Information gives, for the purposes of the accountant's report, a true and fair view of the financial position of the Company as at 31 December 2016 and 30 June 2017 and the combined financial position of the Group as at 31 December 2014, 2015 and 2016 and 30 June 2017 and of its combined financial performance and its combined cash flows for the Track Record Period in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Review of stub period comparative financial information

We have reviewed the stub period comparative financial information of the Group which comprises the combined statements of comprehensive income, changes in equity and cash flows for the six months ended 30 June 2016 and other explanatory information (the "Stub Period Comparative Financial Information"). The directors of the Company are responsible for the preparation and presentation of the Stub Period Comparative Financial Information in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information. Our responsibility is to express a conclusion on the Stub Period Comparative Financial Information based on our review. We conducted our review in accordance with Hong Kong Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the HKICPA. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion. Based on our review, nothing has come to our attention that causes us to believe that the Stub Period Comparative Financial Information, for the purposes of the accountant's report, is not prepared, in all material respects, in accordance with the basis of presentation and preparation set out in Notes 1.3 and 2.1 to the Historical Financial Information.

Report on matters under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and the Companies (Winding Up and Miscellaneous Provisions) Ordinance

Adjustments

In preparing the Historical Financial Information no adjustments to the Underlying Financial Statements as defined on page I-4 have been made.

Dividends

We refer to Note 12 to the Historical Financial Information which states that no dividends have been paid by Thing On Enterprise Limited in respect of the Track Record Period.

No statutory financial statements for the Company

No statutory financial statements have been prepared for the Company since its date of incorporation.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong
28 December 2017

I HISTORICAL FINANCIAL INFORMATION OF THE GROUP

Preparation of Historical Financial Information

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

The combined financial statements of the Group for the Track Record Period, on which the Historical Financial Information is based, were audited by PricewaterhouseCoopers in accordance with Hong Kong Standards on Auditing issued by the HKICPA ("Underlying Financial Statements").

The Historical Financial Information is presented in Hong Kong dollars ("HK\$") unless otherwise indicated.

COMBINED STATEMENTS OF COMPREHENSIVE INCOME

Note	Year ended 31 December			Six months ended 30 June		
	2014	2015	2016	2016	2017	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
				(Unaudited)		
Revenue	5	36,751	37,478	41,294	19,622	23,696
Cost of sales	7	(5,610)	(4,636)	(4,305)	(1,961)	(3,884)
Gross profit		31,141	32,842	36,989	17,661	19,812
Other income, gains/losses, net	6	160	19	2,297	2,297	11,180
Gain on disposals of investment properties	14	—	64,838	—	—	—
Changes in fair value of investment properties	14	77,622	115,541	214,266	72,500	77,863
General and administrative expenses	7	(4,144)	(5,280)	(7,648)	(3,977)	(9,209)
Operating profit		104,779	207,960	245,904	88,481	99,646
Finance income/(expenses)	10	11,503	2,727	(44)	—	(1,557)
Profit before income tax		116,282	210,687	245,860	88,481	98,089
Income tax expenses	11	(6,972)	(5,180)	(5,015)	(2,352)	(2,679)
Profit for the year/period		109,310	205,507	240,845	86,129	95,410
Other comprehensive income		—	—	—	—	—
Profit and total comprehensive income attributable to owner of the Company		109,310	205,507	240,845	86,129	95,410

COMBINED STATEMENTS OF FINANCIAL POSITION

	Note	As at 31 December			As at 30 June
		2014	2015	2016	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
ASSETS					
Non-current assets					
Investment properties	14	1,385,900	1,305,020	1,639,100	1,584,833
Property, plant and equipment	15	12,879	12,596	12,328	12,194
Deferred income tax assets	16	1,016	—	—	—
Prepayment		—	551	—	—
		<u>1,399,795</u>	<u>1,318,167</u>	<u>1,651,428</u>	<u>1,597,027</u>
Current assets					
Trade receivables	17	420	3,593	—	—
Prepayments, deposits and other receivables		753	517	792	2,145
Amounts due from related companies	18	202,553	22,150	—	—
Tax prepayment		344	1,530	437	27
Cash and bank balances	19	<u>2,558</u>	<u>2,207</u>	<u>30,946</u>	<u>2,036</u>
		206,628	29,997	32,175	4,208
Assets of disposal group classified as held for sales	25	—	—	505,216	—
		<u>206,628</u>	<u>29,997</u>	<u>537,391</u>	<u>4,208</u>
Total assets		<u><u>1,606,423</u></u>	<u><u>1,348,164</u></u>	<u><u>2,188,819</u></u>	<u><u>1,601,235</u></u>
EQUITY					
Combined share capital	20	—	—	—	—
Reserves	22	<u>558,899</u>	<u>764,406</u>	<u>1,005,251</u>	<u>1,100,661</u>
Total equity attributable to owner of the Company		<u><u>558,899</u></u>	<u><u>764,406</u></u>	<u><u>1,005,251</u></u>	<u><u>1,100,661</u></u>

	Note	As at 31 December			As at 30 June
		2014	2015	2016	2017
		HK\$'000	HK\$'000	HK\$'000	HK\$'000
LIABILITIES					
Non-current liabilities					
Deferred income tax liabilities	16	1,029	1,014	1,134	1,188
Borrowings	26	—	—	330,000	330,000
		<u>1,029</u>	<u>1,014</u>	<u>331,134</u>	<u>331,188</u>
Current liabilities					
Other payables and accruals	23	11,690	11,051	64,533	16,219
Amount due to ultimate holding company	24	1,034,516	570,330	781,693	150,853
Tax payable		<u>289</u>	<u>1,363</u>	<u>2,202</u>	<u>2,314</u>
		1,046,495	582,744	848,428	169,386
Liabilities of disposal group classified as held for sales	25	<u>—</u>	<u>—</u>	<u>4,006</u>	<u>—</u>
		<u>1,046,495</u>	<u>582,744</u>	<u>852,434</u>	<u>169,386</u>
Total liabilities		<u>1,047,524</u>	<u>583,758</u>	<u>1,183,568</u>	<u>500,574</u>
Net current liabilities		<u>(839,867)</u>	<u>(552,747)</u>	<u>(315,043)</u>	<u>(165,178)</u>
Total equity and liabilities		<u>1,606,423</u>	<u>1,348,164</u>	<u>2,188,819</u>	<u>1,601,235</u>

STATEMENTS OF FINANCIAL POSITION OF THE COMPANY

	<u>Note</u>	<u>As at</u> <u>31 December 2016</u>	<u>As at</u> <u>30 June 2017</u>
		<i>HK\$'000</i>	<i>HK\$'000</i>
ASSET			
Current asset			
Cash and bank balances		39	47
Total asset		<u>39</u>	<u>47</u>
EQUITY			
Share capital	21	—	—
Accumulated losses		(21)	(378)
Total deficit attributable to owner of the Company		<u>(21)</u>	<u>(378)</u>
LIABILITY			
Current liability			
Amount due to the ultimate holding company		60	425
Total liability		<u>60</u>	<u>425</u>
Net current liabilities		<u>(21)</u>	<u>(378)</u>
Total equity and liability		<u>39</u>	<u>47</u>

COMBINED STATEMENTS OF CHANGES IN EQUITY

Note	Attributable to owner of the Company		
	Combined share capital (Note 20)	Reserves (Note 22)	Total
	HK\$'000	HK\$'000	HK\$'000
At 1 January 2014	—	449,589	449,589
Profit for the year	—	109,310	109,310
Total comprehensive income for the year	—	109,310	109,310
At 31 December 2014	—	558,899	558,899
At 1 January 2015	—	558,899	558,899
Profit for the year	—	205,507	205,507
Total comprehensive income for the year	—	205,507	205,507
At 31 December 2015	—	764,406	764,406
At 1 January 2016	—	764,406	764,406
Profit for the year	—	240,845	240,845
Total comprehensive income for the year	—	240,845	240,845
At 31 December 2016	—	1,005,251	1,005,251
At 1 January 2016	—	764,406	764,406
Profit for the period (Unaudited)	—	86,129	86,129
Total comprehensive income for the period (Unaudited)	—	86,129	86,129
At 30 June 2016 (Unaudited)	—	850,535	850,535
At 1 January 2017	—	1,005,251	1,005,251
Profit for the period	—	95,410	95,410
Total comprehensive income for the period	—	95,410	95,410
At 30 June 2017	—	1,100,661	1,100,661

COMBINED STATEMENTS OF CASH FLOWS

Note	Year ended 31 December			Six months ended 30 June		
	2014	2015	2016	2016	2017	
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000	
	<i>(Unaudited)</i>					
Cash flows from operating activities						
Cash generated from operations	28	22,946	24,288	33,410	13,393	10,991
Hong Kong profits tax paid		(492)	(4,291)	(3,055)	(1,517)	(2,018)
Net cash generated from operating activities		22,454	19,997	30,355	11,876	8,973
Cash flows from investing activities						
Purchases of investment properties		—	—	(527,685)	(1,381)	—
Proceeds from disposals of investment properties	28(d)	—	230,118	—	—	—
Net cash outflow from disposal of a subsidiary	6	—	—	(63)	(63)	(1,021)
Prepayment for the addition of investment property		—	(551)	—	—	—
Net cash generated from/(used in) investing activities		—	229,567	(527,748)	(1,444)	(1,021)
Cash flows from financing activities						
(Repayments of)/advances from the ultimate holding company	28	(21,485)	(249,915)	197,457	(9,270)	(37,234)
Proceeds from borrowings	26	—	—	330,000	—	—
Listing expenses paid		—	—	(228)	(171)	(725)
Net cash (used in)/generated from financing activities		(21,485)	(249,915)	527,229	(9,441)	(37,959)

Note	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Net increase/(decrease) in cash and cash equivalents during the year/period	969	(351)	29,836	991	(30,007)
Cash and cash equivalents at beginning of year/period	1,589	2,558	2,207	2,207	32,043
Cash and cash equivalents at end of year/period	<u>2,558</u>	<u>2,207</u>	<u>32,043</u>	<u>3,198</u>	<u>2,036</u>
Analysis of balances of cash and cash equivalents					
Cash and bank balances	19	2,558	2,207	30,946	3,198
Cash and bank balances classified as assets held for sales	25(a)	—	—	1,097	—
		<u>2,558</u>	<u>2,207</u>	<u>32,043</u>	<u>3,198</u>
				<u>3,198</u>	<u>2,036</u>

II NOTES TO THE HISTORICAL FINANCIAL INFORMATION**1 General information, reorganisation and basis of presentation****1.1 General information**

The Company was incorporated in the Cayman Islands on 19 May 2016 as an exempted company with limited liability under the Companies Law (Cap. 22, Law 3 of 1961 as consolidated and revised) of the Cayman Islands. The address of the Company's registered office is 190 Elgin Avenue, George Town, Grand Cayman KY1-9007, Cayman Islands.

The Company is an investment holding company and its subsidiaries are principally engaged in property investment and management in Hong Kong (the "Listing Business"). The ultimate holding company of the Company is Thing On Group Limited which is incorporated in the British Virgin Islands ("Thing On Group"). The ultimate controlling shareholder of the Group is Mr. Wong Chung Tak Richard ("Mr. Wong").

1.2 Reorganisation

In preparation for the listing of the shares of the Company on The Stock Exchange of Hong Kong Limited, the Company and other companies now comprising the Group have undergone a reorganisation (the "Reorganisation") pursuant to which the Company has become the holding company of the other companies now comprising the Group. The major steps which have been undertaken to effect the Reorganisation were as follows:

(i) Incorporation of the Company

The Company was incorporated in the Cayman Islands on 19 May 2016 with an authorised share capital of HK\$380,000 comprising 7,600,000,000 ordinary shares of HK\$0.00005 each, of which 1 fully paid subscriber share was transferred to Thing On Group at par value on 20 May 2016.

(ii) Share transfers

As part of the Reorganisation, on 15 December 2017, the Company entered into the share exchange agreement with Thing On Group in respect of the transfer of the entire issued share capital of each of Asset Partners Group Limited, Branding Good Limited, Excellent Generation Limited, Fancy Terrace Limited, Fulltow Investments Limited, Lightway Group Limited, Power Net Properties Limited, Super Express Properties Limited, Thing On Investment (China) Limited, Value Shine Limited and Wealth Range Limited from Thing On Group to the Company, in consideration of which the Company issue and allot one ordinary share credited as fully paid to Thing On Group. The transfers have all been completed on 15 December 2017.

Upon completion of the Reorganisation on 15 December 2017, the Company became the holding company of the companies now comprising the Group. The ultimate controlling shareholder remains as Mr. Wong.

Upon completion of the Reorganisation and as at the date of this report, the Company had direct or indirect interests in the following principal subsidiaries:

Company name	Date of incorporation	Country/ place of incorporation/ establishment	Registered issued and paid-up capital	Attributable equity interest of the Group					Principal activities
				As at 31 December			As at 30 June 2017	As at the date of this report	
				2014	2015	2016			
Directly owned subsidiaries:									
Asset Partners Group Limited (Notes (2), (4), (5))	9 August 2001	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	100%	100%	Property investment
Branding Good Limited (Note (5))	26 October 2016	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	—	—	100%	100%	100%	Provision of financial services to group companies
Excellent Generation Limited (Notes (5) and (7))	8 August 2016	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	—	—	100%	100%	100%	Property investment
Fancy Terrace Limited (Notes (2), (4), (5))	11 June 2013	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	100%	100%	Property investment
Fession Group Limited (Notes (5) and (13))	13 September 2012	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	—	—	Investment holding
Fresh One Inc. (Notes (5) and (13))	15 March 2016	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	—	—	100%	—	—	Property investment
Fulltow Investments Limited (Note (5))	15 October 2012	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	100%	100%	Investment holding
Integral Grow Limited (Notes (5), (9) and (13))	3 October 2013	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	—	100%	—	—	—	Property investment
Lightway Group Limited (Note (5))	13 September 2012	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	100%	100%	Investment holding

APPENDIX I
ACCOUNTANT'S REPORT

Company name	Date of incorporation	Country/ place of incorporation/ establishment	Registered issued and paid-up capital	Attributable equity interest of the Group					Principal activities
				As at 31 December			As at 30 June 2017	As at the date of this report	
				2014	2015	2016			
Pop Act Limited (Notes (5) and (13))	28 September 2015	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	—	—	100%	—	—	Investment holding
Power Net Properties Limited (Notes (5) and (7))	20 July 2016	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	—	—	100%	100%	100%	Property investment
Super Express Properties Limited (Notes (5), (6) and (7))	29 October 2013	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	—	100%	100%	100%	100%	Property investment
Thing On Investment (China) Limited (Note (5))	6 September 2001	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	100%	100%	Investment holding
Value Shine Limited (Note (5))	15 May 2009	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	100%	100%	Investment holding
Wealth Range Limited (Notes (2), (4), (5))	28 February 2013	British Virgin Islands	1 ordinary share of US\$1 paid up to US\$1	100%	100%	100%	100%	100%	Property investment
Indirectly owned subsidiaries:									
Fenright Corporation Limited (Notes (11), (12) and (13))	22 May 2009	Hong Kong	1 ordinary share paid up to HK\$1	—	—	100%	—	—	Property investment
Grandtex Development 1994 Limited (Notes (1) and (3))	27 January 1994	Hong Kong	100 ordinary shares paid up to HK\$100	100%	100%	100%	100%	100%	Property investment
Imperial Industrial Limited (Notes (11), (12) and (13))	29 June 2005	Hong Kong	10,000 ordinary share paid up to HK\$10,000	—	—	100%	—	—	Property investment

APPENDIX I
ACCOUNTANT'S REPORT

Company name	Date of incorporation	Country/ place of incorporation/ establishment	Registered issued and paid-up capital	Attributable equity interest of the Group					Principal activities
				As at 31 December			As at 30 June 2017	As at the date of this report	
				2014	2015	2016			
Prime Tech Investment Development Limited (Notes (11), (12) and (13))	29 March 2010	Hong Kong	1 ordinary share paid up to HK\$1	—	—	100%	—	—	Property investment
Rich Concord Properties Limited (Notes (11), (12) and (13))	17 February 2009	Hong Kong	2 ordinary share paid up to HK\$2	—	—	100%	—	—	Property investment
Sherman Investment Limited (Notes (11), (12) and (13))	29 March 2010	Hong Kong	1 ordinary share paid up to HK\$1	—	—	100%	—	—	Property investment
Stadium Holdings Limited (Notes (1), (8) and (13))	16 February 2000	Hong Kong	2 ordinary shares paid up to HK\$2	100%	100%	100%	—	—	Property investment
Thing On Holdings Limited (Notes (3) and (10))	27 September 1985	Hong Kong	2 ordinary shares paid up to HK\$2	100%	100%	100%	100%	100%	Property management in Hong Kong
Topfield HK Development Limited (Notes (11), (12) and (13))	1 June 2009	Hong Kong	1 ordinary share paid up to HK\$1	—	—	100%	—	—	Property investment
Trinity Sino Limited (Notes (1) and (3))	3 March 2010	Hong Kong	1 ordinary share paid up to HK\$1	100%	100%	100%	100%	100%	Property investment

Company name	Date of incorporation	Country/ place of incorporation/ establishment	Registered issued and paid-up capital	Attributable equity interest of the Group					Principal activities
				As at 31 December			As at 30 June	As at the date of this report	
				2014	2015	2016	2017		
Yue Tin Development Limited (Notes (1) and (3))	20 March 1990	Hong Kong	2 ordinary shares paid up to HK\$2	100%	100%	100%	100%	100%	Property investment

Notes:

- (1) The statutory financial statements of these companies incorporated in Hong Kong for the year ended 31 December 2014 were prepared in accordance with the Hong Kong Financial Reporting Standard for Private Entities ("HKFRSPE") and audited by Cheung Lee Ng & Co. (CPA) Limited, Certified Public Accountants, Hong Kong.
- (2) The non-statutory financial statements of these companies incorporated in the British Virgin Islands, for the year ended 31 December 2014 were prepared in accordance with the HKFRSPE and audited by Cheung Lee Ng & Co. (CPA) Limited, Certified Public Accountants, Hong Kong.
- (3) The statutory financial statements of these companies incorporated in Hong Kong for the year ended 31 December 2015 were prepared in accordance with the Hong Kong Financial Reporting Standards ("HKFRSs") and audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. The statutory financial statements of these companies for the year ended 31 December 2016 have not yet been issued at the date of this report.
- (4) The non-statutory financial statements of these companies for the year ended 31 December 2015 were prepared in accordance with the HKFRSs and audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. The non-statutory financial statements for the year ended 31 December 2016 have not yet been issued at the date of this report.
- (5) No statutory financial statements have been issued for these companies as they are not required to issue audited financial statements under the statutory requirements of their places of incorporation.
- (6) No non-statutory financial statements for the year ended 31 December 2014 have been issued for Super Express Properties Limited. The non-statutory financial statement for the year ended 31 December 2015 was prepared in accordance with HKFRSs and audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong.
- (7) The non-statutory financial statements for the year ended 31 December 2016 are to be prepared in accordance with the HKFRSs and to be audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. The non-statutory financial statements have not yet been issued at the date of this report.
- (8) The statutory financial statements of Stadium Holdings for the year ended 31 December 2015 were prepared in accordance with the HKFRSs and audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. Stadium Holdings Limited was disposed on 25 January 2017 and the auditor for the year ended 31 December 2016 is yet to be appointed.

- (9) No non-statutory financial statements for the year ended 31 December 2014 have been issued for Integral Grow Limited. The non-statutory financial statements for the year ended 31 December 2015 are to be prepared in accordance with the HKFRSs and to be audited by PricewaterhouseCoopers, Certified Public Accountants, Hong Kong. The non-statutory financial statements have not yet been issued at the date of this report.
- (10) No statutory financial statements have been issued for the year ended 31 December 2014 as Thing On Holdings Limited is a dormant company for the year ended 31 December 2014.
- (11) The statutory financial statements of these companies incorporated in Hong Kong for the year ended 31 March 2014, 2015 and 2016 were prepared in accordance with the Small and Medium-sized Entity Financial Reporting Standard ("SME-FRS") and audited by Gerhard W. H. Fung & Company, Certified Public Accountants, Hong Kong. The auditor for the year ended 31 March 2017 is yet to be appointed.
- (12) Except for these subsidiaries which adopted 31 March as their financial year end date because they have been just acquired in 2016, all companies comprising the Group have adopted 31 December as their financial year end date.
- (13) The subsidiaries were disposed in the Track Record Period.

1.3 *Basis of presentation*

Immediately prior to and after the Reorganisation, the Listing Business is held by Thing On Group. The Listing Business is mainly conducted through Asset Partners Group Limited, Branding Good Limited, Excellent Generation Limited, Fancy Terrace Limited, Fulltow Investments Limited, Lightway Group Limited, Power Net Properties Limited, Super Express Properties Limited, Thing On Investment (China) Limited, Value Shine Limited and Wealth Range Limited, which are all 100% owned subsidiaries of Thing On Group. Pursuant to the Reorganisation, the Listing Business was transferred to and held by the Company. The Company has not been involved in any other business prior to the Reorganisation and does not meet the definition of a business. The Reorganisation is merely a reorganisation of the Listing Business with no change in management of such business and the ultimate controlling shareholder of the Listing Business remains the same.

The Historical Financial Information has been prepared by including the historical financial information of the companies engaged in the Listing Business, under the common control of Mr. Wong immediately before and after the Reorganisation and now comprising the Group as if the current group structure had been in existence throughout the periods presented, or since the date when the combining companies first came under the control of Mr. Wong, whichever is a shorter period.

The net assets of the combining companies were combined using the existing fair values from Mr. Wong's perspective. No amount is recognised in consideration for goodwill or excess of acquirer's interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost at the time of business combination under common control, to the extent of the continuation of the controlling party's interest.

In addition, the employee benefit expenses (including director's emoluments) relating to the operation of the Listing Business that were not reflected in the financial statements of the legal entities forming the Listing Business during the years ended 31 December 2014 and 2015 have been specifically identified and reflected in this Historical Financial Information.

For companies acquired from or disposed to third parties during each of the years ended 31 December 2014, 2015 and 2016 and the period ended 30 June 2017, they are included in or excluded from the combined financial statements of the Group from the date of the acquisition or disposal.

Inter-company transactions and balances between group companies are eliminated on combination.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of the Historical Financial Information are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.1 Basis of preparation

The principal accounting policies applied in the preparation of the Historical Financial Information which are in accordance with HKFRSs issued by the HKICPA as set out below. The Historical Financial Information has been prepared under the historical cost convention, as modified by the revaluation of investment properties which are stated at fair value.

As at 31 December 2014, 2015 and 2016 and 30 June 2017, the Group's current liabilities exceeded its current assets by HK\$839,867,000, HK\$552,747,000, HK\$315,043,000 and HK\$165,178,000 respectively. The net current liabilities mainly comprise amount due to ultimate holding company. As at 31 December 2014, 2015 and 2016 and 30 June 2017, the Group has amounts due to ultimate holding company of HK\$1,034,516,000, HK\$570,330,000, HK\$781,693,000 and HK\$150,853,000, respectively. After taking into account the capitalization of amounts due to ultimate holding company of HK\$154,264,000 before listing on 15 December 2017 and the banking facilities of an amount up to 50% of the market value of properties held by the Group, to be obtained according to the indicative loan term sheet to enable the Group to meet its liabilities as and when they fall due, the Directors believe the Group will continue as a going concern and consequently have prepared the Historical Financial Information on a going concern basis.

The preparation of Historical Financial Information in conformity with HKFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Historical Financial Information are disclosed in Note 4.

Impact of new or revised standards and amendments to existing standards that are effective for annual periods beginning on or after 30 June 2017

HKICPA has issued certain new standards, interpretations and amendments which are relevant to the Group's operation but not yet effective for the Track Record Period and the Group has not early adopted.

		<u>Effective for annual periods beginning on or after</u>
HKFRS 9	Financial instruments	1 January 2018
HKFRS 15	Revenue from contracts with customers	1 January 2018
Amendments to HKFRS 2	Classification and Measurement of Share-based Payment Transactions	1 January 2018
Amendments to HKFRS 4	Insurance Contracts	1 January 2018
Amendment to HKFRS 1	First time adoption of HKFRS	1 January 2018
Amendment to HKAS 28	Investments in associates and joint ventures	1 January 2018
Amendment to HKAS 40	Transfers of Investment Property	1 January 2018
HK (IFRIC) Interpretation 22	Foreign Currency Transactions and Advance Consideration	1 January 2018
HKFRS 16	Leases	1 January 2019
HK (IFRIC) Interpretation 23	Uncertainty Over Income Tax	1 January 2019
HKFRS 10 and HKAS 28	Amendments to Sale or contribution of assets between an investor and its associate or joint venture	To be announced

HKFRS 9 — Financial instruments

HKFRS 9, "Financial instruments" replaces the whole of HKAS 39. HKFRS 9 has three financial asset classification categories for investments in debt instruments: amortised cost, fair value through other comprehensive income ("OCI") and fair value through profit or loss. Classification is driven by the entity's business model for managing the debt instruments and their contractual cash flow characteristics. Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in OCI, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss. For financial liabilities there are two classification categories: amortised cost and fair value through profit or loss. Where non-derivative financial liabilities are designated at fair value through profit or loss, the changes in the fair value due to changes in the liability's own credit risk are recognised in OCI, unless such changes in fair value would create an accounting mismatch in profit or loss, in which case, all fair value movements are recognised in profit or loss. There is no subsequent recycling of the amounts in OCI to profit or loss. For financial liabilities held for trading (including derivative financial liabilities), all changes in fair value are presented in profit or loss.

HKFRS 9 introduces a new model for the recognition of impairment losses — the expected credit losses (ECL) model, which constitutes a change from the incurred loss model in HKAS 39. HKFRS 9 contains a ‘three stage’ approach, which is based on the change in credit quality of financial assets since initial recognition. Assets move through the three stages as credit quality changes and the stages dictate how an entity measures impairment losses and applies the effective interest rate method. The new rules mean that on initial recognition of a non-credit impaired financial asset carried at amortised cost a day-1 loss equal to the 12-month ECL is recognised in profit or loss. In the case of accounts receivables this day-1 loss will be equal to their lifetime ECL. Where there is a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL.

During the Track Record Period, all of the Group’s financial assets and financial liabilities were carried at amortised costs without significant impairment on the former, the implementation of HKFRS 9 is not expected to result in any significant impact on the Group’s financial position and results of operations.

HKFRS 15 — Revenue from contracts with customers

HKFRS 15 establishes a comprehensive framework for determining when to recognise revenue and how much revenue to recognise through a 5-step approach : (1) Identify the contract(s) with customer; (2) Identify separate performance obligations in a contract; (3) Determine the transaction price; (4) Allocate transaction price to performance obligations and (5) recognise revenue when performance obligation is satisfied. The core principle is that a company should recognise revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the Company expects to be entitled in exchange for those goods or services. It moves away from a revenue recognition model of transfer of risks and rewards approach to transfer of control approach.

HKFRS 15 provides specific guidance on capitalization of contract cost and licence arrangements. It also includes a cohesive set of disclosure requirements about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity’s contracts with customers.

HKFRS 15 replaces the previous revenue standards: HKAS 18 Revenue and HKAS 11 Construction Contracts, and the related Interpretations on revenue recognition including:

IFRIC/HK(IFRIC) 13 Customer Loyalty Programmes, IFRIC/HK(IFRIC) 15 Agreements for the Construction of Real Estate, IFRIC/HK(IFRIC) 18 Transfers of Assets from Customers and SIC-31 Revenue — Barter Transactions Involving Advertising Services.

The Group has two major revenue streams, namely (i) rental income and (ii) property management fee income. Management has performed a preliminary assessment and expects that the implementation of the HKFRS 15 would not result in any significant impacts on the Group’s financial position and results of operations. Meanwhile, there will be additional disclosure requirement under HKFRS 15 upon its adoption. HKFRS 15 is effective for annual periods beginning on or after 1 January 2018 and earlier application is permitted.

HKFRS 16 — Leases

HKFRS 16 addresses the definition of a lease, recognition and measurement of leases and establishes principles for reporting useful information to users of financial statements about the leasing activities of both lessees and lessors. A key change arising from HKFRS 16 is that most operating leases will be accounted for on balance sheet for lessees. The standard replaces HKAS 17 'Leases', and related interpretations.

The adoption of HKFRS 16 mainly impact on lessee, which has new provisions for the accounting treatment of leases and will in the future no longer allow lessees to account for certain leases outside the balance sheet. Instead, all long-term leases must be recognised in the balance sheet in the form of assets (for the rights of use) and lease liabilities (for the payment obligations). Short-term leases with a lease term of twelve months or less and leases of low-value assets are exempt from such reporting obligations. The new standard will therefore result in recognition of a right-to-use asset and an increase in lease liabilities in the balance sheet. In profit or loss, rental expenses will be replaced with depreciation and interest expense.

The principal business of the Group is property investment and management business. The Group is acting as the lessor of various office properties, retail properties and industrial properties. The Group does not have any operating lease commitments with the Group acting as lessee. Management has performed a preliminary assessment and expects that the implementation of the HKFRS 16 would not result in any significant impacts on the Group's financial position and results of operations.

Other than HKFRS 9, HKFRS 15 and HKFRS 16, the Group is in the process of assessing potential impact of the above other new standards and amendments to standards upon initial application. According to the preliminary assessment made by the directors of the Company, management does not anticipate any significant impact on the Group's financial positions and results of operations upon adopting the above other amendments to existing standards.

2.2 Consolidation**(i) Subsidiaries**

Subsidiaries are all entities over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

Inter-company transactions, balances, income and expenses on transactions between group companies are eliminated. Profits and losses resulting from inter-company transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Except for the Reorganisation, the Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the

assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date.

The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets. All other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by HKFRSs.

Acquisition-related costs are expensed as incurred.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the identifiable net assets acquired is recorded as goodwill. If the total of consideration transferred, non-controlling interest recognised and previously held interest measured is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised in the combined statements of comprehensive income.

(ii) *Changes in ownership interests in subsidiaries without change of control*

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions - that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

(iii) *Disposal of subsidiaries*

When the Group ceases to have control, any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in the combined statements of comprehensive income. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(iv) *Separate financial statements*

Investments in subsidiaries are accounted for at cost less impairment. Cost also includes direct attributable costs of investment. The results of the subsidiaries are accounted for by the Company on the basis of dividend and receivable.

Impairment testing of the investments in the subsidiaries is required upon receiving dividends from these investments if the dividend exceeds the total comprehensive income of the subsidiary in the year the dividend is declared or if the carrying amount of the investment in the separate financial statements exceeds the carrying amount in the Historical Financial Information of the investee's net assets including goodwill.

2.3 *Segment reporting*

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the executive directors that make strategic decisions.

2.4 *Foreign currencies*

(i) *Functional and presentation currency*

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The Historical Financial Information is presented in Hong Kong dollars, which is the Company's functional and the Group's presentation currency.

(ii) *Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the combined statements of comprehensive income.

(iii) *Group companies*

The results and financial position of all the Group's entities that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (1) assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;
- (2) income and expenses for each statements of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (3) all resulting exchange differences are recognised in other comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate. Exchange differences arising are recognised in other comprehensive income.

2.5 *Investment properties*

Investment properties are properties held to earn rentals and/or for capital appreciation (including properties under construction for such purposes). Investment properties include land held for undetermined future use, which is regarded as held for capital appreciation purpose.

Investment properties are initially measured at cost, including any directly attributable expenditure. Subsequent to initial recognition, investment properties are measured at their fair values. Gains or losses arising from changes in the fair value of investment properties are included in the combined statements of comprehensive income for the period in which they arise.

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 its disposals. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the combined statements of comprehensive income in the period in which the item is derecognised.

2.6 *Property, plant and equipment*

Property, plant and equipment including buildings, furniture, fixtures and office equipment held for use in the supply of services, or for administrative purposes, are stated in the Historical Financial Information at cost less subsequent accumulated depreciation and accumulated impairment losses, if any.

Depreciation is provided to write off the cost of items of property, plant and equipment over their estimated useful lives and after taking into account of their estimated residual value, using the straight-line method, as follows:

Leasehold land held under a finance lease	Over the leased term of 50 years
Building	50 years
Furniture, fixtures and office equipment	4 years

An item of property, plant 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 the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

2.7 *Trade and other receivables*

Trade receivables are amounts due from customer for rental income and property management fee income in the ordinary course of business.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment, which is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivable. Significant financial difficulties of a debtor, probability that the debtor will enter bankruptcy and default or delinquency in payments are considered indicators that the receivable is impaired. The amount of the provision is the difference between the carrying amount of the asset and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of the assets is reduced through the use of an allowance account, and the amount of the provision is recognised in the combined statements of comprehensive income. When a receivable is uncollectible, it is written off against the allowance account for receivable. Subsequent recoveries of amounts previously written off are credited in the combined statements of comprehensive income.

If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

2.8 *Cash and cash equivalents*

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

2.9 *Impairment of non-financial assets*

Assets that have an indefinite useful life — for example, goodwill or intangible assets not ready to use — are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised in the combined statements of comprehensive income for the amount by which the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (CGUs). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2.10 *Non-current assets or disposal groups held-for-sales*

Non-current assets or disposal groups are classified as held for sales when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are stated at the lower of carrying amount and fair value less costs to sell. Investment properties, which are classified as held for sales, would continue to be measured in accordance with the policies set out elsewhere in Note 2.

2.11 *Other payables*

Other payables are recognised initially at fair value and subsequently measured at amortised cost using effective interest method. They are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

2.12 *Borrowings*

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

2.13 *Borrowing costs*

General and specific borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

2.14 *Contingent liabilities and contingent assets*

A contingent liability is a possible obligation that arises from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. It can also be a present obligation arising from past events that is not recognised because it is not probable that an outflow of economic resources will be required or the amount of obligation cannot be measured reliably.

A contingent liability is not recognised but is disclosed in the notes to the Historical Financial Information. When a change in the probability of an outflow occurs so that the outflow is probable, it will then be recognised as a provision.

A contingent asset is a probable asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent asset is not recognised but is disclosed in the notes to the Historical Financial Information when an inflow of economic benefits is probable. When inflow is virtually certain, an asset is recognised.

2.15 *Current and deferred income tax*

The tax expense for the year comprises current and deferred income tax. Tax is recognised in the combined statements of comprehensive income, except to the extent that it relates to items recognised directly in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

(i) *Current income tax*

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the statement of financial position date in the countries where the Group operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

(ii) *Deferred income tax*

Inside basis differences

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the Historical Financial Information. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Outside basis differences

Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except where the timing of the reversal of the temporary difference can be controlled and it is probable that the temporary difference will not reverse in the foreseeable future.

(iii) *Offsetting*

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.16 Revenue recognition

Revenue is measured at the fair value of the consideration received and receivable for the sale of services rendered in the ordinary course of the Group's activities. Revenue is stated net of allowances for credit and other revenue reducing factors after eliminating sales within the Group.

Revenue is recognised when the amount can be reliably measured, it is probable that future economic benefits will flow to the Group and specific criteria for each of the activities have been met. The amount of revenue is not considered to be reliably measurable until all contingencies relating to the activities have been resolved. Estimates are based on historical results, taking into consideration the type of customers, the type of transactions and the specifics of each arrangement.

(i) *Rental income*

Operating lease rental income is recognised on a straight-line basis over the lease period.

(ii) *Property management fee income*

Property management fee income is recognised when services are rendered.

(iii) *Interest income*

Interest income is recognised on a time proportion basis using the effective interest method.

(iv) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.17 Employee benefits

(i) *Employee leave entitlements*

Employee entitlements to annual leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave as a result of services rendered by employees up to the statement of financial position date. Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Bonus plan*

Provisions for bonus plans are recognised when the Group has a present legal or constructive obligation as a result of services rendered by employees and a reliable estimate of the obligation can be made.

(iii) *Defined contribution schemes*

Contributions to defined contribution schemes, including the Mandatory Provident Fund (“MPF”) Scheme, are expensed as incurred.

2.18 *Operating leases*

Group as the lessor to operating leases

Where assets are leased out under an operating lease, the asset is included in the balance sheet based on the nature of the asset. Lease income is recognised over the term of the lease on a straight-line basis.

2.19 *Dividend distribution*

Dividend distribution to the Company’s shareholders is recognised as a liability in financial statements in the period when the dividends are approved by the Company’s shareholders/directors, where appropriate.

3 Financial risk management

3.1 *Financial risk factors*

The Group’s activities expose it to a variety of financial risks: credit risk, interest rate risk and liquidity risk. The Group’s overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group’s financial performance. It is the Group’s policy not to enter into derivative transaction for speculative purposes.

The Group sets financial risk management policies in accordance with policies and procedures approved by the Board of Directors. The Board of Directors identifies and evaluates any financial risks in close co-operation with the Group’s operating units and provides written principles for overall risk management.

(i) *Credit risk*

The credit risk of the Group mainly arises from trade receivables, deposits and other receivables, amounts due from related companies and deposits with banks and financial institutions.

Deposits are mainly placed with high-credit-quality financial institutions. In respect of credit exposures to customers, the Group has policies in place to assess credit history of customers and carries out follow-up actions on overdue amounts to minimise the credit risk exposure. The Group has no significant concentrations of credit risk as they have a large number of customers.

Management regularly assesses credit risk for amounts due from related companies by reviewing financial information of related companies on a regular basis to minimise credit risk.

The maximum exposure to credit risk is represented by the carrying amount of each receivable in the statement of financial position after deducting any impairment allowance.

(ii) *Interest rate risk*

The Group's interest rate risk arises from long-term borrowings. Borrowings obtained at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash held at variable rates. During the year ended 31 December 2016 and six months ended 30 June 2017, the Group's borrowings at variable rate were denominated in HK dollar.

The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Group calculates the impact on profit and loss of a defined interest rate shift. The scenarios are run only for liabilities that represent the major interest-bearing positions.

If interest rates on Hong Kong dollar-denominated borrowings had been 50 basis points higher/lower with all other variables held constant, post-tax profit for the year ended 31 December 2016 and the period ended 30 June 2017 would have been HK\$1,650,000 and HK\$1,650,000 (2015 and 2014: Nil) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

(iii) *Liquidity risk*

Prudent liquidity risk management includes maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. It is the policy of the Group to regularly monitor current and expected liquidity requirements and to ensure that adequate funding is available for operating, investing and financing activities. The Group also maintains undrawn committed credit facilities to further reduce liquidity risk in meeting funding requirements.

The tables below analyse the Group's financial liabilities into relevant maturity groups based on the remaining period at the end of the reporting periods to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows (including interests payments computed using contractual rates). Balances due within 12 months equal their carrying amounts, as the impact of discounting is not significant. For the balances due more than 12 months, the management considers their carrying amounts approximate to their present values. The impact of discounting is not significant and the balances represent their contractual undiscounted cash flows.

	<u>Less than 1 year</u>	<u>Between 1 and 2 years</u>	<u>Between 2 and 5 years</u>
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 31 December 2014			
Other payables and accruals	5,645	3,194	838
Amount due to ultimate holding company	<u>1,034,516</u>	<u>—</u>	<u>—</u>
Subtotal	<u><u>1,040,161</u></u>	<u><u>3,194</u></u>	<u><u>838</u></u>
At 31 December 2015			
Other payables and accruals	7,462	1,536	290
Amount due to ultimate holding company	<u>570,330</u>	<u>—</u>	<u>—</u>
Subtotal	<u><u>577,792</u></u>	<u><u>1,536</u></u>	<u><u>290</u></u>
At 31 December 2016			
Other payables and accruals	9,850	2,087	798
Amount due to ultimate holding company	781,693	—	—
Borrowings	<u>4,070</u>	<u>4,026</u>	<u>333,982</u>
Subtotal	<u><u>795,613</u></u>	<u><u>6,113</u></u>	<u><u>334,780</u></u>
At 30 June 2017			
Other payables and accruals	10,327	2,371	1,104
Amount due to ultimate holding company	150,853	—	—
Borrowings	<u>3,202</u>	<u>3,201</u>	<u>331,587</u>
Subtotal	<u><u>164,382</u></u>	<u><u>5,572</u></u>	<u><u>332,691</u></u>

3.2 *Fair value estimation*

The carrying amounts of the Group's current financial assets and liabilities approximate their fair values due to the short-term maturities of these assets and liabilities. See Note 14 for disclosure of the investment properties that are measured at fair value and Note 26 for the disclosure of borrowings.

3.3 *Capital risk management*

The Group's objectives when managing capital is to safeguard the Group's ability to continue as a going concern in order to provide returns for owners and to maintain an optimal capital structure to reduce the cost of capital.

The Group actively and regularly reviews and manages its capital structure to ensure optimal capital structure and enhance shareholder value in the long term. The capital structure consists of total equity and borrowings as shown in the combined statements of financial position. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholder, return capital to owner, or issue new shares.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including “non-current borrowings” but excluding “amount due to ultimate holding company” as shown in the combined statement of financial position) less cash at banks and on hand. Total equity represents the sum of combined capital and reserves, as disclosed in the combined statements of financial position.

	As at 31 December 2016	As at 30 June 2017
	<i>HK\$'000</i>	<i>HK\$'000</i>
Total borrowings (Note 26)	330,000	330,000
Less: cash at banks and on hand (Note 19)	<u>(30,946)</u>	<u>(2,036)</u>
Net debt	<u>299,054</u>	<u>327,964</u>
Total equity	<u>1,005,251</u>	<u>1,100,661</u>
Gearing ratio (Note)	<u>29.70%</u>	<u>29.80%</u>

Note: The calculation of gearing ratio is not applicable for the years ended 31 December 2014 and 2015 as there are no external borrowings for the respective years.

4 Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

4.1 *Estimate of fair value of investment properties*

The fair value of investment properties is determined by using valuation technique. Details of the judgement and assumptions have been disclosed in Note 14. The fair values were based on a valuation on these properties conducted by an independent firm of professional valuer using property valuation techniques which involve certain assumptions of market conditions. Favorable or unfavorable changes to these assumptions would result in changes in the fair values of the Group's investment properties and corresponding adjustment to the amount of gain or loss recognised in the combined statements of comprehensive income.

4.2 Current taxation and deferred taxation

Under HKAS 12 (Amendment), there is a rebuttable presumption that the carrying amount of investment properties using fair value model will be recovered through sale. The Group has not rebutted this presumption and accordingly, no provision for deferred tax is made on the changes in fair value of investment properties as there is no capital gain tax in Hong Kong.

5 Revenue and segment information

The executive directors of the Company are the Group's chief operating decision-maker ("CODM"). Management has determined the operating segments based on the information reviewed by the CODM for the purposes of allocating resources and assessing performance.

The Group's revenue represents rental income from office properties, rental income from retail properties, rental income from industrial properties and property management fee income. An analysis of the Group's revenue is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Total segment revenue					
Rental income — Office properties	23,956	23,268	23,503	11,530	12,269
Rental income — Retail properties	4,373	5,524	6,810	3,602	5,125
Rental income — Industrial properties	4,800	4,800	6,758	2,400	3,782
Property management fee income	3,622	6,948	8,687	4,200	5,030
Less: Inter-segment revenue					
Property management fee income	—	(3,062)	(4,464)	(2,110)	(2,510)
	<u>36,751</u>	<u>37,478</u>	<u>41,294</u>	<u>19,622</u>	<u>23,696</u>

The CODM considers the business from service perspectives and the Group is organised into rental and property management major business segments according to the nature of services provided: rental income from office properties, rental income from retail properties, rental income from industrial properties and property management fee income.

The CODM assesses the performance of the operating segments based on the segment profit of each segments. The measurement of segment profit is profit before income tax and before items not specifically attributed to individual reportable segments, such as unallocated corporate income/expenses.

The unallocated corporate income/expenses represent the income/expenses that are not directly attributable to the property investment and management business.

Operating expenses are allocated to the relevant segment which is the predominant user of the services provided by the operating segment. Corporate expenses are included as unallocated costs.

During the years ended 31 December 2015 and 2016 and six months ended 30 June 2017, inter-segment property management fee income of HK\$3,062,000, HK\$4,464,000 and HK\$2,510,000 were charged.

Segment assets are those operating assets that are employed by a segment in its operating activities. Segment assets are determined after deducting related allowance that are reported as direct offsets in the statements of financial position. Segment assets consist primarily of property, plant and equipment, investment properties, prepayments, trade receivables, deposits and other receivables and cash and bank balances.

Segment liabilities are those operating liabilities that result from the operating activities of a segment. Segment liabilities do not include other liabilities that are incurred for financing rather than operating purpose unless the segment is engaged in financing activities.

Unallocated assets represented the amounts due from related companies and the other corporate receivables.

Unallocated liabilities represented the amount due to the ultimate holding company, the borrowings and the other corporate payables.

Additions to non-current assets comprise mainly additions to investment properties (Note 14).

(a) *As at and for the year ended 31 December 2014*

The segment results for the year ended 31 December 2014 and other segment items included in the combined statement of comprehensive income are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Revenue	23,956	4,373	4,800	3,622	<u>36,751</u>
Segment profit	74,098	20,912	6,808	2,988	104,806
Unallocated corporate income and expenses, net					<u>11,476</u>
Profit before income tax					116,282
Income tax expenses					<u>(6,972)</u>
Profit for the year					<u>109,310</u>
Other items					
Depreciation (Note 15)	(35)	—	—	(268)	<u>(303)</u>

The segment assets and liabilities as at 31 December 2014 and addition to investment properties for the year then ended are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	1,088,691	199,430	102,071	12,882	1,403,074
Unallocated assets					<u>203,349</u>
Total assets					<u>1,606,423</u>
Segment liabilities	(9,268)	(1,674)	(2,066)	(4,171)	(17,179)
Unallocated liabilities					<u>(1,030,345)</u>
Total liabilities					<u>(1,047,524)</u>
Addition to investment properties	—	18,378	—	—	<u>18,378</u>

(b) *As at and for the year ended 31 December 2015*

The segment results for the year ended 31 December 2015 and other segment items included in the combined statement of comprehensive income are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment revenue	23,268	5,524	4,800	6,948	40,540
Less: inter-segment revenue	—	—	—	(3,062)	(3,062)
Revenue	23,268	5,524	4,800	3,886	<u>37,478</u>
Segment profit	180,493	13,005	11,738	2,752	207,988
Unallocated corporate income and expenses, net					<u>2,699</u>
Profit before income tax					210,687
Income tax expenses					<u>(5,180)</u>
Profit for the year					<u>205,507</u>
Other items					
Depreciation (Note 15)	(15)	—	—	(268)	<u>(283)</u>

The segment assets and liabilities as at 31 December 2015 and addition to investment properties for the year then ended are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	952,726	246,380	114,166	12,773	1,326,045
Unallocated assets					<u>22,119</u>
Total assets					<u>1,348,164</u>
Segment liabilities	(7,807)	(2,809)	(2,791)	(6,220)	(19,627)
Unallocated liabilities					<u>(564,131)</u>
Total liabilities					<u>583,758</u>
Addition to investment properties	—	38,179	4,500	—	<u>42,679</u>

(c) *As at and for the year ended 31 December 2016*

The segment results for the year ended 31 December 2016 and other segment items included in the combined statement of comprehensive income are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment revenue	23,503	6,810	6,758	8,687	45,758
Less: inter-segment revenue	—	—	—	(4,464)	(4,464)
Revenue	23,503	6,810	6,758	4,223	41,294
Segment profit	165,272	28,835	49,858	2,714	246,679
Unallocated corporate income and expenses, net					(819)
Profit before income tax					245,860
Income tax expenses					(5,015)
Profit for the year					240,845
Other items					
Depreciation (Note 15)	—	—	—	(268)	(268)

The segment assets and liabilities as at 31 December 2016 and addition to investment properties for the year then ended are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	933,810	485,800	250,350	12,805	1,682,765
Assets of disposal group classified as held for sales	505,216	—	—	—	505,216
	1,439,026	485,800	250,350	12,805	2,187,981
Unallocated assets					838
Total assets					2,188,819
Segment liabilities	(59,834)	(3,467)	(4,484)	(7,297)	(75,082)
Liabilities of disposal group classified as held for sales	(4,006)	—	—	—	(4,006)
	(63,840)	(3,467)	(4,484)	(7,297)	(79,088)
Unallocated liabilities					(1,104,480)
Total liabilities					(1,183,568)
Addition to investment properties	330,070	199,856	99,908	—	629,834

(d) *As at and for the six months ended 30 June 2016 (unaudited)*

The segment results for the six months ended 30 June 2016 and other segment items included in the combined statement of comprehensive income are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment revenue	11,530	3,602	2,400	4,200	21,732
Less: inter-segment revenue	—	—	—	(2,110)	(2,110)
Revenue	11,530	3,602	2,400	2,090	<u>19,622</u>
Segment profit	46,547	8,176	33,333	990	89,046
Unallocated corporate income and expenses, net					(565)
Profit before income tax					88,481
Income tax expenses					(2,352)
Profit for the period					<u>86,129</u>
Other items					
Depreciation	—	—	—	(134)	<u>(134)</u>

The segment assets and liabilities as at 30 June 2016 and addition to investment properties for the period then ended are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	987,302	251,864	231,430	13,107	1,483,703
Unallocated assets					607
Total assets					<u>1,484,310</u>
Segment liabilities	(8,049)	(2,888)	(3,872)	(30)	(14,839)
Unallocated liabilities					(618,936)
Total liabilities					<u>(633,775)</u>
Addition to investment properties		—	92,700	—	<u>92,700</u>

(e) *As at and for the six months ended 30 June 2017*

The segment results for the six months ended 30 June 2017 and other segment items included in the combined statement of comprehensive income are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Total segment revenue	12,269	5,125	3,782	5,030	26,206
Less: inter-segment revenue	—	—	—	(2,510)	(2,510)
Revenue	12,269	5,125	3,782	2,520	<u>23,696</u>
Segment profit	77,478	12,146	13,957	1,147	104,728
Unallocated corporate income and expenses, net					(6,639)
Profit before income tax					98,089
Income tax expenses					(2,679)
Profit for the period					<u>95,410</u>
Other items					
Depreciation (Note 15)	—	—	—	(134)	<u>(134)</u>

The segment assets and liabilities as at 30 June 2017 and addition to investment properties for the period then ended are as follows:

	Office properties	Retail properties	Industrial properties	Property management	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Segment assets	961,875	498,719	126,133	12,869	1,599,596
Unallocated assets					1,639
Total assets					<u>1,601,235</u>
Segment liabilities	(9,507)	(3,766)	(2,428)	(50)	(15,751)
Unallocated liabilities					(484,823)
Total liabilities					<u>(500,574)</u>
Addition to investment properties	—	—	—	—	<u>—</u>

Revenue from external customers by geographical areas is based on the geographical location of the customers. The Group's revenue for the years ended 31 December 2014, 2015 and 2016 and for the six months ended 30 June 2016 and 2017 is generated from Hong Kong in which the customers are located.

The analysis of the Group's major customers, which a single external customer has contributed 10% or more to the Group's revenue, is as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Customer A	11,447	12,199	12,237	6,119	N/A
Customer B	4,800	4,800	4,800	2,400	2,400
Customer C	N/A	4,104	4,934	2,465	2,468

The revenue contributed by the above major customers is mainly attributable to the office properties segment and property management segment in Hong Kong.

Customer C and Customer A did not contributed 10% or more to the Group's revenue for the year ended 31 December 2014 and for the six months ended 30 June 2017 respectively.

As at 31 December 2014, 2015 and 2016 and 30 June 2017, non-current assets of HK\$1,398,779,000, HK\$1,318,167,000, HK\$1,651,428,000 and HK\$1,597,027,000 other than deferred income tax assets are located in Hong Kong.

6 Other income, gains/losses, net

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Forfeiture of deposits	160	—	—	—	—
Sundries	—	19	—	—	85
Gain on disposal of a subsidiary (Note (a) to (c))	—	—	2,297	2,297	11,095
	<u>160</u>	<u>19</u>	<u>2,297</u>	<u>2,297</u>	<u>11,180</u>

Note (a)

On 27 May 2016, the Group entered into an agreement with a third party to dispose its entire interest in Integral Grow Limited ("Integral Grow"), a wholly-owned subsidiary of the Group. Integral Grow directly owned a unit of industrial property in Hong Kong. The transaction has been completed on 28 June 2016. The Group recognised a gain on disposal of HK\$2,297,000 during the year ended 31 December 2016.

The following table summarises the consideration received for the disposal of Integral Grow, the fair value of net assets disposed at the disposal date and the gain from disposal.

	<u>HK\$'000</u>
Consideration received:	
— Received by the ultimate holding company on behalf of the Group (Note 28(c))	8,380
Total consideration received	8,380
Fair value of net assets disposed	6,083
Gain on disposal	<u>2,297</u>

The fair value of net assets disposed as at disposal date is as follows:

	<u>HK\$'000</u>
Investment property — Honour Industrial Centre (Note 14)	6,020
Cash and bank balance	63
Net assets disposed	<u>6,083</u>

Analysis of net cash outflow of cash and cash equivalents in respect of the disposal of subsidiary:

	<u>HK\$'000</u>
Cash and cash equivalents disposed	(63)
Net cash outflow from disposal of a subsidiary	<u>(63)</u>

Note (b)

On 7 November 2016, the Group entered into an agreement with a third party to dispose its entire interest in Fession Group Limited and its subsidiary (“Fession Group”), a wholly-owned subsidiary of the Group. Fession Group indirectly owned a unit of office property in Hong Kong. The transaction has been completed on 25 January 2017. The Group recognised a gain on disposal of HK\$8,225,000 during period ended 30 June 2017.

The following table summarises the consideration received for the disposal of Fession Group, the fair value of net assets disposed at the disposal date and the gain from disposal.

	<u>HK\$'000</u>
Consideration received:	
— Received by the ultimate holding company on behalf of the Group (Note 28(c) and 28(e))	509,503
Total consideration received	509,503
Fair value of net assets disposed	501,278
Gain on disposal	<u>8,225</u>

The fair value of net assets disposed as at disposal date is as follows:

	<u>HK\$'000</u>
Investment property — United Centre (Note 14)	504,000
Other receivables/(payables), net	(2,825)
Cash and bank balance	103
Net assets disposed	<u>501,278</u>

Analysis of net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	<u>HK\$'000</u>
Cash and cash equivalents disposed	(103)
Net cash outflow from disposal of a subsidiary	<u>(103)</u>

Note (c)

On 2 May 2017, the Group entered into an agreement with a third party to dispose its entire interest in Pop Act Limited and its subsidiaries and Fresh One Inc. (“Pop Act”), being wholly-owned subsidiaries of the Group. Pop Act indirectly owned units of industrial property in Hong Kong. The transaction has been completed on 16 May 2017. The Group recognised a gain on disposal of HK\$2,870,000 during the period ended 30 June 2017.

The following table summarises the consideration received for the disposal of Pop Act, the fair value of net assets disposed at the disposal date and the gain from disposal.

	<u>HK\$'000</u>
Consideration received:	
— Received by the ultimate holding company on behalf of the Group (Note 28(c))	<u>135,326</u>
Total consideration received	135,326
Fair value of net assets disposed	<u>132,456</u>
Gain on disposal	<u><u>2,870</u></u>

The fair value of net assets disposed as at disposal date is as follows:

	<u>HK\$'000</u>
Investment properties — Entrepot Centre (Note 14)	132,130
Other receivables/(payables), net	(592)
Cash and bank balance	<u>918</u>
Net assets disposed	<u><u>132,456</u></u>

Analysis of net cash outflow of cash and cash equivalents in respect of the disposal of subsidiaries:

	<u>HK\$'000</u>
Cash and cash equivalents disposed	<u>(918)</u>
Net cash outflow from disposal of a subsidiary	<u><u>(918)</u></u>

7 Expenses by nature

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Direct operating expenses arising from investment properties generating rental income (Note (a))	1,170	637	242	84	1,241
Property management fee expenses	2,972	2,594	2,526	1,184	1,808
Rates and government rent	1,468	1,405	1,537	693	835
Depreciation of property, plant and equipment (Note 15)	303	283	268	134	134
Employee benefit expenses (including directors' emoluments) (Note 8)	3,630	4,395	5,504	3,002	3,429
Listing expenses	—	—	760	554	5,067
Auditor's remuneration:					
Audit services	70	200	250	80	85
Non-audit services	—	—	—	—	—
Other expenses	141	402	866	207	494
Total cost of sales and general and administrative expenses	<u>9,754</u>	<u>9,916</u>	<u>11,953</u>	<u>5,938</u>	<u>13,093</u>

Note (a): The direct operating expenses arising from investment properties generating rental income includes cleaning expenses, commission expenses, repairs and maintenances expenses.

8 Employee benefit expenses (including directors' emoluments)

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Salaries, wages and bonuses	3,508	4,238	5,312	2,904	3,325
Contributions to defined contribution schemes	122	157	192	98	104
	<u>3,630</u>	<u>4,395</u>	<u>5,504</u>	<u>3,002</u>	<u>3,429</u>

9 Emoluments of directors and five highest paid individuals

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				(Unaudited)	
Fees	—	—	—	—	—
Salaries and other emoluments	1,283	1,543	1,625	875	900
Contributions to defined contribution schemes	17	32	33	17	18
	<u>1,300</u>	<u>1,575</u>	<u>1,658</u>	<u>892</u>	<u>918</u>

The directors of the Company represent key management personnel of the Group having authority and responsibility for planning, directing and controlling the activities of the Group.

(a) Directors' emoluments

(i) The remuneration of each director for the year ended 31 December 2014 is set out below:

	Salary and bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Executive director:					
Wong Ka Yeung Roland	—	—	—	—	—
Non-executive director:					
Wong Chung Tak Richard	1,283	—	17	—	1,300

(ii) The remuneration of each director for the year ended 31 December 2015 is set out below:

	Salary and bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive director:					
Wong Ka Yeung Roland	261	—	14	—	275
Non-executive director:					
Wong Chung Tak Richard	1,282	—	18	—	1,300

(iii) The remuneration of each director for the year ended 31 December 2016 is set out below:

	Salary and bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive director:					
Wong Ka Yeung Roland	325	—	15	—	340
Non-executive director:					
Wong Chung Tak Richard	1,300	—	18	—	1,318

(iv) The remuneration of each director for the six months ended 30 June 2016 is set out below:

	Salary and bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive director:					
Wong Ka Yeung Roland	175	—	8	—	183
Non-executive director:					
Wong Chung Tak Richard	700	—	9	—	709

(v) The remuneration of each director for the six months ended 30 June 2017 is set out below:

	Salary and bonuses	Other benefits	Employer's contribution to pension scheme	Compensation for loss of office as director	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Executive director:					
Wong Ka Yeung Roland	175	—	8	—	183
Chan Choi Wan Rolie	25	—	1	—	26
Non-executive director:					
Wong Chung Tak Richard	700	—	9	—	709

Notes:

During the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017,

- (1) no emoluments were paid by the Group to any of the directors, supervisors or senior management as an inducement to join or upon joining the Group or as compensation for loss of office.
- (2) no emoluments, retirement benefits, payments or benefits in respect of termination of directors' services were paid or made, directly or indirectly, to the directors; nor are any payable. No consideration was provided to or receivable by third parties for making available directors' services.
- (3) there are no loans, quasi-loans or other dealings in favour of directors, their controlled bodies corporate and connected entities.
- (4) save as disclosed elsewhere in the Historical Financial Information, no significant transactions, arrangements and contracts in relation to the Group's business to which the Group was a party and in which a director of the Company had a material interest, whether directly or indirectly, subsisted at the end of the years or at any time during the year.
- (5) none of the directors of the Company waived any emoluments.

Ms. Chan Choi Wan Rolie was appointed as the Company's executive director on 6 June 2017. Before the appointment date, she was remunerated as an employee of the Group for HK\$435,100, HK\$452,000 and HK\$485,000 for the years ended 31 December 2014, 2015 and 2016 and HK\$295,700 and HK\$279,900 for the six months ended 30 June 2016 and 2017 respectively.

Ms. Chan Kam Ping, Mr. Wong King Wai Kirk and Mr. Wen Cyrus Jun-ming were appointed as the Company's independent non-executive directors on 15 December 2017. During the Track Record Period, the independent non-executive directors have not yet been appointed and received nil directors' remuneration with capacity of independent non-executive directors.

(b) *Five highest paid individuals' emoluments*

The five individuals whose emoluments were the highest in the Group during the respective years ended 31 December 2014, 2015 and 2016, include 1 director in 2014, 2 directors in 2015 and 2 directors in 2016, and during the respective six months ended 30 June 2016 and 2017, include 2 directors in 2016 and 2 directors in 2017, whose emoluments are reflected in the analysis presented above. For the year ended 31 December 2016 and the six months ended 30 June 2016 and 2017, the fifth and the sixth highest paid individuals, who are the director of the Company and the employee respectively, are entitled to the same amount of emoluments. The emoluments payable to the remaining 4 individuals in 2014, 3 individuals in 2015 and 4 individuals in 2016, during the respective years ended on 31 December and 4 individuals in 2016 and 4 individuals in 2017, during the respective periods ended on 30 June, are as follows:

Year ended 31 December			Six months ended 30 June	
2014	2015	2016	2016	2017
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	

Basic salaries, housing allowances,
other allowances and benefits in kind
and bonuses

1,126	1,039	1,862	1,035	1,279
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The emoluments fell within the following bands:

Year ended 31 December			Six months ended 30 June	
2014	2015	2016	2016	2017
HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
			<i>(Unaudited)</i>	

Emolument bands

Nil — HK\$1,000,000	1,126	1,039	1,862	1,035	1,279
HK\$1,000,001 — HK\$2,000,000	—	—	—	—	—
HK\$2,000,001 — HK\$3,000,000	—	—	—	—	—

10 Finance income and costs

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Finance expenses					
Interest expenses on borrowings	—	—	(44)	—	(1,557)
Finance income					
Interest income on the amounts due from related parties (Note 29(b))	11,503	2,727	—	—	—
Finance income/(expenses)	<u>11,503</u>	<u>2,727</u>	<u>(44)</u>	<u>—</u>	<u>(1,557)</u>

11 Income tax expenses

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Current income tax					
Hong Kong profits tax	422	4,179	4,895	2,298	2,625
Over-provision in prior years	(60)	—	—	—	—
Deferred income tax expense (Note 16)	6,610	1,001	120	54	54
	<u>6,972</u>	<u>5,180</u>	<u>5,015</u>	<u>2,352</u>	<u>2,679</u>

For each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017, Hong Kong profits tax has been provided at the rate of 16.5% on the estimated assessable profit for the years. No overseas profits tax have been calculated as the group companies incorporated in the BVI or the Cayman Islands and are exempted from tax.

The taxation on the Group's profit before income tax of the Group differs from the theoretical amount that would arise using the taxation rate of Hong Kong as follows:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Profit before income tax	116,282	210,687	245,860	88,481	98,089
Calculated at a tax rate of 16.5%	19,187	34,763	40,567	14,599	16,185
Income not subject to taxation	(12,808)	(29,808)	(35,761)	(12,344)	(14,858)
Expenses not deductible for taxation purposes	604	50	146	96	1,096
Tax losses not recognised	—	239	189	137	189
Temporary differences not recognised	49	76	14	4	67
Over-provision in prior years	(60)	—	—	—	—
Tax deduction	—	(140)	(140)	(140)	—
Income tax expenses	<u>6,972</u>	<u>5,180</u>	<u>5,015</u>	<u>2,352</u>	<u>2,679</u>

12 Dividend

No dividend has been paid or declared by the Company since its incorporation and no dividend has been paid or declared by the companies now comprising the Group to the equity holders of these companies in each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017.

13 Earnings per share

No earnings per share information is presented as its inclusion, for the purpose of the Historical Financial Information, is not considered meaningful due to the Group's Reorganisation and the presentation of the results for the Track Record Period on a combined basis as disclosed in Note 1.3 above.

14 Investment properties

	<i>HK\$'000</i>
Fair value	
At 1 January 2014	1,289,900
Addition	18,378
Changes in fair value of investment properties	<u>77,622</u>
At 31 December 2014	1,385,900
Additions	42,679
Disposals (Note (f))	(239,100)
Changes in fair value of investment properties	<u>115,541</u>
At 31 December 2015	1,305,020
Additions (Note (d) and Note (e))	629,834
Transfer to disposal group classified as assets held for sales (Note (c), Note 6 and Note 25)	(504,000)
Disposal of a subsidiary (Note 6)	(6,020)
Changes in fair value of investment properties	<u>214,266</u>
At 31 December 2016	1,639,100
Disposal of subsidiaries (Note 6)	(132,130)
Changes in fair value of investment properties	<u>77,863</u>
At 30 June 2017	<u><u>1,584,833</u></u>

- (a) None of the above investment properties was pledged as security as at 31 December 2014, 2015 and 2016 and 30 June 2017.

- (b) An analysis of the investment properties of the Group at their carrying values as at 31 December 2014, 2015 and 2016 and 30 June 2017 is as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
In Hong Kong				
Medium-term leases				
(10 to 50 years)	<u>1,385,900</u>	<u>1,305,020</u>	<u>1,639,100</u>	<u>1,584,833</u>

- (c) Investment properties transferred to the disposal group classified as held for sales amounting to HK\$504,000,000 during the year ended 31 December 2016 relate to assets held by Fession Group Limited (Note 25).

- (d) Acquisition of office properties in Wan Chai Commercial Centre

On 30 December 2016, the Group acquired of multiple units of office properties (“Wan Chai Commercial Centre units”) located in the Wanchai Commercial Centre, Nos.194-204 Johnston Road, Wanchai, Hong Kong at a consideration of HK\$368,526,000. As of the transaction date, the fair value of the properties acquired is HK\$397,870,000. As the transaction is considered as an asset deal, the difference of HK\$29,344,000 between the consideration and the fair value of the properties is recognised in the changes in fair value of investment properties for the year ended 31 December 2016.

- (e) Acquisition of office property in BEA Harbour View Centre

On 28 November 2016, the Group acquired a unit of office property (“BEA Harbour View Centre unit”) located in 16th Floor, BEA Harbour View Centre, 56 Gloucester Road, Wanchai, Hong Kong at a consideration of HK\$160,461,000. As of the transaction date, the fair value of the property acquired is HK\$169,600,000. As the transaction is considered as an asset deal, the difference of HK\$9,139,000 between the consideration and the fair value of the properties is recognised in the changes in fair value of investment properties for the year ended 31 December 2016.

- (f) Disposals of office properties during the year ended 31 December 2015

On 18 March 2015 and 7 May 2015, the Group disposed office properties to Tung Tak Securities (H.K.) Company Limited at a considerations of HK\$82,120,000 and HK\$221,818,000 respectively. The gains from disposal of investment properties are HK\$11,020,000 and HK\$53,818,000 respectively, which are recognised in the combined statement of comprehensive income.

(g) Valuation processes of the Group

The fair values of the investment properties, including both land and building elements held by the Group at the end of each reporting period have been arrived on the basis of a valuation carried out on that date by Jones Lang LaSalle Corporate Appraisal and Advisory Limited. Jones Lang LaSalle Corporate Appraisal and Advisory Limited is an independent firm of professional valuer not connected with the Group, who has appropriate qualifications and experience in the valuation of investment properties in the relevant locations.

The valuations of the investment properties held by the Group are made on the basis of market value, which conforms to the requirements set out in “The HKIS Valuation Standards on Properties (2012)” published by Hong Kong Institute of Surveyors.

The Group’s finance team reviews the valuations performed by the independent valuer for financial reporting purposes. This team reports directly to the chief financial officer (“CFO”). Discussion of valuation processes and results are held between the CFO and the finance team annually. At the end of each reporting period, the Group:

- (i) verifies all major inputs to the independent valuation report;
- (ii) assesses property valuation movements when compared to the prior year valuation reports; and
- (iii) holds discussions with the independent valuers.

The different levels of fair value measurement have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

The table presents the Group's investment properties that are measured at fair value using significant unobservable inputs (Level 3) at 31 December 2014, 2015 and 2016 and 30 June 2017 as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Recurring fair value measurements				
Investment properties				
– Office — Hong Kong	1,084,900	945,100	903,700	960,700
– Retail — Hong Kong	199,000	245,900	485,270	498,133
– Industrial — Hong Kong	102,000	114,020	250,130	126,000
	<u>1,385,900</u>	<u>1,305,020</u>	<u>1,639,100</u>	<u>1,584,833</u>

There were no transfers between levels 1, 2 and 3 during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017.

(h) Valuation techniques and inputs

- Fair values of investment properties in Hong Kong, were generally derived using direct comparison approach. There were no changes to the valuation technique during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017. Direct comparison method is based on assuming sales of the properties in its existing state by making reference to comparable market transactions as available in the relevant market. However, given the heterogeneous nature of real estate properties, appropriate adjustments are usually required to allow for any qualitative differences that may affect the price likely to be achieved by the properties under consideration.
- The valuation takes into account the characteristics of the properties, which included the location, size, shape, view, floor level, year of completion and other factors collectively, to arrive at the market price.
- The key input was the unit rate of market price, which a significant increase/decrease in the unit rate of market price would result in a significant increase/decrease in the fair value of the properties.

(i) Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2014	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Sensitivity of changes of unobservable inputs to fair value
	<i>HK\$'000</i>				
Office properties in Hong Kong	1,084,900	Direct comparison	Unit sale rate	HK\$16,224/sq. ft. to HK\$41,351/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Retail properties in Hong Kong	199,000	Direct comparison	Unit sale rate	HK\$6,008/sq. ft. to HK\$60,303/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Industrial properties in Hong Kong	102,000	Direct comparison	Unit sale rate	HK\$2,735/sq. ft. to HK\$3,048/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
	<u>1,385,900</u>				

Description	Fair value at 31 December 2015	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Sensitivity of changes of unobservable inputs to fair value
	<i>HK\$'000</i>				
Office properties in Hong Kong	945,100	Direct comparison	Unit sale rate	HK\$17,303/sq. ft. to HK\$47,249/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Retail properties in Hong Kong	245,900	Direct comparison	Unit sale rate	HK\$6,195/sq. ft. to HK\$148,305/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Industrial properties in Hong Kong	114,020	Direct comparison	Unit sale rate	HK\$3,065/sq. ft. to HK\$6,179/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
	<u>1,305,020</u>				

Description	Fair value at 31 December 2016	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Sensitivity of changes of unobservable inputs to fair value
	<i>HK\$'000</i>				
Office properties in Hong Kong	903,700	Direct comparison	Unit sale rate	HK\$11,525/sq. ft. to HK\$50,839/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Retail properties in Hong Kong	485,270	Direct comparison	Unit sale rate	HK\$5,746/sq. ft. to HK\$135,241/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Industrial properties in Hong Kong	250,130	Direct comparison	Unit sale rate	HK\$3,032/sq. ft. to HK\$15,995/sq. ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
	<u>1,639,100</u>				

Description	Fair value at 30 June 2017	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs	Sensitivity of changes of unobservable inputs to fair value
	<i>HK\$'000</i>				
Office properties in Hong Kong	960,700	Direct comparison	Unit sale rate	Hk\$12,486/sq.ft. to HK\$66,730/sq.ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Retail properties in Hong Kong	498,133	Direct comparison	Unit sale rate	HK\$6,857/sq.ft. to HK\$106,752/sq.ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
Industrial properties in Hong Kong	126,000	Direct comparison	Unit sale rate	HK\$3,417/sq.ft. to HK\$3,754/sq.ft.	An increase in the market unit sale rate would result in an increase in fair value, and vice versa
	<u>1,584,833</u>				

The movements for the years ended 31 December 2014, 2015 and 2016 and period ended 30 June 2017 in the balance of recurring Level 3 fair value measurements, with one or more of the significant inputs based on unobservable inputs, are as follows:

	Office properties	Retail properties	Industrial properties	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
At 1 January 2014	1,027,200	163,200	99,500	1,289,900
Additions	—	18,378	—	18,378
Changes in fair value of investment properties	<u>57,700</u>	<u>17,422</u>	<u>2,500</u>	<u>77,622</u>
At 31 December 2014	<u>1,084,900</u>	<u>199,000</u>	<u>102,000</u>	<u>1,385,900</u>
At 1 January 2015	1,084,900	199,000	102,000	1,385,900
Additions	—	38,179	4,500	42,679
Disposals	(239,100)	—	—	(239,100)
Changes in fair value of investment properties	<u>99,300</u>	<u>8,721</u>	<u>7,520</u>	<u>115,541</u>
At 31 December 2015	<u>945,100</u>	<u>245,900</u>	<u>114,020</u>	<u>1,305,020</u>
At 1 January 2016	945,100	245,900	114,020	1,305,020
Additions	330,070	199,856	99,908	629,834
Transfer to disposal group classified as assets held for sales (Note 25)	(504,000)	—	—	(504,000)
Disposal of a subsidiary (Note 6)	—	—	(6,020)	(6,020)
Changes in fair value of investment properties	<u>132,530</u>	<u>39,514</u>	<u>42,222</u>	<u>214,266</u>
At 31 December 2016	<u>903,700</u>	<u>485,270</u>	<u>250,130</u>	<u>1,639,100</u>
At 1 January 2017	903,700	485,270	250,130	1,639,100
Disposal of subsidiaries (Note 6)	—	—	(132,130)	(132,130)
Changes in fair value of investment properties	<u>57,000</u>	<u>12,863</u>	<u>8,000</u>	<u>77,863</u>
At 30 June 2017	<u>960,700</u>	<u>498,133</u>	<u>126,000</u>	<u>1,584,833</u>

15 Property, plant and equipment

	Land and building	Furniture, fixtures, and office equipment	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Cost			
At 1 January 2014, 31 December 2014, 31 December 2015, 31 December 2016 and 30 June 2017	<u>13,400</u>	<u>3,169</u>	<u>16,569</u>
Depreciation			
At 1 January 2014	268	3,119	3,387
Charge for the year	<u>268</u>	<u>35</u>	<u>303</u>
At 31 December 2014	536	3,154	3,690
Charge for the year	<u>268</u>	<u>15</u>	<u>283</u>
At 31 December 2015	804	3,169	3,973
Charge for the year	<u>268</u>	<u>—</u>	<u>268</u>
At 31 December 2016	1,072	3,169	4,241
Charge for the period	<u>134</u>	<u>—</u>	<u>134</u>
At 30 June 2017	<u>1,206</u>	<u>3,169</u>	<u>4,375</u>
Carrying value			
At 31 December 2014	<u>12,864</u>	<u>15</u>	<u>12,879</u>
At 31 December 2015	<u>12,596</u>	<u>—</u>	<u>12,596</u>
At 31 December 2016	<u>12,328</u>	<u>—</u>	<u>12,328</u>
At 30 June 2017	<u>12,194</u>	<u>—</u>	<u>12,194</u>

An analysis of the carrying value of building is as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
In Hong Kong				
Medium-term leases	<u>12,864</u>	<u>12,596</u>	<u>12,328</u>	<u>12,194</u>

The depreciation expense for property, plant and equipment is charged to general and administrative expenses in the combined statements of comprehensive income.

16 Deferred income tax assets/(liabilities)

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Deferred income tax assets	1,016	—	—	—
Deferred income tax liabilities	(1,029)	(1,014)	(1,134)	(1,188)
	<u>(13)</u>	<u>(1,014)</u>	<u>(1,134)</u>	<u>(1,188)</u>

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred income tax relates to the same fiscal authority. Deferred income tax assets are expected to be recovered after more than twelve months while deferred income tax liabilities are expected to be settled after more than twelve months. The movements in the Group's deferred income tax assets and liabilities (prior to offsetting of balances within the same taxation jurisdiction) during the year are as follows:

Deferred income tax assets

	Tax losses
	HK\$'000
As at 1 January 2014	7,527
Charged to combined statement of comprehensive income	<u>(6,492)</u>
As at 31 December 2014	1,035
Charged to combined statement of comprehensive income	<u>(1,023)</u>
As at 31 December 2015	12
Charged to combined statement of comprehensive income	<u>(12)</u>
As at 31 December 2016	—
Charged to combined statement of comprehensive income	<u>—</u>
As at 30 June 2017	<u>—</u>

Deferred income tax liabilities

	Accelerated tax depreciation
	<i>HK\$'000</i>
As at 1 January 2014	(930)
Charged to combined statement of comprehensive income	(118)
As at 31 December 2014	(1,048)
Credited to combined statement of comprehensive income	22
As at 31 December 2015	(1,026)
Charged to combined statement of comprehensive income	(108)
As at 31 December 2016	(1,134)
Charged to combined statement of comprehensive income	(54)
As at 30 June 2017	<u>(1,188)</u>

As at 31 December 2014, the Group did not have unrecognised deferred income tax assets arising from unused tax losses. As at 31 December 2015, 31 December 2016 and 30 June 2017, the Group did not recognise deferred tax assets of HK\$239,000, HK\$428,000 and HK\$617,000, in respect of tax losses of HK\$1,446,000, HK\$2,594,000 and HK\$3,740,000 respectively. These tax losses have no expiry date.

17 Trade receivables

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Related company (Note 29(c))	<u>420</u>	<u>3,593</u>	<u>—</u>	<u>—</u>

The invoice date of trade receivables is the same as the invoice due date. The ageing analysis of trade receivables based on invoice date and that are past due but not impaired is set out as below.

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Under 6 months	420	2,470	—	—
6 months to 1 year	—	1,123	—	—
	<u>420</u>	<u>3,593</u>	<u>—</u>	<u>—</u>

As at 31 December 2014 and 2015, none of the Group's trade receivables was impaired.

The carrying amounts of the trade receivables of the Group approximate their fair values and are denominated in Hong Kong dollars.

18 Amounts due from related companies

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Current				
Related companies (Note 29(c))	202,553	22,150	—	—

As at 31 December 2014 and 2015, the balances are interest bearing at rates ranging from 4.5% to 7.0% per annum, repayable on demand and non-trading in nature. The carrying amounts of the amounts due from related companies are denominated in Hong Kong dollars. During the year ended 31 December 2016, the amounts have been fully settled.

19 Cash and bank balances

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Cash at banks and on hand	2,558	2,207	30,946	2,036

The carrying amounts of cash and bank balances of the Group approximate their fair values and are denominated in the following currencies:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Hong Kong dollars	2,556	2,205	30,944	2,034
United States dollars	2	2	2	2
	2,558	2,207	30,946	2,036

20 Combined share capital

The Historical Financial Information has been prepared as if the current group structure had been in existence throughout each of the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017 or since the date when the combining companies first came under the control of Mr. Wong, where there is a shorter period. The combined share capital as presented in the combined statements of financial position as at 31 December 2014, 2015 and 2016 and 30 June 2017 represented the aggregated share capital of the companies now comprising the Group.

21 Share capital of the Company

The Company was incorporated in the Cayman Islands on 19 May 2016. At the date of incorporation, the authorised share capital is HK\$380,000 comprising 7,600,000,000 ordinary shares of HK\$0.00005 each. On 20 May 2016, 1 share was allotted, issued and paid at HK\$0.00005 by Elian Nominees (Cayman) Limited which was transferred to Thing On Group on the same date.

For the movement of share capital, please refer to below.

Authorised shares:

	Number of shares (thousands)	HK\$'000
At 19 May 2016 (Date of Incorporation), 31 December 2016 and 30 June 2017	<u>7,600,000</u>	<u>380</u>

Ordinary shares, issued and fully paid:

	Number of shares (thousands)	HK\$'000
At 19 May 2016 (Date of Incorporation)		
Issuance of share (Note a)	—	—
At 31 December 2016 and 30 June 2017	<u>—</u>	<u>—</u>

Note a: 1 share is issued and allotted to Thing On Group at HK\$0.00005.

22 Reserves

	Revaluation	Retained earnings	Total
	reserve		
	<i>HK\$'000</i>		
Group			
At 1 January 2014	3,990	445,599	449,589
Profit and total comprehensive income for the year	—	109,310	109,310
At 31 December 2014	<u>3,990</u>	<u>554,909</u>	<u>558,899</u>
At 1 January 2015	3,990	554,909	558,899
Profit and total comprehensive income for the year	—	205,507	205,507
At 31 December 2015	<u>3,990</u>	<u>760,416</u>	<u>764,406</u>
At 1 January 2016	3,990	760,416	764,406
Profit and total comprehensive income for the year	—	240,845	240,845
At 31 December 2016	<u>3,990</u>	<u>1,001,261</u>	<u>1,005,251</u>
At 1 January 2017	3,990	1,001,261	1,005,251
Profit and total comprehensive income for the period	—	95,410	95,410
At 30 June 2017	<u>3,990</u>	<u>1,096,671</u>	<u>1,100,661</u>

23 Other payables and accruals

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
Rental deposits	9,600	8,994	10,619	10,958
Rental receipt in advance	2,013	1,763	531	816
Accruals and other payables	77	294	2,160	4,445
Receipt in advance for disposal of subsidiaries (Note a)	—	—	51,223	—
	<u>11,690</u>	<u>11,051</u>	<u>64,533</u>	<u>16,219</u>

The carrying amounts of the rental deposits approximate their fair values and are denominated in Hong Kong dollars.

Note a: The receipt in advance for disposal of subsidiaries represents the deposit received by the ultimate holding company on behalf of the Group for the disposal of Fession Group Limited. For the details of the transaction, please refer to Note 25 to the Historical Financial Information.

24 Amount due to ultimate holding company

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Ultimate holding company (Note 29(c))	<u>1,034,516</u>	<u>570,330</u>	<u>781,693</u>	<u>150,853</u>

The amount due to ultimate holding company is unsecured, interest-free, repayable on demand and non-trading in nature. The carrying amount of the amount due to ultimate holding company is denominated in Hong Kong dollars. The amount due to the ultimate holding company has been capitalized on 15 December 2017 as mentioned in Note 2.1.

25 Assets and liabilities of disposal group held for sales

The assets and liabilities related to Fession Group Limited, a wholly owned subsidiary of the Group, have been presented as held for sales following the approval of the Group's management and owner on 7 November 2016 to sell Fession Group Limited to Delight Keen Limited, an independent third party. As at 31 December 2016, a deposit of HK\$51,222,500 has been received by the ultimate holding company on behalf of the Group and the amount is classified as current liabilities. The transaction has been completed on 25 January 2017.

(a) Assets of disposal group classified as held for sales

	As at 31 December 2016
	<i>HK\$'000</i>
Investment property	504,000
Cash and bank balances	1,097
Other current assets	109
Tax Prepayment	<u>10</u>
Total	<u>505,216</u>

(b) Liabilities of disposal group classified as held for sales

	As at 31 December 2016
	<i>HK\$'000</i>
Other payables and accruals	<u>4,006</u>

The fair value of investment property has been derived using direct comparison approach, assuming sales of the property in its existing state by making reference to comparable market transactions as available in the relevant market. For details, please refer to Note 14.

26 Borrowings

The borrowings represent a long-term loan from a financial institution and it will be matured in 2019 and bears an effective interest rate of 1.22% and 0.97% per annum as at 31 December 2016 and 30 June 2017 (2014 and 2015: Nil). The loan is secured by the unlimited personal guarantee of Mr. Wong. The unlimited personal guarantee is to be released and replaced by guarantees of the Company upon the listing of the Company.

The Group's borrowings were repayable as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Between 2 and 5 years	—	—	330,000	330,000
Total	—	—	330,000	330,000

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the end of the year are as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
6 months or less	—	—	330,000	330,000
Total	—	—	330,000	330,000

The carrying amounts of the Group's borrowings approximated their fair value as the impact of discounting is not significant.

The carrying amounts of the Group's borrowings are all denominated in Hong Kong dollars. The Group has no undrawn borrowing facilities as at 31 December 2016 and 30 June 2017.

27 Commitments

(a) Capital commitments for the addition of investment property:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Contracted but not provided for	—	200	—	—

(b) Future lease receipts

The Group has future aggregate minimum lease receipts under non-cancellable operating leases in respect of investment properties as follows:

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
No later than one year	27,619	31,139	31,468	27,961
Later than one year and no later than five years	24,540	14,358	23,947	27,214
	<u>52,159</u>	<u>45,497</u>	<u>55,415</u>	<u>55,175</u>

The Group's operating leases are for terms of 1 to 3 years as at 31 December 2014, 2015 and 2016 and 30 June 2017.

28 Notes to combined statements of cash flows

Reconciliation of profit before income tax to cash generated from operations:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
				<i>(Unaudited)</i>	
Profit before income tax	116,282	210,687	245,860	88,481	98,089
Interest income	(11,503)	(2,727)	—	—	—
Interest expenses	—	—	44	—	1,557
Depreciation of property, plant and equipment	303	283	268	134	134
Changes in fair value of investment properties	(77,622)	(115,541)	(214,266)	(72,500)	(77,863)
Gain on disposals of investment properties	—	(64,838)	—	—	—
Gain on disposal of a subsidiary	—	—	(2,297)	(2,297)	(11,095)
Operating cash flows before changes in working capital	27,460	27,864	29,609	13,818	10,822
Changes in working capital:					
— Trade receivables	(420)	(3,173)	—	—	—
— Deposits and other receivables	(52)	236	(60)	(210)	(593)
— Other payables and accruals	(4,042)	(639)	3,861	(215)	762
Cash generated from operations	<u>22,946</u>	<u>24,288</u>	<u>33,410</u>	<u>13,393</u>	<u>10,991</u>

The reconciliation of liabilities arising from financing activities is as follows:

	Amount due to ultimate holding company	Borrowings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
As of 31 December 2013	1,072,286	—	1,072,286
Cash outflows from financing activities	(21,485)	—	(21,485)
Non-cash changes			
- Purchase of investment properties (Note (a))	16,677	—	16,677
- Settlement of amount due from related companies (Note (b))	(21,459)	—	(21,459)
- Settlement of interest income on the amount due from related companies (Note 10)	(11,503)	—	(11,503)
As of 31 December 2014	<u>1,034,516</u>	<u>—</u>	<u>1,034,516</u>
As of 31 December 2014	1,034,516	—	1,034,516
Cash outflows from financing activities	(249,915)	—	(249,915)
Non-cash changes			
- Purchase of investment properties (Note (a))	38,179	—	38,179
- Acquisition of a subsidiary with an investment property (Note (a))	4,500	—	4,500
- Proceed from disposal of investment properties (Note (d))	(73,820)	—	(73,820)
- Settlement of amount due from related companies (Note (b))	(180,403)	—	(180,403)
- Settlement of interest income on the amount due from related companies (Note 10)	(2,727)	—	(2,727)
As of 31 December 2015	<u>570,330</u>	<u>—</u>	<u>570,330</u>
As of 31 December 2015	570,330	—	570,330
Cash inflows from financing activities	197,457	330,000	527,457
Non-cash changes			
- Receipt in advance for the disposal of subsidiaries (Note (e))	(51,223)	—	(51,223)
- Acquisitions of subsidiaries with investment properties (Note (a))	99,252	—	99,252

	Amount due to ultimate holding company	Borrowings	Total
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
- Proceed from disposal of a subsidiary (Note (c))	(8,380)	—	(8,380)
- Settlement of amount due from related companies (Note (b))	(22,150)	—	(22,150)
- Settlement of accounts receivables	<u>(3,593)</u>	<u>—</u>	<u>(3,593)</u>
As of 31 December 2016	<u>781,693</u>	<u>330,000</u>	<u>1,111,693</u>
As of 31 December 2016	781,693	330,000	1,111,693
Cash outflows from financing activities	(37,234)	—	(37,234)
Non-cash changes			
- Proceed from disposal of subsidiaries (Note (c))	<u>(593,606)</u>	<u>—</u>	<u>(593,606)</u>
As of 30 June 2017	<u>150,853</u>	<u>330,000</u>	<u>480,853</u>

Note:

Major non-cash transactions:

- (a) During the years ended 31 December 2014 and 2015, the purchase of investment properties amounting to HK\$16,677,000 and HK\$38,179,000 respectively were paid by the ultimate holding company on behalf of the Group. During the year ended 31 December 2015, the acquisition of Integral Grow Ltd., a subsidiary of the Group, with an investment property for the consideration of HK\$4,500,000 was paid by the ultimate holding company on behalf of the Group. During the year ended 31 December 2016, the acquisition of Pop Act Limited and its subsidiaries and Fresh One Inc., subsidiaries of the Group, with investment properties and other assets and liabilities for consideration of HK\$99,252,000 was paid by the ultimate holding company on behalf of the Group.
- (b) During the years ended 31 December 2014, 2015 and 2016, the amounts due from related companies of HK\$21,459,000, HK\$180,403,000 and HK\$22,150,000, respectively were settled by the ultimate holding company on behalf of the related companies.
- (c) During the year ended 31 December 2016 and the period ended 30 June 2017, the proceeds from disposal of subsidiaries of HK\$8,380,000 and HK\$593,606,000, was received by the ultimate holding company on behalf of the Group.
- (d) During the year ended 31 December 2015, part of the proceeds from disposal of investment properties, HK\$73,820,000 out of HK\$303,938,000, was received by the ultimate holding company on behalf of the Group and the remaining proceeds were settled in cash directly to the Group.
- (e) During the year ended 31 December 2016, the receipt in advance for the disposal of Fession Group Limited amounting to HK\$51,223,000 was received by the ultimate holding company on behalf of the Group.

29 Related party transactions

Save as disclosed elsewhere in the Historical Financial Information, the Group undertook the following transactions with related companies, which in the opinion of the directors of the Company, were carried out in the normal course of business during the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2016 and 2017.

- (a) The directors of the Company are of the view that the principal related companies that had transactions with the Group are listed below:

Name	Relationship
Thing On Capital Limited (<i>formerly known as Junny Diamond Company Limited</i>)	Note
Thing On Securities Limited	Note
Tsun Fat Finance Company Limited	Note

Note: These related companies are commonly controlled by Mr. Wong.

- (b) Transactions with related companies:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>
				<i>(Unaudited)</i>	
Rental income and property management fee income (Note (i))					
Related companies commonly controlled by Mr. Wong	<u>1,680</u>	<u>3,570</u>	<u>4,934</u>	<u>2,468</u>	<u>2,468</u>
Interest income (Note (ii))					
Related companies commonly controlled by Mr. Wong	<u>11,503</u>	<u>2,727</u>	<u>—</u>	<u>—</u>	<u>—</u>
Management fee expenses (Note (iii))					
A related company commonly controlled by Mr. Wong	<u>—</u>	<u>90</u>	<u>—</u>	<u>—</u>	<u>—</u>

Notes:

- (i) Rental income and property management fee income is charged at a fixed amount agreed by the parties.
- (ii) Interest income is charged at fixed interest rate (Note 18) agreed by the parties.
- (iii) Management fee expenses are charged at a fixed amount agreed by the parties.
- (c) Balances with related companies

	As at 31 December			As at 30 June
	2014	2015	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Trade receivables (Note 17)	420	3,593	—	—
Amounts due from:				
Related companies commonly controlled by Mr. Wong (Note 18)	202,553	22,150	—	—
Amounts due to:				
Ultimate holding company (Note 24)	1,034,516	570,330	781,693	150,853

- (d) Key management compensation

Key management includes directors and senior managements of the Group. The compensation paid or payable to key management for employee services is shown below:

	Year ended 31 December			Six months ended 30 June	
	2014	2015	2016	2016	2017
	HK\$'000	HK\$'000	HK\$'000	HK\$'000	HK\$'000
Fees	—	—	—	—	—
Salaries and other emoluments	1,701	2,091	2,470	875	900
Contributions to defined contribution schemes	34	56	66	17	18
	<u>1,735</u>	<u>2,147</u>	<u>2,536</u>	<u>892</u>	<u>918</u>

30 Subsequent events

- (i) The reorganisation was completed on 15 December 2017 and the details are summarised in Note 1.2.
- (ii) The amount due to the ultimate holding company of approximately HK\$154,264,000 as at 31 October 2017 has been capitalized on 15 December 2017. One ordinary share of HK\$0.00005 has been issued in consideration of the capitalization.
- (iii) By a shareholders' resolution dated 15 December 2017 and conditional upon the share premium amount of the Company being credited as a result of the proposed offering of the Company's shares, the Company will issue additional 539,999,997 shares, credited as fully paid, to the existing shareholders of the Company.
- (iv) By a shareholders' resolution dated 15 December 2017, the Company conditionally adopted a share option scheme under which the board of directors may grant options to selected participants of the Group to acquire shares of the Company. No options have been granted up to the date of this report.

III SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2017 and up to the date of this report. Save as disclosed in this report, no dividend or distribution has been declared or made by the Company or any of the companies now comprising the Group in respect of any period subsequent to 30 June 2017.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The information set out in this Appendix does not form part of the Accountant's Report from the reporting accountant, PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, as set out in Appendix I, and is included herein for illustrative purposes only.

The unaudited pro forma financial information should be read in conjunction with the section entitled "Financial Information" in this prospectus and the Accountant's Report set out in Appendix I to this prospectus.

A. UNAUDITED PRO FORMA STATEMENT OF ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative unaudited pro forma statement of adjusted net tangible assets of the Group which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering on the net tangible assets of the Group attributable to the equity holders of the Company as of 30 June 2017 as if the Global Offering had taken place on 30 June 2017.

The unaudited pro forma statement of adjusted net tangible assets of the Group has been prepared for illustrative purposes only and, because of its hypothetical nature, it may not give a true picture of the combined net tangible assets of the Group as at 30 June 2017 or at any future dates following the Global Offering. The unaudited pro forma statement of adjusted net tangible assets of the Group is based on the audited combined net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2017 as set out in the Accountant's Report of the Company, the text of which is set out in Appendix I to this prospectus, and adjusted as described below.

	Audited combined net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2017 ⁽¹⁾	Estimated net proceeds from the Global Offering ⁽²⁾	Capitalization of amount due to ultimate holding company ⁽³⁾	Unaudited pro forma adjusted net tangible assets of the Group attributable to the equity holders of the Company as at 30 June 2017	Unaudited pro forma adjusted net tangible assets per Share ⁽⁴⁾
	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$'000</i>	<i>HK\$</i>
Based on an Offer Price of HK\$1.00 per Share	1,100,661	157,766	150,853	1,409,280	1.96
Based on an Offer Price of HK\$1.24 per Share	1,100,661	200,102	150,853	1,451,616	2.02

Notes:

- (1) The audited combined net tangible assets of the Group attributable to equity holders of the Company as at 30 June 2017 is extracted from the Accountant's Report of the Company as set out in Appendix I to this prospectus, which is based on the audited combined net assets of the Group attributable to the equity holders of the Company as at 30 June 2017 of approximately HK\$1,100,661,000.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

- (2) The estimated net proceeds from the Global Offering are based on the Offer Price of HK\$1.00 per Share and HK\$1.24 per Share, respectively, after deduction of the underwriting fees and other related expenses (excluding listing expenses of approximately HK\$5.8 million which have been accounted for in the Group's combined statement of comprehensive income prior to 30 June 2017) payable by the Company and takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (3) Pursuant to the Reorganization, the outstanding balance of amount due to the ultimate holding company by the Group as at 31 October 2017 had been assigned to the Company and capitalized on 15 December 2017. The outstanding balance of amount due to the ultimate holding company amounted to approximately HK\$150,853,000 as at 30 June 2017. No adjustment has been made to reflect other movement on the outstanding balance subsequent to 30 June 2017.
- (4) The unaudited pro forma net tangible assets per Share is arrived at after the adjustments referred to in note 2 above and on the basis that 720,000,000 Shares were in issue assuming that the Global Offering and Capitalization Issue had been completed on 30 June 2017 but takes no account of any Shares which may be issued pursuant to the exercise of the Over-allotment Option, any options which may be granted under the Share Option Scheme or any Shares which may be allotted and issued or repurchased by the Company under the general mandate to issue Shares and general mandate to repurchase Shares as described in the section headed "Share Capital" in this prospectus.
- (5) No adjustment has been made to reflect any trading result or other transactions of the Group entered into subsequent to 30 June 2017.

B. ACCOUNTANT'S REPORT ON THE UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report received from PricewaterhouseCoopers, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus.



羅兵咸永道

INDEPENDENT REPORTING ACCOUNTANT'S ASSURANCE REPORT ON THE COMPILATION OF UNAUDITED PRO FORMA FINANCIAL INFORMATION

To the Directors of Thing On Enterprise Limited

We have completed our assurance engagement to report on the compilation of unaudited pro forma financial information of Thing On Enterprise Limited (the "Company") and its subsidiaries (collectively the "Group") by the directors for illustrative purposes only. The unaudited pro forma financial information consists of the unaudited pro forma statement of adjusted net tangible assets of the Group as at 30 June 2017, and related notes (the "Unaudited Pro Forma Financial Information") as set out on pages II-1 to II-2 of the Company's prospectus dated 28 December 2017, in connection with the proposed initial public offering of the shares of the Company. The applicable criteria on the basis of which the directors have compiled the Unaudited Pro Forma Financial Information are described on pages II-1 to II-2.

The Unaudited Pro Forma Financial Information has been compiled by the directors to illustrate the impact of the proposed initial public offering on the Group's financial position as at 30 June 2017 as if the proposed initial public offering 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 information for the period ended 30 June 2017, on which an accountant's report has been published.

Directors' Responsibility for the Unaudited Pro Forma Financial Information

The directors are responsible for compiling the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

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APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

Our firm applies Hong Kong Standard on Quality Control 1 issued by the HKICPA and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountant's Responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) of the Listing Rules, on the Unaudited Pro Forma Financial Information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the Unaudited Pro Forma Financial Information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 “*Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus*”, issued by the HKICPA. This standard requires that the reporting accountant plans and performs procedures to obtain reasonable assurance about whether the directors have compiled the Unaudited Pro Forma Financial Information in accordance with paragraph 4.29 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Unaudited Pro Forma Financial Information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Unaudited Pro Forma Financial Information.

The purpose of unaudited pro forma financial information included in a prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the proposed initial public offering 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 accountant's judgment, having regard to the reporting accountant's understanding of the nature of the company, the event or transaction in respect of which the unaudited pro forma financial information has been compiled, and other relevant engagement circumstances.

APPENDIX II UNAUDITED PRO FORMA FINANCIAL INFORMATION

The engagement also involves evaluating the overall presentation of the unaudited pro forma financial information.

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

Opinion

In our opinion:

- (a) the Unaudited Pro Forma Financial Information has been properly compiled by the directors of the Company on the basis stated;
- (b) such basis is consistent with the accounting policies of the Group; and
- (c) the adjustments are appropriate for the purposes of the Unaudited Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

PricewaterhouseCoopers
Certified Public Accountants
Hong Kong, 28 December 2017

The following is the text of a letter, summary of values and valuation certificates, prepared for the purpose of incorporation in this prospectus received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 30 September 2017 of the property interests held by the Group.



仲量聯行

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Licence No: C-030171

28 December 2017

The Board of Directors

Thing On Enterprise Limited

17/F, Bank of East Asia Harbour View Centre
56 Gloucester Road
Wanchai, Hong Kong

Dear Sirs,

In accordance with your instructions to value the property interests held by Thing On Enterprise Limited (the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in Hong Kong, we confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion of the market values of the property interests as at 30 September 2017 (the "valuation date").

Our valuation is carried out on a market value basis. Market value is defined as "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

We have valued the property interests (except Property 29) by direct comparison approach assuming sale of the property interests in their existing state with the benefit of immediate vacant possession/subject to tenancies and by making reference to comparable sales transactions as available in the relevant market.

For Property 29, we have valued the property interest by income approach in our valuation by taking into account the rental income of the properties achievable in the existing market, which has been then capitalized to determine the market value at an appropriate capitalization rate.

Our valuation has been made on the assumption that the seller sells the property interests in the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

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

In valuing the property interests, we have complied with all requirements contained in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities issued by The Stock Exchange of Hong Kong Limited; the RICS Valuation — Global Standards 2017 published by the Royal Institution of Chartered Surveyors; the HKIS Valuation Standards published by the Hong Kong Institute of Surveyors; and the International Valuation Standards published by the International Valuation Standards Council.

We have relied to a very considerable extent on the information given by the Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy, lettings, and other relevant matters.

In valuing the property interests of the Group in Hong Kong held under the Government Leases expiring before 30th June, 1997, we have taken into account the stipulations contained in Annex III of the Joint Declaration of the Government of the United Kingdom and the Government of the People's Republic of China on the question of Hong Kong and the New Territories Leases (Extension) Ordinance 1988 that such leases have been extended without premium until 30th June 2047 and that a rent of three per cent of the then ratable value is charged per annum from the date of extension.

We have caused searches to be made at the Hong Kong Land Registry. However, we have not searched the original documents to verify the ownership or to ascertain any amendment.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the property but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory. Moreover, no structural survey has been made, but, in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

The site inspection was carried out on 3 April 2017 by Mr. Mathew Ma and Ms. Tracy Yuen. Mr. Mathew Ma is a Chartered Surveyor who has 8 years' experience in the valuation of properties in Hong Kong and Ms. Tracy Yuen is a probationer of HKIS.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Group. We have also sought confirmation from the Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive at an informed view, and we have no reason to suspect that any material information has been withheld.

Unless otherwise stated, all monetary figures stated in this report are in Hong Kong Dollar (HK\$).

Our valuation is summarised below and the valuation certificates are attached.

Yours faithfully,
for and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 23 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Property interests held by the Group in Hong Kong

No.	Property	Market value in existing state as at 30 September 2017
		<i>HK\$</i>
1.	Office Unit A and the Lavatory on 24th Floor, World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong	404,000,000
2.	16th Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong	188,800,000
3.	17th Floor and Car Parking Space Nos. 18, 19 and 20 on 2nd Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong	197,200,000
4.	Office A on the 7th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,260,000
5.	Office B on the 7th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	13,190,000
6.	Office C on the 7th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,950,000

No.	Property	Market value in existing state as at 30 September 2017
		<i>HK\$</i>
7.	Office A on the 8th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,290,000
8.	Office B on the 8th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	13,230,000
9.	Office C on the 8th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,990,000
10.	Office A on the 9th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,340,000
11.	Office B on the 9th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	13,310,000
12.	Office C on the 9th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	10,050,000
13.	Office A on the 16th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,660,000

No.	Property	Market value in existing state as at 30 September 2017
		<i>HK\$</i>
14.	Office B on the 16th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	13,760,000
15.	Office C on the 16th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	10,380,000
16.	Office A on the 17th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,710,000
17.	Office B on the 17th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	13,840,000
18.	Office C on the 17th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	10,450,000
19.	Office A on the 18th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	9,800,000
20.	Office B on the 18th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	13,900,000

No.	Property	Market value in existing state as at 30 September 2017
		<i>HK\$</i>
21.	Office C on the 18th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	10,500,000
22.	Shop Nos. 4 (No. 67 South Wall Road) and 5 (No. 69 South Wall Road) on Ground Floor, Flats 1 (Front Portion of No. 63 South Wall Road), 2, 3, 4, 5, 6, 7 and 8 on 1st Floor, Flats 3 (Front Portion of No. 67 South Wall Road) and 4 (Front Portion of No. 69 South Wall Road) on 2nd Floor, South Wall Mansion, Nos. 63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon	67,500,000
23.	Unit A on Ground Floor with Rear Yard, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	25,900,000
24.	Unit B on Ground Floor with Rear Yard, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	28,100,000
25.	Unit C on Ground Floor, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	8,000,000
26.	Unit D on Ground Floor, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	8,400,000

No.	Property	Market value in existing state as at 30 September 2017
		<i>HK\$</i>
27.	Unit E on Ground Floor with Rear Yards, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	29,900,000
28.	Unit F on Ground Floor with Rear Yards, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	26,200,000
29.	Advertising Spaces, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	200,000
30.	Shop C on the Ground Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	102,800,000
31.	Basement, Rear Flat Roof on 4th Floor, Roof and Upper Roof, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	89,600,000 (Interest attributable to Excellent Generation Limited: 29,867,000)
32.	Second Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	89,600,000
33.	Ground Floor (including open yard & lavatories thereto) and Cockloft (including the canopy thereto), Tai Shan Wen Cun Commercial Building, No. 139 Portland Street, Mong Kok, Kowloon	40,000,000

No.	Property	Market value in existing state as at 30 September 2017
		<i>HK\$</i>
34.	Portion 3 of Shop C on Ground Floor, Nos. 146 & 148 Lockhart Road and No. 2A O' Brien Road, Wan Chai, Hong Kong	23,100,000
35.	Shop A on Ground Floor, Lai Yue Building, No. 3 Horse Shoe Lane, Kwun Tong, Kowloon	21,900,000
36.	Unit No. C on 2nd Floor, Units Nos. A, B, C, D, E, F and G on 3rd Floor, Car Parking Space Nos. V2, V4 and V18 on Ground Floor, Sunview Industrial Building, No. 3 On Yip Street, Chai Wan, Hong Kong	128,000,000
		<hr/>
	Total:	<u>1,678,810,000</u>
		Interest attributable to the Group: <u>1,619,077,000</u>

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
1.	Office Unit A and the Lavatory on 24th Floor, World-Wide House, No. 19 Des Voeux Road Central, Central, Hong Kong	The property comprises an office unit and the lavatory on 24th Floor of a 29-storey (plus 1 basement level) commercial building completed in 1980. The property has a saleable area of approximately 8,065 sq.ft. (or 749.26 sq.m.). The property is held under Conditions of Grant No. UB11187 for a term of 75 years commencing from 15 April 1978 and renewable for 75 years subject to payment of an annual Government rent of HK\$1,000 for the lot.	As at the valuation date, the property was sub-divided into 5 units, known as Units 2401, 2406, 2407, 2408 and 2409, and leased to various independent third parties for office purpose. (Please refer to Note 5)	404,000,000
	621/1,000 of 2,003/123,000 shares of and in Inland Lot No. 8432			

Notes:

1. The subject building is situated on the north-eastern side of Des Voeux Road Central at the junction with Pedder Street. The locality is characterized by high-rise commercial buildings.
2. The registered owner of the property is Yue Tin Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 05071902070027 dated 30 June 2005.
3. According to the Central District Outline Zoning Plan No. S/H4/16 dated 11 November 2016, the site of the property is zoned as "Commercial".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed Poll vide Memorial No. UB1528329 dated 26 May 1978;
 - b. Supplementary Deed Poll vide Memorial No. UB2078669 dated 25 April 1981;
 - c. Deed of Mutual Covenant vide Memorial No. UB2078671 dated 24 April 1981;
 - d. Certificate of Compliance vide Memorial No. UB2733826 dated 25 November 1980;
 - e. Sub-deed of Mutual Covenant vide Memorial No. UB8737544 dated 24 June 2002;
 - f. Deed Poll vide Memorial No. 15051302290016 dated 7 May 2015; and
 - g. Sub-deed of Mutual Covenant vide Memorial No. 15060102060143 dated 7 May 2015.

5. The property was subject to the following tenancies as at the valuation date:
- a. Tenancy Agreement in favour of Regal Success Group Limited vide Memorial No. 15061600380169 dated 1 June 2015 for a term of 3 years commencing on 3 July 2015 and expiring on 2 July 2018 at a monthly rent of HK\$232,470 exclusive of Government rent, rates, management fee, air-conditioning charges and other outgoings. (Re.: Unit 2401);
 - b. Deed of Novation in favour of Golden King (Asia Pacific) Limited (New Tenant) vide Memorial No. 16042201010248 dated 15 March 2016 for a term of 3 year commencing on 3 July 2015 and expiring on 2 July 2018 at a monthly rent of HK\$ 232,470 exclusive of Government rent, rates, management fee, air-conditioning charges and all other outgoings (Re.: Unit 2401);
 - c. Tenancy Agreement in favour of So Kwok Mong Trading As Marlin Trading Co. vide Memorial No. 17020201530285 dated 24 January 2017 for a term of 2 years commencing on 15 March 2017 and expiring on 14 March 2019 at a monthly rent of HK\$76,510 exclusive of Government rent, rates, management fee, air-conditioning charges and other outgoings (Re.: Unit 2406);
 - d. Tenancy Agreement in favour of Greenwich International Holdings Limited vide Memorial No. 17020201530329 dated 19 January 2017 for a term of 3 years commencing on 15 February 2017 and expiring on 14 February 2020 at a monthly rent of HK\$256,270 exclusive of Government rent, rates, management fee, air-conditioning charges and all other outgoings (Re.: Unit 2407);
 - e. Tenancy Agreement in favour of Yield Focus International Limited vide Memorial No. 17020201530297 dated 19 January 2017 for a term of 3 years commencing on 15 February 2017 and expiring on 14 February 2020 at a monthly rent of HK\$150,500 exclusive of Government rent, rates, management fee, air-conditioning charges and all other outgoings. (Re.: Unit 2408); and
 - f. Tenancy Agreement in favour of Zhong Sheng Capital (Hongkong) Co., Limited for a term of 3 years commencing on 20 April 2017 and expiring on 19 April 2020 at a monthly rent of HK\$154,400 exclusive of Government rent, rates, management fee, air-conditioning charges and all other outgoings. (Re.: Unit 2409).
6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at the commercial area of Central district and were transacted between 2016 and 2017. They are office units in the subject building and other Grade A office buildings completed between 1987 to 1991 whilst the subject property was completed in 1980. The unit price of these comparables range from HK\$41,000/sq.ft. to HK\$52,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$50,093/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
2.	16th Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong	The property comprises the whole of office floor on 16th Floor of a 31-storey commercial building completed in 1990. The property has a saleable area of approximately 6,327 sq.ft. (or 587.79 sq.m.). The property is held under Government Leases for the term of 99 years commencing from 25 May 1929 (for Inland Lot No. 2818) and 26 March 1929 (for Inland Lot No. 2817) and renewable for 99 years subject to payment of an annual Government rent of part of HK\$302 for the lots.	As at the valuation date, the property was leased to 2 independent third parties for office purpose. (Please refer to Note 5)	188,800,000
	624,908/19,581,678th shares of and in the Remaining Portion of Inland Lot No. 2818, the Remaining Portion of Section D of Inland Lot No. 2818, the Remaining Portion of Section F of Inland Lot No. 2817 and Section M of Inland Lot No. 2817			

Notes:

1. The subject building is situated on the southern side of Gloucester Road close to the junction with Luard Road to the east. The locality is characterized by high-rise commercial buildings.
2. The registered owner of the property is Power Net Properties Limited, a wholly-owned subsidiary of the Company, vide Memorial Nos. 16120201670054 and 17062601700049 dated 28 November 2016 and 9 February 2017 respectively.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Commercial".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H111/90 vide Memorial No. UB4676952 dated 31 October 1990;
 - b. Deed of Mutual Covenant and Management Agreement in favour of First Pacific Davies Property Management Limited vide Memorial Nos. UB4699812 and UB4942689 dated 3 January 1991; and
 - c. Memorandum of Change of Name of Building vide Memorial No. UB8646782 dated 15 March 2002 by First Pacific Bank Limited.

5. The property was subject to the following tenancies as at the valuation date:
- a. Tenancy Agreement in favour of Portline International Limited vide Memorial No. 16120201670063 dated 28 November 2016 for a term of 3 years commencing on 29 November 2016 and expiring on 28 November 2019 at a monthly rent of HK\$195,000 with an option to renew for a further term of 3 years exclusive of Government rent, rates, management fee, air-conditioning charges and all other outgoings (Re.: Office No. 16A on 16/F); and
 - b. Tenancy Agreement in favour of CL Group (Holdings) Limited for a term of 3 years commencing on 16 January 2016 and expiring on 15 January 2019 at a monthly rent of HK\$190,560 exclusive of rates, management fee, air-conditioning charges and all other outgoings (Re.: Office No. 16B on 16/F).
6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at the commercial area of Wan Chai and close to the subject property, which were transacted between 2016 and 2017. They are office units in the subject building and office buildings with similar quality completed between 1977 to 1987 whilst the subject property was completed in 1990. The unit price of these comparables range from HK\$26,000/sq.ft. to HK\$31,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$29,840/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
3.	17th Floor and Car Parking Space Nos. 18, 19 and 20 on 2nd Floor, Bank of East Asia Harbour View Centre, No. 56 Gloucester Road, Wan Chai, Hong Kong	The property comprises the whole of office floor on 17th Floor and 3 car parking spaces on 2nd Floor of a 31-storey commercial building completed in 1990. The office unit has a saleable area of approximately 6,327 sq.ft. (or 587.79 sq.m.). The property is held under Government Leases for the term of 99 years commencing from 25 May 1929 (for Inland Lot No. 2818) and 26 March 1929 (for Inland Lot No. 2817) and renewable for 99 years subject to payment of an annual Government rent of part of HK\$302 for the lots.	As at the valuation date, portion of the property was leased for office purpose. (Please refer to Note 5) The remaining portion of the property was occupied by the Company for office purpose.	197,200,000
	725,672/19,581,678th shares of and in the Remaining Portion of Inland Lot No. 2818, the Remaining Portion of Section D of Inland Lot No. 2818, the Remaining Portion of Section F of Inland Lot No. 2817 and Section M of Inland Lot No. 2817			

Notes:

1. The subject building is situated on the southern side of Gloucester Road close to the junction with Luard Road to the east. The locality is characterized by high-rise commercial buildings.
2. The registered owner of the property is Grandtex Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 11072900820016 dated 30 June 2011.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Commercial".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H111/90 vide Memorial No. UB4676952 dated 31 October 1990;

- b. Deed of Mutual Covenant and Management Agreement in favour of First Pacific Davies Property Management Limited vide Memorial Nos. UB4699812 and UB4942689 dated 3 January 1991; and
 - c. Memorandum of Change of Name of Building vide Memorial No. UB8646782 dated 15 March 2002 by First Pacific Bank Limited.
5. The property was subject to the following tenancy as at the valuation date:
- a. As advised by the Company, a portion of the property with a lettable area of 5,849 sq.ft. was leased to Thing On Capital Limited, a subsidiary of Thing On Group, our controlling shareholder of the Group, for a term of 2.5 years commencing on 1 July 2017 and expiring on 31 December 2019 for a monthly rental of HK\$400,000 exclusive of Government rent, rates, management fee, utility charges and other outgoings.
6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at the commercial area of Wan Chai and close to the subject property, which were transacted between 2016 and 2017. They are office units and car parking spaces in the subject building and office buildings with similar quality completed between 1977 to 1987 whilst the subject property was completed in 1990. The unit price of these comparables range from HK\$26,000/sq.ft. to HK\$31,000/sq.ft. for office on saleable area basis and from HK\$2,300,000 to HK\$2,800,000 per parking space for car park. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$29,983/sq.ft. on saleable area basis for office and HK\$2,500,000 per parking space for car park for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
4.	Office A on the 7th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 7th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 730 sq.ft. (or 67.82 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was sub-divided into 2 units, known as Flats 701 and 701A, and leased to various independent third parties for office purpose. (Please refer to Note 6)	9,260,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancies as at the valuation date:
- a. Tenancy Agreement in favour of League Castle Company for a term of 2 years commencing on 20 October 2015 and expiring on 19 October 2017, at the monthly rent of HK\$15,624 inclusive of Government rent, exclusive of rates and building management fees (Re.: Flat 701); and
 - b. Tenancy Agreement in favour of Signature Music Limited for a term of 2 years commencing on 16 November 2015 and expiring on 15 November 2017, at the monthly rent of HK\$8,302.5 inclusive of Government rent, exclusive of rates and building management fees (Re.: Flat 701A).
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed average unit rate of HK\$12,685/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
5.	Office B on the 7th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 7th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 1,040 sq.ft. (or 96.62 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was sub-divided into 2 units, known as Flats 702 and 702A, and leased to various independent third parties for office purpose. (Please refer to Note 6)	13,190,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancies as at the valuation date:
- a. Tenancy Agreement in favour of Resources Centre Limited for a term of 3 years commencing on 2 October 2016 and expiring on 1 October 2018, at the monthly rent of HK\$20,835 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings (Re.: Flat 702); and
 - b. Tenancy Agreement in favour of Chan Emily trading as Smartup Learning Centre for a term of 2 years commencing on 12 April 2016 and expiring on 11 April 2018, at the monthly rent of HK\$13,342.5 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings (Re.: Flat 702A).
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,683/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
6.	Office C on the 7th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong 4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property comprises an office unit on 7th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 785 sq.ft. (or 72.93 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was vacant.	9,950,000

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,675/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
7.	Office A on the 8th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 8th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 730 sq.ft. (or 67.82 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was sub-divided into 2 units, known as Flats 801 and 801A, and leased to various independent third parties for office purpose. (Please refer to Note 6)	9,290,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancies as at the valuation date:
- a. Tenancy Agreement in favour of Dahlzhen International Company for a term of 2 years commencing on 1 January 2017 and expiring on 31 December 2018, at the monthly rent of HK\$15,624 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings (Re.: Flat 801); and
 - b. Tenancy Agreement in favour of Chi Ming Electrical Engineering Company Limited for a term of 3 years commencing on 16 September 2017 and expiring on 15 September 2020, at the monthly rent of HK\$8,500 inclusive of Government rent, exclusive of rates and building management fee (Re: Flat 801A).
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,726/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
8.	Office B on the 8th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 8th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 1,040 sq.ft. (or 96.62 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was sub-divided into 2 units, known as Flats 802 and 802A, and leased to various independent third parties for office purpose. (Please refer to Note 6)	13,230,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancies as at the valuation date:
- a. Tenancy Agreement in favour of Alps Education Limited for a term of 2 years commencing on 26 November 2015 and expiring on 25 November 2017, at the monthly rent of HK\$21,252 inclusive of Government rent, exclusive of rates and building management fees (Re.: Flat 802); and
 - b. Tenancy Agreement in favour of Multi-Intelligence Development Centre Limited for a term of 2 years commencing on 17 April 2016 and expiring on 16 April 2018, at the monthly rent of HK\$13,046 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings (Re.: Flat 802A).
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,721/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
9.	Office C on the 8th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 8th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 785 sq.ft. (or 72.93 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	9,990,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of KAMPF (Hong Kong) Limited for a term of 2 years commencing on 8 February 2016 and expiring on 7 February 2018, at the monthly rent of HK\$26,424 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,726/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017 <i>HK\$</i>
10.	Office A on the 9th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong 4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property comprises an office unit on 9th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 730 sq.ft. (or 67.82 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	9,340,000

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Newdex Design Limited for a term of 2 years commencing on 1 February 2016 and expiring on 31 January 2018, at the monthly rent of HK\$52,685 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings (include Property 11).
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,795/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
11.	Office B on the 9th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong 4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property comprises an office unit on 9th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 1,040 sq.ft. (or 96.62 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	13,310,000

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Newdex Design Limited for a term of 2 years commencing on 1 February 2016 and expiring on 31 January 2018, at the monthly rent of HK\$52,685 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings (include Property 10).
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,798/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017 <i>HK\$</i>
12.	Office C on the 9th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong 4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property comprises an office unit on 9th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 785 sq.ft. (or 72.93 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	10,050,000

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Landmark Worldwide Hong Kong Limited for a term of 2 years commencing on 7 May 2017 and expiring on 6 May 2019, at the monthly rent of HK\$27,525 inclusive of Government rent, exclusive of rates and building management fees.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$12,803/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
13.	Office A on the 16th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 16th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 730 sq.ft. (or 67.82 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose (Please refer to Note 6)	9,660,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Spectrum Lighting Limited for a term of 2 years commencing on 15 November 2015 and expiring on 14 November 2017, at the monthly rent of HK\$21,668.5 inclusive of Government rent, exclusive of rates and building management fees.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,233/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
14.	Office B on the 16th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 16th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 1,040 sq.ft. (or 96.62 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	13,760,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of C G Lighting Limited for a term of 2 years commencing on 14 November 2015 and expiring on 13 November 2017, at the monthly rent of HK\$31,016.5 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,231/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
15.	Office C on the 16th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong 4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property comprises an office unit on 16th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 785 sq.ft. (or 72.93 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	10,380,000

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Spectrum Lighting Limited for a term of 2 years commencing on 15 November 2015 and expiring on 14 November 2017, at the monthly rent of HK\$22,570.5 inclusive of Government rent, exclusive of rates and building management fees.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,223/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017 <i>HK\$</i>
16.	Office A on the 17th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong 4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property comprises an office unit on 17h floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 730 sq.ft. (or 67.82 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	9,710,000

Notes:

1. The subject development is situated on the southern side of Johnston Road at the junction with Wan Chai Road. The locality is characterized by high-rise commercial buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Village Holdings Limited for a term of 2 years commencing on 15 October 2015 and expiring on 14 October 2017, at the monthly rent of HK\$23,254 inclusive of Government rent, exclusive of rates and building management fees.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,301/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
17.	Office B on the 17th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 17th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 1,040 sq.ft. (or 96.62 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	13,840,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;

- c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);
 - d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Netmon Information Systems Limited for a term of 2 years commencing on 15 January 2016 and expiring on 14 January 2018, at the monthly rent of HK\$31,773 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,308/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
18.	Office C on the 17th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 17th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984.	As at the valuation date, the property was vacant.	10,450,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property has a saleable area of approximately 785 sq.ft. (or 72.93 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.		

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;

- c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);
 - d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,312/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
19.	Office A on the 18th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 18th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 730 sq.ft. (or 67.82 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	9,800,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;

- c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);
 - d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of United Communications Electrical Engineering Company Limited for a term of 2 years commencing on 4 October 2015 and expiring on 3 October 2017, at the monthly rent of HK\$22,725.5 inclusive of Government rent, exclusive of rates and building management fees.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,425/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
20.	Office B on the 18th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 18th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 1,040 sq.ft. (or 96.62 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	13,900,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Velocity Solutions Limited for a term of 2 years commencing on 1 November 2015 and expiring on 31 October 2017, at the monthly rent of HK\$33,286 inclusive of Government rent, exclusive of rates and building management fees.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,365/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
21.	Office C on the 18th Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises an office unit on 18th floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 785 sq.ft. (or 72.93 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for office purpose. (Please refer to Note 6)	10,500,000
	4/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108			

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);

- d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of United Communications Electrical Engineering Company Limited for a term of 2 years commencing on 16 March 2016 and expiring on 15 March 2018, at the monthly rent of HK\$23,671.5 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2017. They are office units in the Grade B office buildings completed between 1975 to 1995 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$12,000/sq.ft. to HK\$16,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$13,376/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017										
				<i>HK\$</i>										
22.	Shop Nos. 4 (No. 67 South Wall Road) and 5 (No. 69 South Wall Road) on Ground Floor, Flats 1 (Front Portion of No. 63 South Wall Road), 2, 3, 4, 5, 6, 7 and 8 on 1st Floor, Flat 3 (Front Portion of No. 67 South Wall Road) and Flat 4 (Front Portion of No. 69 South Wall Road) on 2nd Floor, South Wall Mansion, Nos. 63, 63A, 65, 67, 69 & 71 South Wall Road, Kowloon City, Kowloon	<p>The property comprises 2 shop units on Ground Floor, 8 shop units on 1st Floor and 2 residential units with a flat roof on 2nd Floor of a 10-storey tenement building completed in 1966.</p> <p>The property has a total saleable area of approximately 5,985 sq.ft. (or 556.02 sq.m) plus yard area of approximately 157 sq.ft. (or 14.59 sq.m.) and flat roof area of approximately 200 sq.ft. (or 18.58 sq.m.).</p> <table border="1" style="width: 100%; margin-top: 10px;"> <thead> <tr> <th style="text-align: left;">Floor</th> <th style="text-align: right;">Saleable Area (sq.ft.)</th> </tr> </thead> <tbody> <tr> <td>G/F</td> <td style="text-align: right;">1,580</td> </tr> <tr> <td>1/F</td> <td style="text-align: right;">3,602</td> </tr> <tr> <td>2/F</td> <td style="text-align: right;">803</td> </tr> <tr> <td>Total</td> <td style="text-align: right;">5,985</td> </tr> </tbody> </table>	Floor	Saleable Area (sq.ft.)	G/F	1,580	1/F	3,602	2/F	803	Total	5,985	As at the valuation date, the property was leased to an independent third party and occupied as elderly center. (Please refer to Note 5)	67,500,000
Floor	Saleable Area (sq.ft.)													
G/F	1,580													
1/F	3,602													
2/F	803													
Total	5,985													
	12/79 shares of and in the Remaining Portions of New Kowloon Inland Lot Nos. 1933, 2156, 2157, 2158 and 2159	The property is held under Government Leases for the term of 75 years commencing from 1 July 1898 and renewable for 24 years and thereafter statutorily extended until 30 July 2047 without premium but subject to a payment of Government rent which equal to 3% of the rateable value for the time being of the lots.												

Notes:

1. The subject building is situated on the western side of South Wall Road close to the junction with Carpenter Road to the north. The locality is characterized by medium-rise tenement buildings.
2. The registered owner of the property is Yue Tin Development Limited, a wholly-owned subsidiary of the Company, vide Memorial No. UB5977799 dated 10 March 1994.
3. According to the Ma Tau Kok Outline Zoning Plan No. S/K10/22 dated 15 April 2016, the site of the property is zoned as "Residential (Group A) 2".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed of Mutual Covenant vide Memorial No. UB544123 dated 5 August 1966.

5. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of See Yan Elderly Centre Limited for a terms of 2 years commencing on 20 April 2016 and expiring on 19 April 2018 at the monthly rent of HK\$120,000 exclusive of rates, management fee and air-conditioning charges and all other outgoings.
6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of Kowloon City and close to the subject property. For the comparables of ground floor which were transacted in 2016 and 2017, they are general retail units on Ground Floor of composite buildings completed between 1952 and 1983. For the comparables of first floor which were transacted in 2015, 2016 and 2017, they are general retail units on first Floor of composite buildings completed between 1979 and 1994. For the comparables of upper floors which were transacted in 2016 and 2017, they are general residential units completed between 1963 and 1968. The unit price of these comparables range from HK\$18,000/sq.ft. to HK\$27,000/sq.ft. for Ground Floor and from HK\$7,000/sq.ft. to HK\$9,000/sq.ft. for upper floors on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$22,722/sq.ft. for Ground Floor and an assumed average unit rate of HK\$7,174/sq.ft. for upper floors on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
23.	Unit A on Ground Floor with Rear Yard, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	The property comprises a shop unit on Ground Floor of a 25-storey composite building completed in 2003.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	25,900,000
	715/43,500 shares of and in Inland Lot Nos. 6715, 6716, 6717 and 6718	The property has a saleable area of approximately 548 sq.ft. (or 50.91 sq.m.) plus yard area of approximately 78 sq.ft. (or 7.25 sq.m.). The property is held under Government Leases for the term of 75 years commencing from 5 September 1921 and renewable for 75 years subject to payment of an annual Government rent of HK\$10,440.		

Notes:

1. The subject building is situated on the southern side of Chun Yeung Street close to the junction with Tong Shui Road. The locality is characterized by a mixture of high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Trinity Sino Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 12092601940014 dated 3 September 2012.
3. According to the North Point Outline Zoning Plan No. S/H8/26 dated 25 August 2017, the site of the property is zoned as "Commercial/Residential".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. HK2/2003 vide Memorial No. UB8879386 dated 9 January 2003;
 - b. No Objection Letter vide Memorial No. UB8914721 dated 1 April 2003 (Re.: from the Government of the HKSAR by the District Lands Officer/Hong Kong East);
 - c. Deed of Mutual Covenant incorporating Management Agreement vide Memorial No. UB8922210 dated 15 April 2003; and
 - d. No Objection Letter vide Memorial No. 06062900860089 dated 21 June 2006 (Re.: from the Government of the Hong Kong Special Administrative Region by the Chief Estate Surveyor, Headquarters).

5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Bill's Food Factory Limited for a term of 2 years commencing on 15 January 2017 and expiring on 14 January 2019 at the monthly rent of HK\$47,000 exclusive of Government rent, rates, management fee and air-conditioning charges and all other outgoings.

6. Our valuation has been made on the following basis and analysis:
 - a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of North Point and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of residential buildings completed between 1958 and 1975 whilst the subject property was completed in 2003. The unit price of these comparables range from HK\$43,000/sq.ft. to HK\$47,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$47,263/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
24.	Unit B on Ground Floor with Rear Yard, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	The property comprises a shop unit on Ground Floor of a 25-storey composite building completed in 2003.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	28,100,000
	821/43,500 shares of and in Inland Lot Nos. 6715, 6716, 6717 and 6718	The property has a saleable area of approximately 622 sq.ft. (or 57.79 sq.m.) plus yard area of approximately 53 sq.ft. (or 4.92 sq.m.). The property is held under Government Leases for the term of 75 years commencing from 5 September 1921 and renewable for 75 years subject to payment of an annual Government rent of HK\$13,320.		

Notes:

1. The subject building is situated on the southern side of Chun Yeung Street close to the junction with Tong Shui Road. The locality is characterized by a mixture of high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Trinity Sino Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 12092601940014 dated 3 September 2012.
3. According to the North Point Outline Zoning Plan No. S/H8/26 dated 25 August 2017, the site of the property is zoned as "Commercial/Residential".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. HK2/2003 vide Memorial No. UB8879386 dated 9 January 2003;
 - b. No Objection Letter vide Memorial No. UB8914721 dated 1 April 2003 (Re.: from the Government of the HKSAR by the District Lands Officer/Hong Kong East);
 - c. Deed of Mutual Covenant incorporating Management Agreement vide Memorial No. UB8922210 dated 15 April 2003; and
 - d. No Objection Letter vide Memorial No. 06062900860089 dated 21 June 2006 (Re.: from the Government of the Hong Kong Special Administrative Region by the Chief Estate Surveyor, Headquarters).

5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Fok Hing Trading Development Company Limited for a term of 3 years commencing on 17 March 2017 and expiring on 16 March 2020 at the monthly rent of HK\$51,000 exclusive of Government rent, rates, management fee and air-conditioning charges and all other outgoings.

6. Our valuation has been made on the following basis and analysis:
 - a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of North Point and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of residential buildings completed between 1958 and 1975 whilst the subject property was completed in 2003. The unit price of these comparables range from HK\$43,000/sq.ft. to HK\$47,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$45,177/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
25.	Unit C on Ground Floor, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	The property comprises 1 shop unit on Ground Floor of a 25-storey composite building completed in 2003. The property has a saleable area of approximately 147 sq.ft. (or 13.66 sq.m.). The property is held under Government Leases for the term of 75 years commencing from 5 September 1921 and renewable for 75 years subject to payment of an annual Government rent of HK\$4,464.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	8,000,000
	201/43,500 shares of and in Inland Lot Nos. 6715, 6716, 6717 and 6718			

Notes:

1. The subject building is situated on the southern side of Chun Yeung Street close to the junction with Tong Shui Road. The locality is characterized by a mixture of high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Trinity Sino Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 12092601940014 dated 3 September 2012.
3. According to the North Point Outline Zoning Plan No. S/H8/26 dated 25 August 2017, the site of the property is zoned as "Commercial/Residential".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. HK2/2003 vide Memorial No. UB8879386 dated 9 January 2003;
 - b. No Objection Letter vide Memorial No. UB8914721 dated 1 April 2003 (Re.: from the Government of the HKSAR by the District Lands Officer/Hong Kong East);
 - c. Deed of Mutual Covenant incorporating Management Agreement vide Memorial No. UB8922210 dated 15 April 2003; and
 - d. No Objection Letter vide Memorial No. 06062900860089 dated 21 June 2006 (Re.: from the Government of the Hong Kong Special Administrative Region by the Chief Estate Surveyor, Headquarters).
5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Chong Shuk Hing for a term of 3 years commencing on 16 January 2016 and expiring on 15 January 2019 at the monthly rent of HK\$25,000 exclusive of Government rent, rates, management fee and air-conditioning charges and all other outgoings.

6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of North Point and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of residential buildings completed between 1958 and 1975 whilst the subject property was completed in 2003. The unit price of these comparables range from HK\$43,000/sq.ft. to HK\$47,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$54,422/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017 <i>HK\$</i>
26.	Unit D on Ground Floor, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	The property comprises a shop unit on Ground Floor of a 25-storey composite building completed in 2003. The property has a saleable area of approximately 153 sq.ft. (or 14.21 sq.m.). The property is held under Government Leases for the term of 75 years commencing from 5 September 1921 and renewable for 75 years subject to payment of an annual Government rent of HK\$4,428.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	8,400,000
	199/43,500 shares of and in Inland Lot Nos. 6715, 6716, 6717 and 6718			

Notes:

1. The subject building is situated on the southern side of Chun Yeung Street close to the junction with Tong Shui Road. The locality is characterized by a mixture of high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Trinity Sino Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 12092601940014 dated 3 September 2012.
3. According to the North Point Outline Zoning Plan No. S/H8/26 dated 25 August 2017, the site of the property is zoned as "Commercial/Residential".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. HK2/2003 vide Memorial No. UB8879386 dated 9 January 2003;
 - b. No Objection Letter vide Memorial No. UB8914721 dated 1 April 2003 (Re.: from the Government of the HKSAR by the District Lands Officer/Hong Kong East);
 - c. Deed of Mutual Covenant incorporating Management Agreement vide Memorial No. UB8922210 dated 15 April 2003; and
 - d. No Objection Letter vide Memorial No. 06062900860089 dated 21 June 2006 (Re.: from the Government of the Hong Kong Special Administrative Region by the Chief Estate Surveyor, Headquarters).
5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Yuen Wai Cheung for a term of 3 years commencing on 10 December 2016 and expiring on 9 December 2019 at the monthly rent of HK\$25,000 exclusive of Government rent, rates, management fee, air-conditioning charges and other outgoings.

6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of North Point and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of residential buildings completed between 1958 and 1975 whilst the subject property was completed in 2003. The unit price of these comparables range from HK\$43,000/sq.ft. to HK\$47,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$54,902/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
27.	Units E on Ground Floor with Rear Yards, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	The property comprises a shop unit on Ground Floor of a 25-storey composite building completed in 2003. The property has a saleable area of approximately 684 sq.ft. (or 63.55 sq.m.) plus yard area of approximately 62 sq.ft. (or 5.76 sq.m.).	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	29,900,000
	909/43,500 shares of and in Inland Lot Nos. 6715, 6716, 6717 and 6718	The property is held under Government Leases for the term of 75 years commencing from 5 September 1921 and renewable for 75 years subject to payment of an annual Government rent of HK\$22,320.		

Notes:

1. The subject building is situated on the southern side of Chun Yeung Street close to the junction with Tong Shui Road. The locality is characterized by a mixture of high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Trinity Sino Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 12092601940014 dated 3 September 2012.
3. According to the North Point Outline Zoning Plan No. S/H8/26 dated 25 August 2017, the site of the property is zoned as "Commercial/Residential".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. HK2/2003 vide Memorial No. UB8879386 dated 9 January 2003;
 - b. No Objection Letter vide Memorial No. UB8914721 dated 1 April 2003 (Re.: from the Government of the HKSAR by the District Lands Officer/Hong Kong East);
 - c. Deed of Mutual Covenant incorporating Management Agreement vide Memorial No. UB8922210 dated 15 April 2003; and
 - d. No Objection Letter vide Memorial No. 06062900860089 dated 21 June 2006 (Re.: from the Government of the Hong Kong Special Administrative Region by the Chief Estate Surveyor, Headquarters).
5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Leung Sing Wai for a term of 3 years commencing on 9 November 2015 and expiring on 8 November 2018 at the monthly rent of HK\$100,000 exclusive of Government rent, rates, management fee, air-conditioning charges and other outgoings (include Property 28).

6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of North Point and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on lower ground floor of residential buildings completed between 1958 and 1975 whilst the subject property was completed in 2003. The unit price of these comparables range from HK\$43,000/sq.ft. to HK\$47,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$43,713/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
28.	Units F on Ground Floor with Rear Yards, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	The property comprises a shop unit on Ground Floor of a 25-storey composite building completed in 2003. The property has a total saleable area of approximately 554 sq.ft. (or 51.47 sq.m.) plus yard area of approximately 73 sq.ft. (or 6.78 sq.m.).	As advised by the instructing party, as at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	26,200,000
	724/43,500 shares of and in Inland Lot Nos. 6715, 6716, 6717 and 6718	The property is held under Government Leases for the term of 75 years commencing from 5 September 1921 and renewable for 75 years subject to payment of an annual Government rent of HK\$22,320.		

Notes:

1. The subject building is situated on the southern side of Chun Yeung Street close to the junction with Tong Shui Road. The locality is characterized by a mixture of high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Trinity Sino Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 12092601940014 dated 3 September 2012.
3. According to the North Point Outline Zoning Plan No. S/H8/26 dated 25 August 2017, the site of the property is zoned as "Commercial/Residential".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. HK2/2003 vide Memorial No. UB8879386 dated 9 January 2003;
 - b. No Objection Letter vide Memorial No. UB8914721 dated 1 April 2003 (Re.: from the Government of the HKSAR by the District Lands Officer/Hong Kong East);
 - c. Deed of Mutual Covenant incorporating Management Agreement vide Memorial No. UB8922210 dated 15 April 2003; and
 - d. No Objection Letter vide Memorial No. 06062900860089 dated 21 June 2006 (Re.: from the Government of the Hong Kong Special Administrative Region by the Chief Estate Surveyor, Headquarters).

5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Leung Sing Wai for a term of 3 years commencing on 9 November 2015 and expiring on 8 November 2018 at the monthly rent of HK\$100,000 exclusive of Government rent, rates, management fee, air-conditioning charges and other outgoings (include Property 27).

6. Our valuation has been made on the following basis and analysis:
 - a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of North Point and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of residential buildings completed between 1958 and 1975 whilst the subject property was completed in 2003. The unit price of these comparables range from HK\$43,000/sq.ft. to HK\$47,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$47,292/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017 <i>HK\$</i>
29.	Advertising Spaces, Glory Rise, No. 128 Chun Yeung Street, North Point, Hong Kong	The property comprises the advertising spaces of a 25-storey composite building completed in 2003. The property has a total surface area of approximately 298 sq.ft. (or 27.68 sq.m.).	As at the valuation date, the property was vacant.	200,000
	10/43,500 shares of and in Inland Lot Nos. 6715, 6716, 6717 and 6718	The property is held under Government Leases for the term of 75 years commencing from 5 September 1921 and renewable for 75 years subject to payment of an annual Government rent of HK\$90.		

Notes:

1. The subject building is situated on the southern side of Chun Yeung Street close to the junction with Tong Shui Road. The locality is characterized by a mixture of high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Trinity Sino Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 12092601940014 dated 3 September 2012.
3. According to the North Point Outline Zoning Plan No. S/H8/26 dated 25 August 2017, the site of the property is zoned as "Commercial/Residential".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. HK2/2003 vide Memorial No. UB8879386 dated 9 January 2003;
 - b. No Objection Letter vide Memorial No. UB8914721 dated 1 April 2003 (Re.: from the Government of the HKSAR by the District Lands Officer/Hong Kong East);
 - c. Deed of Mutual Covenant incorporating Management Agreement vide Memorial No. UB8922210 dated 15 April 2003; and
 - d. No Objection Letter vide Memorial No. 06062900860089 dated 21 June 2006 (Re.: from the Government of the Hong Kong Special Administrative Region by the Chief Estate Surveyor, Headquarters).

5. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant rental evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential area of North Point and close to the subject property, which were rented in 2016 and 2017. They are adverting signs of composite buildings. The monthly license fee of these comparables range from HK\$550 to HK\$3,500. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed license fee of HK\$1,780 on monthly basis for the subject property. We have assumed a market yield of 10% with reference to the market yield of similar properties which range from 8% to 10%.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
30.	Shop C on the Ground Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong 6/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property comprises a shop unit on Ground Floor of a 22-storey (plus 1 basement level) commercial building completed in 1984. The property has a saleable area of approximately 1,520 sq.ft. (or 141.21 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 6)	102,800,000

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;

- c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);
 - d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Fine Mate Investment Company Limited for a term of 3 years commencing on 1 November 2016 and expiring on 31 October 2019, at the monthly rent of HK\$138,000 inclusive of Government rent, exclusive of rates and building management fees.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of composite and commercial buildings completed between 1967 and 1980 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$50,000/sq.ft. to HK\$90,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$67,632/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
31.	Basement, Rear Flat Roof on 4th Floor, Roof and Upper Roof, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises the basement (inclusive of front staircase leading from main entrance on G/F to basement and two rear staircases leading from the G/F to the basement of the building), rear flat roof on 4th Floor, roof and upper roof of a 22-storey (plus 1 basement level) commercial building completed in 1984.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 6)	89,600,000 (interest attributable to Excellent Generation Limited (1/3 share): 29,867,000)
	21/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The basement has a total saleable area of approximately 4,840 sq.ft. (or 449.65 sq.m.). The property has a rear flat roof area of 185 sq.ft. (or 17.18 sq.m.), roof area of 1,841 sq.ft. (or 171.03 sq.m.) and upper roof area of 1,724 sq.ft. (or 160.16 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.		

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owners of the property are Excellent Generation Limited (tenant in common, 1/3), a wholly-owned subsidiary of the Company; Sam Yuen Investment Company Limited (tenant in common, 1/3); and On Loong Investment Company Limited (tenant in common, 1/3) vide Memorial Nos. UB2594871 and 17011001330012 dated 1 June 1984 and 30 December 2016 respectively.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;

- b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;
 - c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);
 - d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of The Dairy Farm Company Limited for a term of 3 years commencing on 1 July 2017 and expiring on 30 June 2020, at the monthly rent of HK\$252,000 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings.
7. For Basement, Rear Flat Roof on 4th Floor, Roof and Upper Roof, interest attributable to Excellent Generation Limited who is tenant in common (1/3) as at the valuation date was HK\$29,867,000.
8. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on lower ground floor, first floor and second floor of composite and commercial buildings completed between 1966 and 1985 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$15,000/sq.ft. to HK\$30,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$18,512/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
32.	Second Floor, Wanchai Commercial Centre, Nos. 194-204 Johnston Road, Wan Chai, Hong Kong	The property comprises a shop unit on Second Floor (with direct access to the street front at Johnston Road via a common staircase leading from Ground Floor to Third Floor) of a 22-storey (plus 1 basement level) commercial building completed in 1984.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 6)	89,600,000
	12/291 shares of and in The Remaining Portion of Section B of Sub-Section 1, the Remaining Portion of Sub-Section 3, the Remaining Portion of Sub-Section 4, the Remaining Portion of Sub-Section 5 and the Remaining Portion of Section A of Marine Lot No. 108	The property has a saleable area of approximately 4,600 sq.ft. (or 427.35 sq.m.). The property is held under Government Lease for a term of 999 years commencing from 11 October 1859 subject to a payment of annual Government rent of HK\$80 for the lots.		

Notes:

1. The subject development is situated on the southern side of Johnston Road near its junction with Wan Chai Road to the west. The locality is characterized by high-rise commercial buildings and residential buildings.
2. The registered owner of the property is Excellent Generation Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 17011001330012 dated 30 December 2016.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Other Specified Uses (MIXED USE)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Occupation Permit No. H44/84 vide Memorial No. UB2576343 dated 28 April 1984;
 - b. Deed of Mutual Covenant and Grant vide Memorial No. UB2594872 dated 1 June 1984;

- c. Order No. DR00320/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710572 dated 22 December 2005 (Re.: for common part(s) only);
 - d. Order No. DR00323/HK/05 by the Building Authority under S. 28(3) of the Buildings Ordinance vide Memorial No. 06022100710585 dated 23 December 2005 (Re.: for common part(s) only); and
 - e. Notification Letter of Completion of Works relating to Order No. DR00323/HK/05 vide Memorial No. 15082000700202 dated 9 March 2011.
5. In our valuation, we have assumed the said Orders above have been complied with to the satisfaction of the Building Authority and no remedial costs (if any) have been allowed for.
6. The property was subject to the following tenancy as at the valuation date:
- a. Tenancy Agreement in favour of Bomber Sports Company Limited for a term of 3 years commencing on 1 August 2017 and expiring on 31 July 2020, at the monthly rent of HK\$165,000 inclusive of Government rent, exclusive of rates, building management fee and air-conditioning service fees and all other outgoings.
7. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial areas of Wan Chai and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on lower ground floor, first floor and second floor of composite and commercial buildings completed between 1966 and 1985 whilst the subject property was completed in 1984. The unit price of these comparables range from HK\$15,000/sq.ft. to HK\$30,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$19,478/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
33.	Ground Floor (including open yard & lavatories thereto) and Cockloft (including the canopy thereto), Tai Shan Wen Cun Commercial Building, No. 139 Portland Street, Mong Kok, Kowloon 7/18 shares of and in Kowloon Inland Lot No. 9400	The property comprises a shop unit on Ground Floor with cockloft of a 6-storey tenement building completed in 1976. The property has a saleable area of approximately 734 sq.ft. (or 68.19 sq.m.) plus cockloft area of approximately 372 sq.ft. (or 34.56 sq.m.) and yard area of approximately 254 sq.ft. (or 23.60 sq.m.). The property is held under Conditions of Sale No. 10194 for a term of 75 years commencing from 25 December 1962 subject to payment of an annual Government rent of HK\$70 for the lot.	As at the valuation date, the property was vacant.	40,000,000

Notes:

1. The subject building is situated on the western side of Portland Street close to the junction with Dundas Street to the south. The locality is characterized by a mixture of medium-rise tenement buildings and high rise commercial buildings.
2. The registered owner of the property is Super Express Properties Limited, a wholly-owned subsidiary of the Company, vide Memorial Nos. 15111301590034 and 17061600900024 dated 4 November 2015 and 1 April 2017 respectively.
3. According to the Mong Kok Outline Zoning Plan No. S/K3/30 dated 31 May 2013, the site of the property is zoned as "Residential (A)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed of Mutual Covenant vide Memorial No. UB1313332 dated 17 September 1976;
 - b. Memorandum of Change of Building Name vide Memorial No. 15101502300070 dated 9 October 2015; and

5. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at commercial and residential area of Mong Kok and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of composite buildings completed between 1964 and 1992 whilst the subject property was completed in 1976. The unit price of these comparables range from HK\$40,000/sq.ft. to HK\$60,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$54,496/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
34.	Portion 3 of Shop C on Ground Floor, Nos. 146 & 148 Lockhart Road and No. 2A O' Brien Road, Wan Chai, Hong Kong 4/10 of 3/45 shares of and in Section G and the Remaining Portion of Inland Lot No. 2797	The property comprises a shop unit on Ground Floor of an 11-storey (plus Mezzanine Floor) composite building completed in 1965. The property has a saleable area of approximately 215 sq.ft. (or 19.97 sq.m.). The property is held under Government Lease for a term of 99 years commencing from 25 May 1929 and renewable for 99 years subject to payment of an annual Government rent of part of HK\$102 for the lot.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	23,100,000

Notes:

1. The subject building is situated on the southern side of Lockhart Road at the junction with O' Brien Road. The locality is characterized by a mixture of medium-rise composite buildings and high-rise commercial buildings.
2. The registered owner of the property is Fancy Terrace Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 14102801430111 dated 30 September 2014 with a consideration of HK\$17,000,000.
3. According to the Wan Chai Outline Zoning Plan No. S/H5/27 dated 3 August 2012, the site of the property is zoned as "Commercial".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed of Covenant vide Memorial No. UB477868 dated 11 February 1965.
5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Pantry Essentials Limited for a term of 2 years commencing on 10 February 2017 and expiring on 9 February 2019 at a monthly rent of HK\$55,000 inclusion of Government rent but exclusive of water, electricity, air-conditioning and gas charges, rates, and management fee.

6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial area of Wan Chai and close to the subject property, which were transacted in 2016 and 2017. They are general retail units on ground floor of composite buildings completed between 1967 and 1987 whilst the subject property was completed in 1965. The unit price of these comparables range from HK\$82,000/sq.ft. to HK\$106,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$107,442/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
35.	Shop A on Ground Floor, Lai Yue Building, No. 3 Horse Shoe Lane, Kwun Tong, Kowloon	The property comprises a shop unit on Ground Floor of a 29-storey composite building completed in 1990. The property has a saleable area of approximately 505 sq.ft. (or 46.92 sq.m.). The property is held under Government Lease for a term of 21 years commencing from 1 July 1959 and renewable for 17 years and thereafter statutorily extended until 30 July 2047 without premium but subject to a payment of Government rent which equal to 3% of the rateable value for the time being of the lot.	As at the valuation date, the property was leased to an independent third party for shop purpose. (Please refer to Note 5)	21,900,000
	56/5,760 shares of and in Kwun Tong Inland Lot No. 88			

Notes:

1. The subject building is situated at Horse Shoe Lane and near the junction with Ngau Tau Kok Road. The locality is characterized by high-rise composite buildings.
2. The registered owner of the property is Asset Partners Group Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 13050602370026 dated 22 April 2013 with a consideration of HK\$17,800,000.
3. According to the Kwun Tong (South) Outline Zoning Plan No. S/K14S/20 dated 21 August 2015, the site of the property is zoned as "Residential (Group A)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed of Variation of Lease vide Memorial No. UB3640716 dated 29 February 1988;
 - b. Modification Letter vide Memorial No. UB4313772 dated 20 January 1990; and
 - c. Deed of Mutual Covenant and Management Agreement vide Memorial No. UB4496720 dated 7 July 1990.
5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Yu Jinkun vide Memorial No. 15041602400075 dated 20 March 2015 for a term of 5 years at a monthly rent of HK\$50,000 during the term between 20 March 2015 and 19 March 2018 and HK\$55,000 during the term between 20 March 2018 and 19 March 2020. All rents are exclusive of Government rent, rates, management fee, air-conditioning charges and other outgoings.

6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located at residential and commercial area of Kwun Tong and close to the subject property which were transacted in 2015 to 2017. They are general retail units on ground floor of residential and commercial buildings completed between 1961 and 2011 whilst the subject property was completed in 1990. The unit price of these comparables range from HK\$31,000/sq.ft. to HK\$44,000/sq.ft. on saleable area basis. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$43,366/sq.ft. on saleable area basis for the subject property; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at 30 September 2017
				<i>HK\$</i>
36.	Unit No. C on 2nd Floor, Units Nos. A, B, C, D, E, F and G on 3rd Floor, Car Parking Space Nos. V2, V4 and V18 on Ground Floor, Sunview Industrial Building, No. 3 On Yip Street, Chai Wan, Hong Kong	The property comprises 1 industrial unit on 2nd Floor, 7 industrial units on 3rd Floor and 3 car parking spaces on Ground Floor of a 14-storey industrial building completed in 1977. The industrial units have a total saleable area of approximately 34,980 sq.ft. (or 3,249.72 sq.m.).	As advised by the Company, as at the valuation date, the property was leased to an independent third party for industrial and car parking purposes. (Please refer to Note 5)	128,000,000
		Floor	Saleable Area	
			(sq.ft.)	
	253/2,450 shares of and in Section B of Chai Wan Inland Lot No. 30	2/F	3,380	
		3/F	<u>31,600</u>	
		Total	<u>34,980</u>	

The property is held under Conditions of Exchange No. 8730 for a term 75 years commencing from 1 January 1963 and renewable for 75 years subject to payment of an annual Government rent of HK\$718 for the lot.

Notes:

1. The subject building is situated on the southern side of On Yip Street close to the junction with Sun Yip Street. The locality is characterized by medium to high rise industrial buildings.
2. The registered owner of the property is Wealth Range Limited, a wholly-owned subsidiary of the Company, vide Memorial No. 13122400460270 dated 29 November 2013.
3. According to the Chai Wan Outline Zoning Plan No. S/H20/23 dated 15 September 2017, the site of the property is zoned as "Other Specified Uses (BUSINESS)".
4. Pursuant to the land search record, the property is subject to, inter alia, the following encumbrances:
 - a. Deed of Mutual Covenant vide Memorial No. UB1477186 dated 3 January 1978.
5. The property was subject to the following tenancy as at the valuation date:
 - a. Tenancy Agreement in favour of Synco (H.K.) Limited for a term of 8 months commencing on 29 November 2016 and expiring on 28 July 2017 at the monthly rent of HK\$400,000 exclusive of rates, Government rent, management fee and other outgoings. As advised by the Company, the property is currently leased to the same tenant at the same rent on monthly basis.

6. Our valuation has been made on the following basis and analysis:
- a. In our valuation, we have identified and analysed various relevant sales evidence in the locality which have similar characteristic as the subject property. These selected comparables are located within the subject building and were transacted in 2017. The unit price of these comparables range from HK\$3,500/sq.ft. to HK\$3,900/sq.ft. for industrial unit on saleable area basis and from HK\$1,300,000 to HK\$2,000,000 per parking space for car park. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the subject property to arrive at an assumed unit rate of HK\$3,910/sq.ft. on saleable area basis for the subject industrial units on the second floor, HK\$3,480/sq.ft. for the industrial units on the third floor and HK\$1,500,000 per parking space for car park; and
 - b. The unit rate of the property is in line with the unit rate of these comparables within a reasonable range.

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman Islands company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 19 May 2016 under the Cayman Companies Law. The Company's constitutional documents consist of its Amended and Restated Memorandum of Association (**Memorandum**) and its Amended and Restated Articles of Association (**Articles**).

1. MEMORANDUM OF ASSOCIATION

- (a) The Memorandum provides, *inter alia*, that the liability of members of the Company is limited and that the objects for which the Company is established are unrestricted (and therefore include acting as an investment company), and that the Company shall have and be capable of exercising any and all of the powers at any time or from time to time exercisable by a natural person or body corporate whether as principal, agent, contractor or otherwise and, since the Company is an exempted company, that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.
- (b) By special resolution the Company may alter the Memorandum with respect to any objects, powers or other matters specified in it.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 15 December 2017 and will become effective on the Listing Date. A summary of certain provisions of the Articles is set out below.

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Cayman Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to any class of shares may (unless otherwise provided for by the terms of issue of the shares of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. The provisions of the Articles relating to general meetings shall *mutatis mutandis* apply to every such separate general meeting, but so that the necessary quorum (other than at an adjourned meeting) shall be not less than two persons together

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

holding (or, in the case of a shareholder being a corporation, by its duly authorized representative) or representing by proxy not less than one-third in nominal value of the issued shares of that class. Every holder of shares of the class shall be entitled on a poll to one vote for every such share held by him, and any holder of shares of the class present in person or by proxy may demand a poll.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) *Alteration of capital*

The Company may, by an ordinary resolution of its members: (a) increase its share capital by the creation of new shares of such amount as it thinks expedient; (b) consolidate or divide all or any of its share capital into shares of larger or smaller amount than its existing shares; (c) divide its unissued shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges or conditions; (d) subdivide its shares or any of them into shares of an amount smaller than that fixed by the Memorandum; (e) cancel any shares which, at the date of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled; (f) make provision for the allotment and issue of shares which do not carry any voting rights; (g) change the currency of denomination of its share capital; and (h) reduce its share premium account in any manner authorised and subject to any conditions prescribed by law.

(iv) *Transfer of shares*

Subject to the Cayman Companies Law and the requirements of The Stock Exchange of Hong Kong Limited (the “**Stock Exchange**”), all transfers of shares shall be effected by an instrument of transfer in the usual or common form or in such other form as the Board may approve and may be under hand or, if the transferor or transferee is a Clearing House or its nominee(s), under hand or by machine imprinted signature, or by such other manner of execution as the Board may approve from time to time.

Execution of the instrument of transfer shall be by or on behalf of the transferor and the transferee, provided that the Board may dispense with the execution of the instrument of transfer by the transferor or transferee or accept mechanically executed transfers. The transferor shall be deemed to remain the holder of a share until the name of the transferee is entered in the register of members of the Company in respect of that share.

The Board may, in its absolute discretion, at any time and from time to time remove any share on the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

Unless the Board otherwise agrees, no shares on the principal register shall be removed to any branch register nor shall shares on any branch register be removed to the principal register or any other branch register. All removals and other documents of title shall be lodged for registration and registered, in the case of shares on any branch register, at the relevant registration office and, in the case of shares on the principal register, at the place at which the principal register is located.

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The Board may, in its absolute discretion, decline to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or on which the Company has a lien. It may also decline to register a transfer of any share issued under any share option scheme upon which a restriction on transfer subsists or a transfer of any share to more than four joint holders.

The Board may decline to recognise any instrument of transfer unless a certain fee, up to such maximum sum as the Stock Exchange may determine to be payable, is paid to the Company, the instrument of transfer is properly stamped (if applicable), is in respect of only one class of share and is lodged at the relevant registration office or the place at which the principal register is located accompanied by the relevant share certificate(s) and such other evidence as the Board may reasonably require is provided to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The register of members may, subject to the Listing Rules, be closed at such time or for such period not exceeding in the whole 30 days in each year as the Board may determine.

Fully paid shares shall be free from any restriction on transfer (except when permitted by the Stock Exchange) and shall also be free from all liens.

(v) *Power of the Company to purchase its own shares*

The Company may purchase its own shares subject to certain restrictions and the Board may only exercise this power on behalf of the Company subject to any applicable requirement imposed from time to time by the Articles or any code, rules or regulations issued from time to time by the Stock Exchange and/or the Securities and Futures Commission of Hong Kong.

Where the Company purchases for redemption a redeemable Share, purchases not made through the market or by tender shall be limited to a maximum price and, if purchases are by tender, tenders shall be available to all members alike.

(vi) *Power of any subsidiary of the Company to own shares in the Company*

There are no provisions in the Articles relating to the ownership of shares in the Company by a subsidiary.

(vii) *Calls on shares and forfeiture of shares*

The Board may, from time to time, make such calls as it thinks fit upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium) and not by the conditions of allotment of such shares made payable at fixed times. A call may be made payable either in one sum or by instalments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding 20% per annum as the Board shall fix from the day appointed for payment to the time of actual payment, but the Board may waive payment of such interest wholly or in part. The Board

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced the Company may pay interest at such rate (if any) not exceeding 20% per annum as the Board may decide.

If a member fails to pay any call or instalment of a call on the day appointed for payment, the Board may, for so long as any part of the call or instalment remains unpaid, serve not less than 14 days' notice on the member requiring payment of so much of the call or instalment as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment. The notice shall name a further day (not earlier than the expiration of 14 days from the date of the notice) on or before which the payment required by the notice is to be made, and shall also name the place where payment is to be made. The notice shall also state that, in the event of non-payment at or before the appointed time, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, nevertheless, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares together with (if the Board shall in its discretion so require) interest thereon from the date of forfeiture until payment at such rate not exceeding 20% per annum as the Board may prescribe.

(b) **Directors**

(i) *Appointment, retirement and removal*

At any time or from time to time, the Board shall have the power to appoint any person as a Director either to fill a casual vacancy on the Board or as an additional Director to the existing Board subject to any maximum number of Directors, if any, as may be determined by the members in general meeting. Any Director so appointed to fill a casual vacancy shall hold office only until the first general meeting of the Company after his appointment and be subject to re-election at such meeting. Any Director so appointed as an addition to the existing Board shall hold office only until the first annual general meeting of the Company after his appointment and be eligible for re-election at such meeting. Any Director so appointed by the Board shall not be taken into account in determining the Directors or the number of Directors who are to retire by rotation at an annual general meeting.

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At each annual general meeting, one third of the Directors for the time being shall retire from office by rotation. However, if the number of Directors is not a multiple of three, then the number nearest to but not less than one third shall be the number of retiring Directors. The Directors to retire in each year shall be those who have been in office longest since their last re-election or appointment but, as between persons who became or were last re-elected Directors on the same day, those to retire shall (unless they otherwise agree among themselves) be determined by lot.

No person, other than a retiring Director, shall, unless recommended by the Board for election, be eligible for election to the office of Director at any general meeting, unless notice in writing of the intention to propose that person for election as a Director and notice in writing by that person of his willingness to be elected has been lodged at the head office or at the registration office of the Company. The period for lodgment of such notices shall commence no earlier than the day after despatch of the notice of the relevant meeting and end no later than seven days before the date of such meeting and the minimum length of the period during which such notices may be lodged must be at least seven days.

A Director is not required to hold any shares in the Company by way of qualification nor is there any specified upper or lower age limit for Directors either for accession to or retirement from the Board.

A Director may be removed by an ordinary resolution of the Company before the expiration of his term of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and the Company may by ordinary resolution appoint another in his place. Any Director so appointed shall be subject to the “retirement by rotation” provisions. The number of Directors shall not be less than two.

The office of a Director shall be vacated if he:

- (aa) resign;
- (bb) dies;
- (cc) is declared to be of unsound mind and the Board resolves that his office be vacated;
- (dd) becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors generally;
- (ee) he is prohibited from being or ceases to be a director by operation of law;
- (ff) without special leave, is absent from meetings of the Board for six consecutive months, and the Board resolves that his office is vacated;
- (gg) has been required by the stock exchange of the Relevant Territory (as defined in the Articles) to cease to be a Director; or

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(hh) is removed from office by the requisite majority of the Directors or otherwise pursuant to the Articles.

From time to time the Board may appoint one or more of its body to be managing director, joint managing director or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the Board may determine, and the Board may revoke or terminate any of such appointments. The Board may also delegate any of its powers to committees consisting of such Director(s) or other person(s) as the Board thinks fit, and from time to time it may also revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed shall, in the exercise of the powers so delegated, conform to any regulations that may from time to time be imposed upon it by the Board.

(ii) *Power to allot and issue shares and warrants*

Subject to the provisions of the Cayman Companies Law, the Memorandum and Articles and without prejudice to any special rights conferred on the holders of any shares or class of shares, any share may be issued with or have attached to it such rights, or such restrictions, whether with regard to dividend, voting, return of capital or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the Board may determine). Any share may be issued on terms that, upon the happening of a specified event or upon a given date and either at the option of the Company or the holder of the share, it is liable to be redeemed.

The Board may issue warrants to subscribe for any class of shares or other securities of the Company on such terms as it may from time to time determine.

Where warrants are issued to bearer, no certificate in respect of such warrants shall be issued to replace one that has been lost unless the Board is satisfied beyond reasonable doubt that the original certificate has been destroyed and the Company has received an indemnity in such form as the Board thinks fit with regard to the issue of any such replacement certificate.

Subject to the provisions of the Cayman Companies Law, the Articles and, where applicable, the rules of any stock exchange of the Relevant Territory (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the Board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the Board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others whose registered addresses are in any particular territory or territories where, in the absence of a registration statement or other special formalities, this is or may, in the opinion of the Board, be unlawful or impracticable. However, no member affected as a result of the foregoing shall be, or be deemed to be, a separate class of members for any purpose whatsoever.

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(iii) *Power to dispose of the assets of the Company or any of its subsidiaries*

While there are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries, the Board may exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Cayman Companies Law to be exercised or done by the Company in general meeting, but if such power or act is regulated by the Company in general meeting, such regulation shall not invalidate any prior act of the Board which would have been valid if such regulation had not been made.

(iv) *Borrowing powers*

The Board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and uncalled capital of the Company and, subject to the Cayman Companies Law, to issue debentures, debenture stock, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) *Remuneration*

The Directors shall be entitled to receive, as ordinary remuneration for their services, such sums as shall from time to time be determined by the Board or the Company in general meeting, as the case may be, such sum (unless otherwise directed by the resolution by which it is determined) to be divided among the Directors in such proportions and in such manner as they may agree or, failing agreement, either equally or, in the case of any Director holding office for only a portion of the period in respect of which the remuneration is payable, pro rata. The Directors shall also be entitled to be repaid all expenses reasonably incurred by them in attending any Board meetings, committee meetings or general meetings or otherwise in connection with the discharge of their duties as Directors. Such remuneration shall be in addition to any other remuneration to which a Director who holds any salaried employment or office in the Company may be entitled by reason of such employment or office.

Any Director who, at the request of the Company, performs services which in the opinion of the Board go beyond the ordinary duties of a Director may be paid such special or extra remuneration as the Board may determine, in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the Board may from time to time decide. Such remuneration shall be in addition to his ordinary remuneration as a Director.

The Board may establish, either on its own or jointly in concurrence or agreement with subsidiaries of the Company or companies with which the Company is associated in business, or may make contributions out of the Company's monies to, any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or former Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and former employees of the Company and their dependents or any class or classes of such persons.

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The Board may also pay, enter into agreements to pay or make grants of revocable or irrevocable, whether or not subject to any terms or conditions, pensions or other benefits to employees and former employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or former employees or their dependents are or may become entitled under any such scheme or fund as mentioned above. Such pension or benefit may, if deemed desirable by the Board, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) *Compensation or payments for loss of office*

Payments to any present Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually or statutorily entitled) must be approved by the Company in general meeting.

(vii) *Loans and provision of security for loans to Directors*

The Company shall not directly or indirectly make a loan to a Director or a director of any holding company of the Company or any of their respective close associates, enter into any guarantee or provide any security in connection with a loan made by any person to a Director or a director of any holding company of the Company or any of their respective close associates, or, if any one or more of the Directors hold(s) (jointly or severally or directly or indirectly) a controlling interest in another company, make a loan to that other company or enter into any guarantee or provide any security in connection with a loan made by any person to that other company.

(viii) *Disclosure of interest in contracts with the Company or any of its subsidiaries*

With the exception of the office of auditor of the Company, a Director may hold any other office or place of profit with the Company in conjunction with his office of Director for such period and upon such terms as the Board may determine, and may be paid such extra remuneration for that other office or place of profit, in whatever form, in addition to any remuneration provided for by or pursuant to any other Articles. A Director may be or become a director, officer or member of any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration or other benefits received by him as a director, officer or member of such other company. The Board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company.

No Director or intended Director shall be disqualified by his office from contracting with the Company, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company for any profit realised by any such contract or

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arrangement by reason only of such Director holding that office or the fiduciary relationship established by it. A Director who is, in any way, materially interested in a contract or arrangement or proposed contract or arrangement with the Company shall declare the nature of his interest at the earliest meeting of the Board at which he may practically do so.

There is no power to freeze or otherwise impair any of the rights attaching to any share by reason that the person or persons who are interested directly or indirectly in that share have failed to disclose their interests to the Company.

A Director shall not vote or be counted in the quorum on any resolution of the Board in respect of any contract or arrangement or proposal in which he or any of his close associate(s) has/have a material interest, and if he shall do so his vote shall not be counted nor shall he be counted in the quorum for that resolution, but this prohibition shall not apply to any of the following matters:

- (aa) the giving of any security or indemnity to the Director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the Company or any of its subsidiaries;
- (bb) the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has/have himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (cc) any proposal concerning an offer of shares, debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub- underwriting of the offer;
- (dd) any proposal or arrangement concerning the benefit of employees of the Company or any of its subsidiaries, including the adoption, modification or operation of either: (i) any employees' share scheme or any share incentive or share option scheme under which the Director or his close associate(s) may benefit; or (ii) any of a pension fund or retirement, death or disability benefits scheme which relates to Directors, their close associates and employees of the Company or any of its subsidiaries and does not provide in respect of any Director or his close associate(s) any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (ee) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares, debentures or other securities of the Company by virtue only of his/their interest in those shares, debentures or other securities.

(c) **Proceedings of the Board**

The Board may meet anywhere in the world for the despatch of business and may adjourn and otherwise regulate its meetings as it thinks fit. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have a second or casting vote.

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(d) **Alterations to the constitutional documents and the Company's name**

To the extent that the same is permissible under Cayman Islands law and subject to the Articles, the Memorandum and Articles of the Company may only be altered or amended, and the name of the Company may only be changed, with the sanction of a special resolution of the Company.

(e) **Meetings of member**

(i) ***Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or by proxy or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice specifying the intention to propose the resolution as a special resolution has been duly given.

Under Cayman Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within 15 days of being passed.

An "ordinary resolution", by contrast, is a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of members which are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given.

A resolution in writing signed by or on behalf of all members shall be treated as an ordinary resolution duly passed at a general meeting of the Company duly convened and held, and where relevant as a special resolution so passed.

(ii) ***Voting rights and right to demand a poll***

Subject to any special rights, restrictions or privileges as to voting for the time being attached to any class or classes of shares at any general meeting: (a) on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every share which is fully paid or credited as fully paid registered in his name in the register of members of the Company but so that no amount paid up or credited as paid up on a share in advance of calls or instalments is treated for this purpose as paid up on the share; and (b) on a show of hands every member who is present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy shall have one vote. Where more than one proxy is appointed by a member which is a Clearing House (as defined in the Articles) or its nominee(s), each such proxy shall have one vote on a show of hands. On a poll, a member entitled to more than one vote need not use all his votes or cast all the votes he does use in the same way.

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At any general meeting a resolution put to the vote of the meeting is to be decided by poll save that the chairman of the meeting may, pursuant to the Listing Rules, allow a resolution to be voted on by a show of hands. Where a show of hands is allowed, before or on the declaration of the result of the show of hands, a poll may be demanded by (in each case by members present in person or by proxy or by a duly authorised corporate representative):

- (A) at least two members;
- (B) any member or members representing not less than one-tenth of the total voting rights of all the members having the right to vote at the meeting; or
- (C) a member or members holding shares in the Company conferring a right to vote at the meeting on which an aggregate sum has been paid equal to not less than one-tenth of the total sum paid up on all the shares conferring that right.

Should a Clearing House or its nominee(s) be a member of the Company, such person or persons may be authorised as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised in accordance with this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same rights and powers on behalf of the Clearing House or its nominee(s) as if such person were an individual member including the right to vote individually on a show of hands.

Where the Company has knowledge that any member is, under the Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such member in contravention of such requirement or restriction shall not be counted.

(iii) *Annual general meetings*

The Company must hold an annual general meeting each year other than the year of the Company's adoption of the Articles. Such meeting must be held not more than 15 months after the holding of the last preceding annual general meeting, or such longer period as may be authorised by the Stock Exchange at such time and place as may be determined by the Board.

(iv) *Notices of meetings and business to be conducted*

An annual general meeting of the Company shall be called by at least 21 days' notice in writing, and any other general meeting of the Company shall be called by at least 14 days' notice in writing. The notice shall be exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time, place and agenda of the meeting and particulars of the resolution(s) to be considered at that meeting and, in the case of special business, the general nature of that business.

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Except where otherwise expressly stated, any notice or document (including a share certificate) to be given or issued under the Articles shall be in writing, and may be served by the Company on any member personally, by post to such member's registered address or (in the case of a notice) by advertisement in the newspapers. Any member whose registered address is outside Hong Kong may notify the Company in writing of an address in Hong Kong which shall be deemed to be his registered address for this purpose. Subject to the Cayman Companies Law and the Listing Rules, a notice or document may also be served or delivered by the Company to any member by electronic means.

Although a meeting of the Company may be called by shorter notice than as specified above, such meeting may be deemed to have been duly called if it is so agreed:

- (i) in the case of an annual general meeting, by all members of the Company entitled to attend and vote thereat; and
- (ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting holding not less than 95% of the total voting rights in the Company.

All business transacted at an extraordinary general meeting shall be deemed special business. All business shall also be deemed special business where it is transacted at an annual general meeting, with the exception of certain routine matters which shall be deemed ordinary business.

(v) *Quorum for meetings and separate class meetings*

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, and continues to be present until the conclusion of the meeting.

The quorum for a general meeting shall be two members present in person (or in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) *Proxies*

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. On a poll or on a show of hands, votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

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The instrument appointing a proxy shall be in writing under the hand of the appointor or of his attorney duly authorised in writing, or if the appointor is a corporation, either under seal or under the hand of a duly authorised officer or attorney. Every instrument of proxy, whether for a specified meeting or otherwise, shall be in such form as the Board may from time to time approve, provided that it shall not preclude the use of the two-way form. Any form issued to a member for appointing a proxy to attend and vote at an extraordinary general meeting or at an annual general meeting at which any business is to be transacted shall be such as to enable the member, according to his intentions, to instruct the proxy to vote in favour of or against (or, in default of instructions, to exercise his discretion in respect of) each resolution dealing with any such business.

(f) Accounts and audit

The Board shall cause proper books of account to be kept of the sums of money received and expended by the Company, and of the assets and liabilities of the Company and of all other matters required by the Cayman Companies Law (which include all sales and purchases of goods by the company) necessary to give a true and fair view of the state of the Company's affairs and to show and explain its transactions.

The books of accounts of the Company shall be kept at the head office of the Company or at such other place or places as the Board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any account, book or document of the Company except as conferred by the Cayman Companies Law or ordered by a court of competent jurisdiction or authorised by the Board or the Company in general meeting.

The Board shall from time to time cause to be prepared and laid before the Company at its annual general meeting balance sheets and profit and loss accounts (including every document required by law to be annexed thereto), together with a copy of the Directors' report and a copy of the auditors' report, not less than 21 days before the date of the annual general meeting. Copies of these documents shall be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles together with the notice of annual general meeting, not less than 21 days before the date of the meeting.

Subject to the rules of the stock exchange of the Relevant Territory (as defined in the Articles), the Company may send summarized financial statements to shareholders who have, in accordance with the rules of the stock exchange of the Relevant Territory, consented and elected to receive summarized financial statements instead of the full financial statements. The summarized financial statements must be accompanied by any other documents as may be required under the rules of the stock exchange of the Relevant Territory, and must be sent to those shareholders that have consented and elected to receive the summarised financial statements not less than 21 days before the general meeting.

The Company shall appoint auditor(s) to hold office until the conclusion of the next annual general meeting on such terms and with such duties as may be agreed with the Board. The auditors' remuneration shall be fixed by the Company in general meeting or by the Board if authority is so delegated by the members.

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The auditors shall audit the financial statements of the Company in accordance with generally accepted accounting principles of Hong Kong, the International Accounting Standards or such other standards as may be permitted by the Stock Exchange.

(g) Dividends and other methods of distribution

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the Board.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide:

- (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect of which the dividend is paid, although no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share;
- (ii) all dividends shall be apportioned and paid pro rata in accordance with the amount paid up on the shares during any portion(s) of the period in respect of which the dividend is paid; and
- (iii) the Board may deduct from any dividend or other monies payable to any member all sums of money (if any) presently payable by him to the Company on account of calls, instalments or otherwise.

Where the Board or the Company in general meeting has resolved that a dividend should be paid or declared, the Board may resolve:

- (aa) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the members entitled to such dividend will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment; or
- (bb) that the members entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the Board may think fit.

Upon the recommendation of the Board, the Company may by ordinary resolution in respect of any one particular dividend of the Company determine that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to members to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, bonus or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post. Every such cheque or warrant shall be made payable to the order of

APPENDIX IV SUMMARY OF THE CONSTITUTION OF OUR COMPANY AND CAYMAN ISLANDS COMPANY LAW

the person to whom it is sent and shall be sent at the holder's or joint holders' risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other monies payable or property distributable in respect of the shares held by such joint holders.

Whenever the Board or the Company in general meeting has resolved that a dividend be paid or declared, the Board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

The Board may, if it thinks fit, receive from any member willing to advance the same, and either in money or money's worth, all or any part of the money uncalled and unpaid or instalments payable upon any shares held by him, and in respect of all or any of the monies so advanced may pay interest at such rate (if any) not exceeding 20% per annum, as the Board may decide, but a payment in advance of a call shall not entitle the member to receive any dividend or to exercise any other rights or privileges as a member in respect of the share or the due portion of the shares upon which payment has been advanced by such member before it is called up.

All dividends, bonuses or other distributions unclaimed for one year after having been declared may be invested or otherwise used by the Board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends, bonuses or other distributions unclaimed for six years after having been declared may be forfeited by the Board and, upon such forfeiture, shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

The Company may exercise the power to cease sending cheques for dividend entitlements or dividend warrants by post if such cheques or warrants remain uncashed on two consecutive occasions or after the first occasion on which such a cheque or warrant is returned undelivered.

(h) Inspection of corporate records

For so long as any part of the share capital of the Company is listed on the Stock Exchange, any member may inspect any register of members of the Company maintained in Hong Kong (except when the register of members is closed) without charge and require the provision to him of copies or extracts of such register in all respects as if the Company were incorporated under and were subject to the Hong Kong Companies Ordinance.

(i) Rights of minorities in relation to fraud or oppression

There are no provisions in the Articles concerning the rights of minority members in relation to fraud or oppression. However, certain remedies may be available to members of the Company under Cayman Islands law, as summarized in paragraph 3(f) of this Appendix.

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(j) Procedures on liquidation

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

- (i) if the Company is wound up and the assets available for distribution among the members of the Company are more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, then the excess shall be distributed *pari passu* among such members in proportion to the amount paid up on the shares held by them respectively; and
- (ii) if the Company is wound up and the assets available for distribution among the members as such are insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up on the shares held by them, respectively.

If the Company is wound up (whether the liquidation is voluntary or compelled by the court), the liquidator may, with the sanction of a special resolution and any other sanction required by the Cayman Companies Law, divide among the members in specie or kind the whole or any part of the assets of the Company, whether the assets consist of property of one kind or different kinds, and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be so divided and may determine how such division shall be carried out as between the members or different classes of members and the members within each class. The liquidator may, with the like sanction, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator thinks fit, but so that no member shall be compelled to accept any shares or other property upon which there is a liability.

(k) Subscription rights reserve

Provided that it is not prohibited by and is otherwise in compliance with the Cayman Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of the shares to be issued on the exercise of such warrants, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of such shares.

3. CAYMAN ISLANDS COMPANY LAW

The Company was incorporated in the Cayman Islands as an exempted company on 19 May 2016 subject to the Cayman Companies Law. Certain provisions of Cayman Islands company law are set out below but this section does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of the Cayman Companies Law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar.

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(a) Company operations

An exempted company such as the Company must conduct its operations mainly outside the Cayman Islands. An exempted company is also required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) Share capital

Under Cayman Companies Law, a Cayman Islands company may issue ordinary, preference or redeemable shares or any combination thereof. Where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount or value of the premiums on those shares shall be transferred to an account, to be called the “share premium account”. At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangements in consideration of the acquisition or cancellation of shares in any other company and issued at a premium. The share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association, in such manner as the company may from time to time determine including, but without limitation, the following:

- (i) paying distributions or dividends to members;
- (ii) paying up unissued shares of the company to be issued to members as fully paid bonus shares;
- (iii) any manner provided in section 37 of the Cayman Companies Law;
- (iv) writing-off the preliminary expenses of the company; and
- (v) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

Notwithstanding the foregoing, no distribution or dividend may be paid to members out of the share premium account unless, immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

Subject to confirmation by the court, a company limited by shares or a company limited by guarantee and having a share capital may, if authorised to do so by its articles of association, by special resolution reduce its share capital in any way.

(c) Financial assistance to purchase shares of a company or its holding company

There are no statutory prohibitions in the Cayman Islands on the granting of financial assistance by a company to another person for the purchase of, or subscription for, its own, its holding company's

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or a subsidiary's shares. Therefore, a company may provide financial assistance provided the directors of the company, when proposing to grant such financial assistance, discharge their duties of care and act in good faith, for a proper purpose and in the interests of the company. Such assistance should be on an arm's-length basis.

(d) Purchase of shares and warrants by a company and its subsidiaries

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a member and, for the avoidance of doubt, it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares; an ordinary resolution of the company approving the manner and terms of the purchase will be required if the articles of association do not authorise the manner and terms of such purchase. A company may not redeem or purchase its shares unless they are fully paid. Furthermore, a company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. In addition, a payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless, immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares that have been purchased or redeemed by a company or surrendered to the company shall not be treated as cancelled but shall be classified as treasury shares if held in compliance with the requirements of Section 37A(1) of the Cayman Companies Law. Any such shares shall continue to be classified as treasury shares until such shares are either cancelled or transferred pursuant to the Cayman Companies Law.

A Cayman Islands company may be able to purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. Thus there is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases. The directors of a company may under the general power contained in its memorandum of association be able to buy, sell and deal in personal property of all kinds.

A subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) Dividends and distributions

Subject to a solvency test, as prescribed in the Cayman Companies Law, and the provisions, if any, of the company's memorandum and articles of association, a company may pay dividends and distributions out of its share premium account. In addition, based upon English case law which is likely to be persuasive in the Cayman Islands, dividends may be paid out of profits.

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For so long as a company holds treasury shares, no dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made, in respect of a treasury share.

(f) Protection of minorities and shareholders' suits

It can be expected that the Cayman Islands courts will ordinarily follow English case law precedents (particularly the rule in the case of *Foss v. Harbottle* and the exceptions to that rule) which permit a minority member to commence a representative action against or derivative actions in the name of the company to challenge acts which are ultra vires, illegal, fraudulent (and performed by those in control of the Company) against the minority, or represent an irregularity in the passing of a resolution which requires a qualified (or special) majority which has not been obtained.

Where a company (not being a bank) is one which has a share capital divided into shares, the court may, on the application of members holding not less than one-fifth of the shares of the company in issue, appoint an inspector to examine the affairs of the company and, at the direction of the court, to report on such affairs. In addition, any member of a company may petition the court, which may make a winding up order if the court is of the opinion that it is just and equitable that the company should be wound up.

In general, claims against a company by its members must be based on the general laws of contract or tort applicable in the Cayman Islands or be based on potential violation of their individual rights as members as established by a company's memorandum and articles of association.

(g) Disposal of assets

There are no specific restrictions on the power of directors to dispose of assets of a company, however, the directors are expected to exercise certain duties of care, diligence and skill to the standard that a reasonably prudent person would exercise in comparable circumstances, in addition to fiduciary duties to act in good faith, for proper purpose and in the best interests of the company under English common law (which the Cayman Islands courts will ordinarily follow).

(h) Accounting and auditing requirements

A company must cause proper records of accounts to be kept with respect to: (i) all sums of money received and expended by it; (ii) all sales and purchases of goods by it and (iii) its assets and liabilities.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

If a company keeps its books of account at any place other than at its registered office or any other place within the Cayman Islands, it shall, upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands, make available, in electronic form or any other medium, at its registered office copies of its books of account, or any part or parts thereof, as are specified in such order or notice.

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(i) Exchange control

There are no exchange control regulations or currency restrictions in effect in the Cayman Islands.

(j) Taxation

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet that:

- (i) no law which is enacted in the Cayman Islands imposing any tax to be levied on profits or income or gains or appreciation shall apply to the Company or its operations; and
- (ii) no tax be levied on profits, income, gains or appreciations or which is in the nature of estate duty or inheritance tax shall be payable by the Company:
 - (aa) on or in respect of the shares, debentures or other obligations of the Company; or
 - (bb) by way of withholding in whole or in part of any relevant payment as defined in section 6(3) of the Tax Concessions Law (2011 Revision).

The undertaking for the Company is for a period of 20 years from the Listing Date.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments.

(k) Stamp duty on transfers

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies save for those which hold interests in land in the Cayman Islands.

(l) Loans to directors

There is no express provision prohibiting the making of loans by a company to any of its directors. However, the company's articles of association may provide for the prohibition of such loans under specific circumstances.

(m) Inspection of corporate records

The members of a company have no general right to inspect or obtain copies of the register of members or corporate records of the company. They will, however, have such rights as may be set out in the company's articles of association.

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(n) Register of members

A Cayman Islands exempted company may maintain its principal register of members and any branch registers in any country or territory, whether within or outside the Cayman Islands, as the company may determine from time to time. There is no requirement for an exempted company to make any returns of members to the Registrar of Companies in the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection. However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of member, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law (2013 Revision) of the Cayman Islands.

(o) Register of Directors and officers

Pursuant to the Cayman Companies Law, the Company is required to maintain at its registered office a register of directors, alternate directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within 30 days of any change in such directors or officers, including a change of the name of such directors or officers.

(p) Winding up

A Cayman Islands company may be wound up by: (i) an order of the court; (ii) voluntarily by its members; or (iii) under the supervision of the court.

The court has authority to order winding up in a number of specified circumstances including where, in the opinion of the court, it is just and equitable that such company be so wound up.

A voluntary winding up of a company (other than a limited duration company, for which specific rules apply) occurs where the company resolves by special resolution that it be wound up voluntarily or where the company in general meeting resolves that it be wound up voluntarily because it is unable to pay its debt as they fall due. In the case of a voluntary winding up, the company is obliged to cease to carry on its business from the commencement of its winding up except so far as it may be beneficial for its winding up. Upon appointment of a voluntary liquidator, all the powers of the directors cease, except so far as the company in general meeting or the liquidator sanctions their continuance.

In the case of a members' voluntary winding up of a company, one or more liquidators are appointed for the purpose of winding up the affairs of the company and distributing its assets.

As soon as the affairs of a company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and the property of the company disposed of, and call a general meeting of the company for the purposes of laying before it the account and giving an explanation of that account.

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When a resolution has been passed by a company to wind up voluntarily, the liquidator or any contributory or creditor may apply to the court for an order for the continuation of the winding up under the supervision of the court, on the grounds that: (i) the company is or is likely to become insolvent; or (ii) the supervision of the court will facilitate a more effective, economic or expeditious liquidation of the company in the interests of the contributories and creditors. A supervision order takes effect for all purposes as if it was an order that the company be wound up by the court except that a commenced voluntary winding up and the prior actions of the voluntary liquidator shall be valid and binding upon the company and its official liquidator.

For the purpose of conducting the proceedings in winding up a company and assisting the court, one or more persons may be appointed to be called an official liquidator(s). The court may appoint to such office such person or persons, either provisionally or otherwise, as it thinks fit, and if more than one person is appointed to such office, the court shall declare whether any act required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the court.

(q) **Reconstructions**

Reconstructions and amalgamations may be approved by a majority in number representing 75% in value of the members or creditors, depending on the circumstances, as are present at a meeting called for such purpose and thereafter sanctioned by the courts. Whilst a dissenting member has the right to express to the court his view that the transaction for which approval is being sought would not provide the members with a fair value for their shares, the courts are unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management, and if the transaction were approved and consummated the dissenting member would have no rights comparable to the appraisal rights (i.e. the right to receive payment in cash for the judicially determined value of their shares) ordinarily available, for example, to dissenting members of a United States corporation.

(r) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four months of the offer, the holders of not less than 90% of the shares which are the subject of the offer accept, the offeror may, at any time within two months after the expiration of that four-month period, by notice require the dissenting members to transfer their shares on the terms of the offer. A dissenting member may apply to the Cayman Islands courts within one month of the notice objecting to the transfer. The burden is on the dissenting member to show that the court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority members.

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(s) Indemnification

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, save to the extent any such provision may be held by the court to be contrary to public policy, for example, where a provision purports to provide indemnification against the consequences of committing a crime.

A. FURTHER INFORMATION ABOUT OUR COMPANY**1. Incorporation of our Company**

Our Company was incorporated as an exempted company with limited liability in the Cayman Islands on 19 May, 2016. We have established a principal place of business in Hong Kong at 17/F, Bank of East Asia Harbour View Centre, 56 Gloucester Road, Wan Chai, Hong Kong and we were registered as a non-Hong Kong company in Hong Kong under Part 16 of the Hong Kong Companies Ordinance on 11 January 2017. Mr. Wong Ka Yeung Roland who resides at 6 Cooper Road, Jardine's Lookout, Hong Kong has been appointed as our agent for the acceptance of service of process and notices in Hong Kong.

As we are incorporated in the Cayman Islands, our operations are subject to the Memorandum of Association, the Articles of Association and the Companies Law. A summary of certain parts of the Memorandum of Association and the Articles of Association and relevant aspects of the Companies Law is set out in Appendix IV in this prospectus.

2. Changes in the share capital of our Company

As of date of incorporation of our Company, our Company had an authorized share capital of HK\$380,000, divided into 7,600,000,000 shares of HK\$0.00005 each.

The following changes in the share capital of our Company have taken place since the date of incorporation of our Company up to the date of this prospectus:

- (a) As at the date of incorporation, one subscriber Share in our Company was allotted and issued as fully paid to the initial subscriber at par. On 20 May 2016, the said subscriber's Share was transferred to Thing On Group for cash at par and the share transfer was legally completed on the same date.
- (b) As part of the Reorganisation, on 15 December 2017, the Company entered into the Share Exchange Agreement with Thing On Group in respect of the transfer of the entire issued share capital of each of Thing On Investment (China), Asset Partners, Value Shine, Lightway Group, Fulltow Investments, Wealth Range, Super Express, Fancy Terrace, Excellent Generation, Power Net and Branding Good from Thing On Group to the Company, in consideration of which the Company issued and allotted one Share credited as fully paid to Thing On Group. The transfers were all completed on 15 December 2017.
- (c) On 15 December 2017, the Company entered into the Assignment Deed with Thing On Group in respect of the assignment of the entire shareholders' loans owing by each of Thing On Investment (China), Asset Partners, Value Shine, Lightway Group, Fulltow Investments, Wealth Range, Super Express, Fancy Terrace, Excellent Generation and Power Net from Thing On Group as assignor to the Company as assignee in the total sum of HK\$154,264,463 (the "Loans"). The assignments were all completed on 15 December 2017. One Share has been allotted and issued to Thing On Group in consideration of the capitalization of the Loans.

Assuming that the Global Offering becomes unconditional, immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), the issued share capital of our Company will be HK\$36,000 divided into 720,000,000 Shares, fully paid or credited as fully paid, with 6,880,000,000 Shares remaining unissued.

Save as disclosed above and as set out in “5. Written resolutions of our sole Shareholder passed on 15 December 2017” in this prospectus, there has been no alteration in the share capital of our Company since its incorporation.

3. Changes in the share capital of our subsidiaries

Save as disclosed herein and as set out in “4. Reorganization” and “History, Reorganization and Corporate Structure” in this prospectus, there has been no alteration in the share capital of any of the subsidiaries of our Company within the 2 years immediately preceding the date of this prospectus.

4. Reorganization

Please refer to the section headed “History, Reorganization and Corporate Structure” in this prospectus for more details regarding the Reorganization.

5. Written resolutions of our sole Shareholder passed on 15 December 2017

Written resolutions of our sole Shareholder were passed on 15 December 2017 approving, among others, the following:

- (a) the Memorandum was adopted with immediate effect;
- (b) the Articles was conditionally adopted which will become effective upon the Listing;
- (c) conditional upon (aa) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and Shares to be allotted and issued as mentioned in this prospectus including the Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option and the options to be granted under the Share Option Scheme; (bb) the Offer Price having been duly determined and the execution and delivery of the Hong Kong Underwriting Agreement on the date as specified in this prospectus; and (cc) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including the waiver of any condition(s) by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreement (or any conditions as specified in this prospectus), in each case on or before the dates and times specified in the Underwriting Agreements (unless and to the extent such conditions are validly waived before such dates and times) and in any event not later than the date falling 30 days after the date of this prospectus:
 - (i) the Global Offering and the grant of the Over-allotment Option by our Company were approved and our Directors were authorised to (aa) allot and issue the Offer

Shares pursuant to the Global Offering and such number of Shares as may be allotted and issued pursuant to the exercise of the Over-allotment Option; (bb) implement the Global Offering and the listing of Shares on the Stock Exchange; and (cc) do all things and execute all documents in connection with or incidental to the Global Offering and the Listing with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

- (ii) the rules of the Share Option Scheme, the principal terms of which are set out in the paragraph headed “Share Option Scheme” in this appendix, were approved and adopted and our Directors were authorised to approve any amendment(s) to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at their absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with the Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such actions as they consider necessary or desirable to implement the Share Option Scheme;
- (iii) conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Directors were authorised to capitalize HK\$26,999.99985 standing to the share premium account of the Company and applying such sum in paying up in full at par a total of 539,999,997 Shares for allotment and issue to the Shareholders whose names appears on the register of members of our Company (as near as possible without involving fractions so that no fraction of a share shall be allotted and issued) in proportion to their respective shareholdings and so that the Shares to be allotted and issued pursuant to this resolution shall rank *pari passu* in all respects with the then existing issued Shares in our Company and so that the Shares to be allotted and issued pursuant to this resolution shall carry the same rights in all respects with the then existing issued Shares;
- (iv) a general unconditional mandate was given to our Directors to exercise all powers of our Company to allot, issue and deal with (including the power to make an offer or agreement, or grant securities which would or might acquire Shares to be allotted and issued), otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any cash dividend in accordance with the Articles, or upon the exercise of any option(s) which may be granted under the Share Option Scheme or under the Global Offering or the Capitalisation Issue or upon the exercise of the Over-allotment Option and any option(s) which may be granted under the Share Option Scheme, Shares with an aggregate nominal value not exceeding the sum of (aa) 20% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but excluding the Shares which may be allotted and issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme), (bb) the aggregate nominal amount of the share capital of our Company which may be purchased by our Company pursuant to the authority granted to our Directors as referred to in sub-paragraph (vi) below, until the conclusion of the next annual general

meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first;

- (v) a general unconditional mandate was given to our Directors to exercise all powers of our Company to buy-back on the Stock Exchange or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares as will represent up to 10% of the aggregate of the nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue (but excluding the Shares which may be allotted and issued under the Over-allotment Option or pursuant to the exercise of the option(s) which may be granted under the Share Option Scheme), until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or any applicable law(s) to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first; and
- (vi) the general unconditional mandate mentioned in sub-paragraph (iv) above was extended by the addition to the aggregate nominal value of the share capital of our Company which may be allotted or agreed to be allotted by our Directors pursuant to such general mandate of an amount representing the aggregate nominal value of the share capital of our Company bought back by our Company pursuant to the mandate to buy-back Shares as referred to in sub-paragraph (v) above, provided that such extended amount shall not exceed 10% of the aggregate nominal value of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalisation Issue but excluding the Shares which may be allotted and issued under the Over-allotment Option or pursuant to the exercise of the options which may be granted under the Share Option Scheme.

6. Repurchase of Shares

This paragraph sets out information required by the Stock Exchange to be included in this prospectus relating to the repurchase by our Company of our own securities.

(a) Shareholders' approval

All proposed repurchases of securities (which must be fully paid up in the case of shares) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval of a particular transaction.

Pursuant to a resolution in writing passed by our sole Shareholder on 15 December 2017, the Repurchase Mandate was given to our Directors authorizing any repurchase by our Company of Shares on the Stock Exchange, or any other stock exchange on which the securities of our Company may be

listed and which is recognized by the SFC and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option and the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles of Association, the Companies Law or applicable Cayman Islands laws to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to our Directors, whichever occurs first.

(b) Source of funds

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum of Association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Subject to the foregoing, any repurchase by our Company may be made out of our funds which would otherwise be available for dividend or distribution or out of the proceeds of a new issue of Shares made for the purpose of the repurchase. Any amount of premium payable on a purchase over the par value of the Shares to be repurchased must be made out of the funds which would otherwise be available for dividend or distribution or from sums standing to the credit of our share premium account.

(c) Reasons for repurchases

Our Directors believe that it is in the best interest of our Company and the Shareholders for our Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/ or earnings per Share and will only be made if our Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) Funding of repurchases

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Memorandum of Association, the Articles of Association, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of our current financial position as disclosed in this prospectus and taking into account our current working capital position, our Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on our working capital and/or our gearing position as compared with the position disclosed in this prospectus. However, our Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on our working capital requirements or the gearing levels which in the opinion of our Directors are from time to time appropriate for us.

(e) General

None of our Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their close associates currently intends to sell any Share to us or our subsidiaries. Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Memorandum of Association, the Articles of Association, the Companies Law and any other applicable law of the Cayman Islands.

If, as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of us is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder or a group of Shareholders acting in concert could obtain or consolidate control of us and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code. Save as aforesaid, our Directors are not aware of any consequence which would arise under the Takeovers Code as a consequence of any repurchase pursuant to the Repurchase Mandate.

Our Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person of our Company has notified us that he/she/it has a present intention to sell any Share to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

B. FURTHER INFORMATION ABOUT OUR BUSINESS**1. Summary of material contracts**

The following contracts (not being contracts entered into in the ordinary course of business) were entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

- (a) the Share Exchange Agreement;
- (b) the Assignment Deed;
- (c) the Deed of Non-Competition;
- (d) the Deed of Indemnity; and
- (e) the Hong Kong Underwriting Agreement.

2. Intellectual property rights of our Group

(a) Trademarks

As at the Latest Practicable Date, we were the registered owner of the following trademarks which we believe are material to our business:

No.	Trademarks	Class	Registered owner	Place of registration	Trademark number	Expiration date
1.		36, 39	Thing On Holdings	Hong Kong	303784465	22 May 2026
2.		36, 39	Thing On Holdings	Hong Kong	303784474	22 May 2026
3.		36, 39	Thing On Holdings	Hong Kong	303785716	23 May 2026

(b) Domain name

As at the Latest Practicable Date, we were the registered owner of the following domain name which we believe is material to our business and which we will renew upon their respective expiry date:

No.	Domain Name	Registered owner	Expiry date
1	toenterprise.com	Thing On Enterprise Limited	18 May 2018
2	toenterprise.co	Thing On Enterprise Limited	17 May 2018
3	toenterprise.net	Thing On Enterprise Limited	18 May 2018
4	toenterprise.org	Thing On Enterprise Limited	18 May 2018

Save as disclosed above, as at the Latest Practicable Date, there were no other intellectual property rights which are material to our business.

C. FURTHER INFORMATION ABOUT OUR DIRECTORS AND CHIEF EXECUTIVE AND SUBSTANTIAL SHAREHOLDERS

1. Disclosure of interests

- (a) Interests of our Directors and chief executive in the share capital of our Company and its associated corporations

The following table sets out the interests of our Directors immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme) in the Shares, underlying Shares or debentures of our Company or any of our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed:

Name of Director/ Chief Executive	Capacity/Nature of interest	Relevant company	Number of shares held	Approximate shareholding percentage after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of share options granted under the Share Option Scheme)
Mr. Richard Wong <i>JP</i>	Interest in a controlled corporation (<i>Note</i>)	Our Company	540,000,000	75.0%

Note:

Mr. Richard Wong *JP* and Thing On Group are our Controlling Shareholders. Mr. Richard Wong *JP* owns the entire issued share capital of Thing On Group. By virtue of the SFO, Mr. Richard Wong *JP* is deemed to be interested in such Shares held by Thing On Group.

- (b) Interests and/or short positions of the Substantial Shareholders in the share capital of our Company or underlying Shares

So far as our Directors are aware, immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of any options that may be granted under the Share Option Scheme), the following persons (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Company:

Name of Shareholder	Capacity/Nature of interest	Relevant company	Number of shares held	Approximate shareholding percentage after the Global Offering (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of share options granted under the Share Option Scheme)
Thing On Group	Beneficial owner (Note)	Our Company	540,000,000	75.0%

Note:

Mr. Richard Wong *JP* and Thing On Group are our Controlling Shareholders. Mr. Richard Wong *JP* owns the entire issued share capital of Thing On Group.

2. Particulars of service contracts and letters of appointment

Each of our executive Directors and non-executive Director has signed a service contract with our Company for an initial term of three years, commencing from Listing Date (subject to termination in certain circumstances as stipulated in the relevant service contract).

The annual remuneration payable to our executive Directors and Non-executive Director by our Group (excluding any discretionary bonus) is as follows:

Name	Approximate annual salary
	<i>(HK\$)</i>
Mr. Wong Ka Yeung Roland	650,000
Ms. Chan Choi Wan Rolie	650,000
Mr. Wong Chung Tak Richard <i>JP</i>	1,300,000

Each of the independent non-executive Directors has signed a letter of appointment with our Company for an initial term of three years, commencing from Listing Date (subject to termination in certain circumstances as stipulated in the relevant letter of appointment). Each of the independent non-executive Directors is entitled to an annual remuneration of HK\$120,000.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have entered into any service contract or letter of appointment with any member of our Group (excluding agreements expiring or determinable by any member of our Group within one year without payment of compensation other than statutory compensation).

3. Director's remuneration

The remuneration payable by our Group to our Directors for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017, including salaries, housing and other benefits in kind, contributions to defined contribution benefit plans (including pensions) and discretionary bonuses, totaling approximately HK\$1.3 million, HK\$1.6 million, HK\$1.7 million and HK\$0.9 million, respectively.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and the benefits in kind receivable by, our Directors (excluding discretionary bonuses) for the year ending 31 December 2017 will be approximately HK\$3.0 million.

4. Director's competing interests

Saved as disclosed in the section headed "Relationship with Controlling Shareholders" in this prospectus, none of our Directors are interested in any business apart from our Group's business which competes or is likely to compete, directly or indirectly, with the business of our Group.

5. Disclaimers

Save as disclosed in this prospectus:

- (a) none of our Directors or the chief executive of our Company has, immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), any interest or short position in the Shares, underlying Shares or debentures of our Company or any of our associated corporation (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO), or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to Model Code for Securities Transactions by Directors of Listed Companies once the Shares are listed;
- (b) so far as our Directors are aware, immediately following completion of the Global Offering and the Capitalization Issue (assuming the Over-allotment Option is not exercised and without taking into account the Shares which may be issued upon exercise of the Share Option Scheme), no person (other than a Director or chief executive of our Company) will have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company and the Stock Exchange under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who will, directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;
- (c) none of our Directors or the experts referred to in “E. Other Information — 7. Qualifications of experts” in this Appendix has any direct or indirect interest in the promotion of our Company, or in any asset which was within the two years immediately preceding the date of this prospectus acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;
- (d) none of our Directors or the experts referred to in “E. Other Information — 7. Qualifications of experts” in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group taken as a whole; and
- (e) so far as our Directors are aware, none of our Directors, their respective close associates or Shareholders who are interested in more than 5% of the issued share capital of our Company has any interest in the five largest customers and/or suppliers of our Group.

D. SHARE OPTION SCHEME

The following is a summary of the principal terms of the Share Option Scheme in compliance with Chapter 17 of the Listing Rules conditionally approved and adopted by written resolutions of the sole Shareholder passed on 15 December 2017 (the “**Adoption Date**”). The following summary does not form, nor is intended to be, part of the Share Option Scheme nor should it be taken as affecting the interpretation of the rules of the Share Option Scheme.

1. Summary of terms of the Share Option Scheme**(a) Purposes of the Share Option Scheme**

The purposes of the Share Option Scheme are to enable our Group to provide additional incentives or rewards to selected participants for their contributions to our Group and to promote the success of the business of our Group.

The Share Option Scheme will help motivate the participants to optimize their performance and efficiency and attract and retain the participants whose contributions are important to the long-term growth and profitability of our Group.

(b) Who may join and basis of eligibility

The Board may, at its absolute discretion and on such terms as it may think fit, invite any employee (full-time or part-time), director, substantial shareholder, consultant, adviser, business partner or service provider of our Group, to take up options to subscribe at a price calculated in accordance with paragraph (c) below for such number of Shares as it may determine in accordance with the terms of the Share Option Scheme. For the purpose of the Share Option Scheme, options may be granted to any company wholly-owned by one or more persons belonging to any of the above classes of participants.

The basis of eligibility of any participant to the grant of any option shall be determined by the Board (or as the case may be, the independent non-executive Directors) from time to time on the basis of his contribution or potential contribution to the development and growth of our Group.

(c) Subscription price for Shares

The subscription price per Share in respect of any exercise of an option granted under the Share Option Scheme shall be a price solely determined by the Board and notified to a participant and shall be at least the higher of: (i) the closing price of our Shares as stated in the Stock Exchange’s daily quotations sheet on the date of grant of the option, which must be a Business Day; (ii) the average of the closing prices of our Shares as stated in the Stock Exchange’s daily quotations sheets for the five Business Days immediately preceding the date of grant of the option; and (iii) the nominal value of a Share on the date of grant of the option, provided that for the purpose of calculating the subscription price, where our Company has been listed on the Stock Exchange for less than five Business Days, the new issue price shall be used as the closing price for any Business Day fallen within the period before the Listing.

(d) Acceptance of options

An offer for the grant of options must be accepted within seven days inclusive of the day on which such offer was made. As consideration for the grant, the grantee shall pay to our Company HK\$1.00 upon acceptance of the offer.

(e) Maximum number of Shares

- (i) The aggregate number of Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company must not exceed 30% of our Shares in issue from time to time. No options may be granted under the Share Option Scheme or any other share option schemes of our Company if this will result in such 30% limit being exceeded.
- (ii) Subject to sub-paragraphs (iii) and (iv) below, the maximum number of Shares issuable upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company (excluding, for this purpose, Shares issuable upon exercise of options which have been granted but which have lapsed in accordance with the terms of the Share Option Scheme or any other share option schemes of our Company) must not in aggregate exceed 10% of all our Shares in issue as at the Listing Date. Therefore, it is expected that our Company may grant options in respect of up to 72,000,000 Shares (or such numbers of Shares as shall result from a sub-division or a consolidation of such 72,000,000 Shares from time to time) to the participants under the Share Option Scheme.
- (iii) The 10% limit as mentioned in sub-paragraph (ii) above may be refreshed at any time by obtaining approval of the Shareholders in general meeting provided that the total number of Shares which may be issued upon exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company must not exceed 10% of our Shares in issue as at the date of approval of the refreshed limit. Options previously granted under the Share Option Scheme and any other share option schemes of our Company (including those outstanding, cancelled or lapsed in accordance with the terms of the Share Option Scheme and any other share option schemes of our Company or exercised options) will not be counted for the purpose of calculating the refreshed 10% limit. A circular must be sent to the Shareholders containing the information as required under the Listing Rules in this regard.
- (iv) Our Company may seek separate approval by the Shareholders in general meeting for granting options beyond the 10% limit provided the options in excess of the 10% limit are granted only to grantees specifically identified by our Company before such approval is sought. In such event, our Company must send a circular to the Shareholders containing a generic description of such grantees, the number and terms of such options to be granted and the purpose of granting such options to them with an explanation as to how the terms of the options will serve such purpose and all other information required under the Listing Rules.
- (v) If our Company conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of Shares that may be issued upon

exercise of all options to be granted under the Share Option Scheme and any other share option schemes of our Company under the 10% limit as a percentage of the total number of issued Shares at the date immediately before and after such consolidation or subdivision shall be the same.

(f) Maximum entitlement of each participant

The total number of Shares issued and to be issued upon exercise of options granted to any participant (including both exercised and outstanding options) under the Share Option Scheme or any other share option schemes of our Company, in any 12-month period up to the date of grant shall not exceed 1% of our Shares in issue. Any further grant of options in excess of such limit must be separately approved by Shareholders in general meeting with such grantee and his close associates (or his associates if the grantee is a connected person) abstaining from voting. In such event, our Company must send a circular to the Shareholders containing the identity of the grantee, the number and terms of the options to be granted (and options previously granted to such grantee), and all other information required under the Listing Rules. The number and terms (including the subscription price) of the options to be granted must be fixed before the approval of the Shareholders and the date of the Board meeting proposing such further grant should be taken as the date of grant for the purpose of calculating the subscription price.

(g) Grant of options to certain connected persons

- (i) Any grant of an option to a Director, chief executive or substantial shareholder of our Company (or any of their respective associates) must be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the option).
- (ii) Where any grant of options to a substantial Shareholder or an independent non-executive Director (or any of their respective associates) will result in the total number of Shares issued and to be issued upon exercise of all options already granted and to be granted to such person under the Share Option Scheme and any other share option schemes of our Company (including options exercised, cancelled and outstanding) in any 12-month period up to and including the date of grant:
 - A. representing in aggregate over 0.1% of our Shares in issue; and
 - B. having an aggregate value, based on the closing price of our Shares at the date of each grant, in excess of HK\$5 million,

such further grant of options is required to be approved by Shareholders at a general meeting of our Company, with voting to be taken by way of poll. Our Company shall send a circular to the Shareholders containing all information as required under the Listing Rules in this regard. The grantee, his associates, and all core connected persons of our Company

shall abstain from voting in favor at such general meeting. Any change in the terms of an option granted to a substantial shareholder or an independent non-executive Director or any of their respective associates is also required to be approved by Shareholders in the aforesaid manner.

(h) Restrictions on the time of grant of options

(i) Our Company may not grant any options after inside information has come to its knowledge until it has announced the information. In particular, our Company may not grant any option during the period commencing one month immediately before the earlier of:

A. the date of the Board meeting (such date to first be notified to the Stock Exchange under the Listing Rules) for approving our Company's results for any year, half-year, quarterly or other interim period (whether or not required under the Listing Rules); and

B. the deadline for our Company to announce the results for any year, or half-year under the Listing Rules, or quarterly or other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement.

(ii) Further to the restrictions in paragraph (i) above, no option may be granted to a Director during the periods or times in which Directors are prohibited from dealing in shares pursuant to the Model Code for Securities Transactions by Directors of Listed Companies prescribed by the Listing Rules or any corresponding code or securities dealing restrictions adopted by our Company.

(i) Time of exercise of options

An option may be exercised in accordance with the terms of the Share Option Scheme at any time during a period as the Board may determine which shall not exceed ten years from the date of grant, subject to the provisions of early termination thereof.

(j) Performance targets

Save as may be determined by the Board at its absolute discretion and notified to the participant, there is no performance target which must be achieved before any of the options can be exercised.

(k) Ranking of Shares

Our Shares to be allotted upon the exercise of an option will be subject to all the provisions of the Articles of Association for the time being in force and will rank *pari passu* in all respects with the fully paid Shares in issue on the date of allotment and accordingly will entitle the holders to participate in all dividends or other distributions paid or made after the date of allotment other than

any dividend or other distribution previously declared or recommended or resolved to be paid or made with respect to a record date which shall be on or before the date of allotment, save that our Shares allotted upon the exercise of any option shall not carry any voting rights until the name of the grantee has been duly entered on the register of members of our Company as the holder thereof.

(l) Rights are personal to grantee

An option shall not be transferable or assignable and shall be personal to the grantee of the option.

(m) Rights on cessation of employment by death

In the event of the death of the grantee (provided that none of the events which would be a ground for termination of employment referred to in paragraph (n) below arises within a period of three years prior to the death, in which case the Board may at any time forthwith terminate the option of the grantee (to the extent not already lapsed or exercised) by written notice to his personal representative(s) and the option shall lapse on the date of the relevant Board resolution), the legal personal representative(s) of the grantee may exercise the option up to the grantee's entitlement (to the extent which has become exercisable and not already exercised) within a period of 12 months following his death provided that where any of the events referred to in paragraphs (q), (r) and (s) occurs prior to his death or within such period of 12 months following his death, then his legal personal representative(s) may so exercise the option within such of the various periods respectively set out therein.

(n) Rights on cessation of employment by dismissal

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group on any one or more of the grounds that he has been guilty of serious misconduct, or has committed an act of bankruptcy or has become insolvent or has made any arrangement or composition with his creditors generally, or has been convicted of any criminal offense involving his integrity or honesty or (if so determined by the Board) on any other ground on which an employer would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, his option shall lapse automatically (to the extent not already exercised) on the date of cessation of his employment with our Group.

(o) Rights on cessation of employment for other reasons

In the event that the grantee is an employee of our Group at the date of grant and he subsequently ceases to be an employee of our Group for any reason other than his death or the termination of his employment on one or more of the grounds specified in paragraph (n) above, the option (to the extent not already lapsed or exercised) shall lapse on the expiry of three months after the date of cessation of such employment (which date will be the last actual working day, on which the grantee was physically at work with our Company or the relevant member of our Group whether salary is paid in lieu of notice or not).

(p) Effects of alterations to share capital

In the event of any alteration in the capital structure of our Company whilst any option remains exercisable, whether by way of capitalization of profits or reserves, rights issue, open offer, consolidation, subdivision or reduction of the share capital of our Company (other than an issue of Shares as consideration in respect of a transaction to which any member of our Group is a party), such corresponding adjustments (if any) shall be made in the number of Shares subject to the option so far as unexercised; and/or the subscription prices, as the auditors of or independent financial adviser to our Company shall certify or confirm in writing (as the case may be) to the Board to be in their opinion fair and reasonable in compliance with the relevant provisions of the Listing Rules, or any guideline or supplemental guideline issued by the Stock Exchange from time to time (no such certification or confirmation is required in case of adjustment made on a capitalization issue), provided that any alteration shall give a grantee, as near as possible, the same proportion of the issued share capital of our Company as that to which he was previously entitled, but no adjustment shall be made to the effect of which would be to enable a Share to be issued at less than its nominal value.

(q) Rights on a general offer

In the event of a general offer (whether by way of takeover offer or scheme of arrangement or otherwise in like manner) being made to all the Shareholders (or all such holders other than the offeror and/or any persons controlled by the offeror and/ or any person acting in association or concert with the offeror) and such offer becoming or being declared unconditional, the grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise the option in full (to the extent not already lapsed or exercised) at any time within one month after the date on which the offer becomes or is declared unconditional.

(r) Rights on winding-up

In the event a notice is given by our Company to the members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall on the same date as or soon after it despatches such notice to each member of our Company give notice thereof to all grantees and thereupon, each grantee (or, as the case may be, his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already lapsed or exercised) at any time not later than two Business Days prior to the proposed general meeting of our Company by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as possible and, in any event, no later than the Business Day immediately prior to the date of the proposed general meeting referred to above, allot the relevant Shares to the grantee credited as fully paid.

(s) Rights on compromise or arrangement

In the event of a compromise or arrangement between our Company and the Shareholders or the creditors of our Company being proposed in connection with a scheme for the reconstruction of our Company or its amalgamation with any other company or companies pursuant to the Companies Law, our Company shall give notice thereof to all the grantees (or, as the case may be, their legal personal

representatives) on the same day as it gives notice of the meeting to the Shareholders or the creditors to consider such a compromise or arrangement and the options (to the extent not already lapsed or exercised) shall become exercisable in whole or in part on such date not later than two Business Days prior to the date of the general meeting directed to be convened by the court for the purposes of considering such compromise or arrangement (“**Suspension Date**”), by giving notice in writing to our Company accompanied by a remittance for the full amount of the aggregate subscription price for our Shares in respect of which the notice is given whereupon our Company shall as soon as practicable and, in any event, no later than 3:00 p.m. on the Business Day immediately prior to the date of the proposed general meeting, allot and issue the relevant Shares to the grantee credited as fully paid. With effect from the Suspension Date, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. The Board shall endeavor to procure that our Shares issued as a result of the exercise of options hereunder shall for the purposes of such compromise or arrangement form part of the issued share capital of our Company on the effective date thereof and that such Shares shall in all respects be subject to such compromise or arrangement. If for any reason such compromise or arrangement is not approved by the court (whether upon the terms presented to the court or upon any other terms as may be approved by such court), the rights of grantees to exercise their respective options shall with effect from the date of the making of the order by the court be restored in full but only up to the extent not already exercised and shall thereupon become exercisable (but subject to the other terms of the Share Option Scheme) as if such compromise or arrangement had not been proposed by our Company and no claim shall lie against our Company or any of its officers for any loss or damage sustained by any grantee as a result of such proposal, unless any such loss or damage shall have been caused by the act, neglect, fraud or willful default on the part of our Company or any of its officers.

(t) Lapse of options

An option shall lapse automatically on the earliest of:

- (i) the expiry of the period referred to in paragraph (i) above;
- (ii) the date on which the Board exercises our Company’s right to cancel, revoke or terminate the option on the ground that the grantee commits a breach of paragraph (l) above;
- (iii) the expiry of the relevant period or the occurrence of the relevant event referred to in paragraphs (m), (n), (o), (q), (r) or (s) above;
- (iv) subject to paragraph (r) above, the date of the commencement of the winding-up of our Company;
- (v) the occurrence of any act of bankruptcy, insolvency or entering into of any arrangements or compositions with his creditors generally by the grantee, or conviction of the grantee of any criminal offence involving his integrity or honesty;

(vi) where the grantee is only a substantial shareholder of any member of our Group, the date on which the grantee ceases to be a substantial shareholder of such member of our Group; and

(vii) subject to the compromise or arrangement as referred to in paragraph (s) above becoming effective, the date on which such compromise or arrangement becomes effective.

(u) Cancellation of options granted but not exercised

Any cancellation of options granted but not exercised may be effected on such terms as may be agreed with the relevant grantee, as the Board may in its absolute discretion sees fit and in a manner that complies with all applicable legal requirements for such cancellation.

Where our Company cancels options and issues new ones to the same option holder, such issue may only be made under the Share Option Scheme with available unissued options (to the extent not yet granted and excluding the cancelled options) within the limit approved by our Shareholders as mentioned in paragraph (e) above.

(v) Period of the Share Option Scheme

The Share Option Scheme will remain in force for a period of ten years commencing on the Adoption Date and shall expire at the close of business on the Business Day immediately preceding the tenth anniversary thereof, unless terminated earlier by the Shareholders in general meeting.

(w) Alteration to the Share Option Scheme

(i) The Share Option Scheme may be altered in any respect by resolution of the Board except that alterations of the provisions of the Share Option Scheme which alters to the advantage of the participants of the Share Option Scheme relating to matters governed by Rule 17.03 of the Listing Rules shall not be made except with the prior approval of the Shareholders in general meeting.

(ii) Any amendment to any terms and conditions of the Share Option Scheme which are of a material nature or any change to the terms of options granted, must be approved by Shareholders in general meeting except where the alterations take effect automatically under the existing terms of the Share Option Scheme.

(iii) Any change to the authority of the Board in respect of alteration to the terms of the Share Option Scheme must be approved by Shareholders in general meeting.

(iv) Any amendment to any terms of the Share Option Scheme or the options granted shall comply with the relevant requirements of Chapter 17 of the Listing Rules.

(x) Termination of the Share Option Scheme

Our Company by resolution in general meeting or the Board may at any time terminate the operation of the Share Option Scheme and in such event no further options will be offered but options granted prior to such termination shall continue to be valid and exercisable in accordance with the provisions of the Share Option Scheme. Upon such termination, details of the options granted, including options exercised or outstanding, under the Share Option Scheme and if applicable, options that become void or non-exercisable as a result of the termination must be disclosed in the circular to Shareholders seeking approval of the first new scheme established thereafter.

(y) Conditions of the Share Option Scheme

The Share Option Scheme is conditional upon (i) the passing of necessary Shareholder's resolution to adopt the Share Option Scheme; (ii) the Listing Committee granting the listing of and permission to deal in our Shares to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme; and (iii) commencement of dealings in the Shares on the Stock Exchange.

2. Present status of the Share Option Scheme

Application has been made to the Listing Committee for the listing of, and permission to deal in, the Shares which may fall to be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme.

As at the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme.

E. OTHER INFORMATION

1. Tax, estate duty and other indemnity

The Controlling Shareholders (collectively, the “**Indemnifiers**”) have, under a deed of indemnity referred to in paragraph (d) of the section headed “B. Further information about our business — 1. Summary of material contracts” in this Appendix, given joint and several indemnities to our Company for itself and as trustee for our subsidiaries in connection with, among other things, (a) any liability for Hong Kong estate duty which might be payable by any member of our Group under or by virtue of the provisions of Section 35 and Section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or any other similar legislation in any relevant jurisdiction outside Hong Kong arising on the death of any person at any time by reason of any transfer of any property to any member of our Group on or before the date on which the Global Offering becomes unconditional; (b) any taxation which might be payable by any member of our Group (i) in respect of any income, profits or gains earned, accrued or received or deemed to have been earned, accrued or received on or before the date on which Global Offering becomes unconditional; or (ii) in respect or in consequence of any act, omission or event occurring or deemed to occur on or before the date on which the Global Offering becomes unconditional; (c) any penalties, claims, actions, demands, proceedings, judgments, losses, liabilities, damages, costs, charges, fees, expenses and fines of whatever nature suffered or incurred

by any member of our Group as a result of or in connection with any non-compliances, defects, administrative orders, litigation, arbitrations, claims (including counter-claims), complaints, demands and/or legal proceedings instituted by or against any member of our Group in relation to events occurred on or before the date on which the Global Offering becomes unconditional. The Indemnifiers will, however, not be liable under the deed of indemnity for taxation to the extent that, among others:

- (a) specific provision, reserve or allowance has been made for such taxation liability in the audited combined financial statements of any member of our Group for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017; or
- (b) the taxation liability arises or is incurred as a result of a retrospective change in law or a retrospective increase in tax rates coming into force after the date on which the Global Offering becomes unconditional; or
- (c) the taxation liability arises in the ordinary course of business of our Group after 30 June 2017 up to and including the date on which the Global Offering becomes unconditional.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Group.

2. Litigation

Except as disclosed in this prospectus, as at the Latest Practicable Date, neither our Company nor any of our subsidiaries was engaged in any litigation, arbitration or claim of material importance and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us and that would have a material adverse effect on our results of operations or financial condition.

3. Preliminary expenses

The preliminary expenses incurred by our Company in relation to the incorporation of our Company were approximately HK\$40,000 and were paid by us.

4. Promoter

Our Company has no promoter for the purpose of the Listing Rules.

5. Application for listing

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for the listing of, and permission to deal in, the Shares to be issued as mentioned in this prospectus and any Share which may be issued upon exercise of the Over-allotment Option or pursuant to the exercise of any option which may be granted under the Share Option Scheme. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

6. Sole Sponsor

The Sole Sponsor is independent of our Company pursuant to Rule 3A.07 of the Listing Rules. The total amount of fees payable by our Company to the Sole Sponsor is HK\$4.0 million.

7. Qualifications of experts

The qualifications of the experts who have given their opinion and/or whose names are included in this prospectus are as follows:

Name	Qualifications
KGI Capital Asia Limited	A corporation licensed to carry out type 1 (dealing in securities), type 4 (advising on securities) and type 6 (advising on corporate finance) regulated activities under the SFO
Ogier	Legal advisers to our Company as to Cayman Islands law
PricewaterhouseCoopers	Certified public accountants
Jones Lang Lasalle Corporate Appraisal and Advisory Limited	Property valuer
Jones Lang Lasalle Corporate Appraisal and Advisory Limited	Industry consultant
Mr. Lee Yee Hung	Barrister-at-law

8. Consents of experts

Each of the experts listed in the preceding paragraph has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

9. Binding effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

10. No material adverse change

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or the prospects of our Group since 30 June 2017 and there has been no event since 30 June 2017 which would materially affect the information in our combined financial statements included in the Accountant's Report set forth in Appendix I to this prospectus, in each case except as otherwise disclosed herein.

11. Miscellaneous

Save as otherwise disclosed in this prospectus:

- (a) within the two years immediately preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;
- (b) within the two years immediately preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries;
- (c) within the two years preceding the date of this prospectus, no commission has been paid or is payable (save for the underwriting commission to the Underwriters) for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscription, for any Share in our Company;
- (d) neither our Company nor any of our subsidiaries has issued or agreed to issue any founder share, management share or deferred share;
- (e) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;
- (f) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued;
- (g) our Company has no outstanding convertible debt securities or debentures;
- (h) there is no arrangement under which future dividends are waived or agreed to be waived;
- (i) there has not been any interruption in the business of our Group which may have or has had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus;
- (j) save in connection with the Underwriting Agreements, none of the experts listed in the paragraph “Qualifications of experts” in this appendix:
 - (i) is interested legally or beneficially in any securities of any member of our Group; or
 - (ii) has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group; and
- (k) the English text of this prospectus and the Application Forms shall prevail over their respective Chinese text.

12. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to the copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- (a) copies of the Application Forms;
- (b) copies of each of the material contracts referred to in “Statutory and General Information — B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus; and
- (c) the written consents referred to in the paragraph entitled “Statutory and General Information — E. Other Information — 8. Consents of experts” in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of King & Wood Mallesons at 13th Floor, Gloucester Tower, The Landmark, 15 Queen’s Road Central, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- (a) the Memorandum and Articles of Association;
- (b) the accountant’s report from PricewaterhouseCoopers, the text of which is set out in “Accountant’s Report” in Appendix I to this prospectus;
- (c) the audited combined financial statements of our Group for the years ended 31 December 2014, 2015 and 2016 and the six months ended 30 June 2017;
- (d) the report from PricewaterhouseCoopers relating to the unaudited pro forma financial information of our Group, the text of which is set out in “Unaudited Pro Forma Financial Information” in Appendix II to this prospectus;
- (e) the property valuation report relating to our Group’s property interests prepared by Jones Lang Lasalle Corporate Appraisal and Advisory Limited, the text of which is set out in “Property Valuation Report” in Appendix III to this prospectus;
- (f) the letter of advice prepared by Ogier summarizing certain aspects of Cayman Islands company law referred to in “Summary of the Constitution of our Company and Cayman Islands Company Law” in Appendix IV to this prospectus;
- (g) the letters of advice prepared by the Legal Counsel as to certain aspects of Hong Kong law relating to our Group;

- (h) the Industry Research Report prepared by Jones Lang Lasalle Corporate Appraisal and Advisory Limited, the text of which is set out in section headed “Industry Overview” to this prospectus;
- (i) the material contracts referred to in “Statutory and General Information — B. Further information about our business — 1. Summary of material contracts” in Appendix V to this prospectus;
- (j) the written consents referred to in “Statutory and General Information — E. Other Information — 8. Consents of experts” in Appendix V to this prospectus;
- (k) the service contracts and appointment letters referred to in “Statutory of General Information — C. Further information about our Directors and chief executive and Substantial Shareholders — 2. Particulars of service contracts and letters of appointment” in Appendix V to this prospectus;
- (l) the Companies Law; and
- (m) the Share Option Scheme.

