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**THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

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**If you are in any doubt** as to any aspect of this circular or as to the action to be taken, you should consult a stockbroker or other registered dealer in securities, bank manager, solicitor, professional accountant or other professional advisor.

**If you have sold or otherwise transferred** all your shares in **Y. T. Realty Group Limited**, you should at once hand this circular to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or transferee.

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**Y. T. REALTY GROUP LIMITED**  
**渝太地產集團有限公司<sup>#</sup>**

*(Incorporated in Bermuda with limited liability)*

**(Stock Code: 75)**

**MAJOR TRANSACTION**

**ACQUISITION OF LAND USE RIGHTS  
IN DAZHOU, SICHUAN PROVINCE, THE PRC**

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Capitalised terms used on this cover page and the contents page have the same meanings as defined in the section headed “*Definitions*” in this circular, unless the context requires otherwise.

A letter from the Board is set out on pages 4 to 13 of this circular.

Each of the Acquisition of Phase 1 Land Parcels and the Acquisition of Phase 2 Land Parcels is exempted from Shareholders’ approval as it constitutes a Qualified Property Acquisition under the Listing Rules. This circular is being despatched to the Shareholders for information only.

<sup>#</sup> *For identification purposes only*

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## CONTENTS

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	<i>Page</i>
<b>Definitions</b> .....	1
<b>Letter from the Board</b> .....	4
<b>Appendix I — Financial Information of the Group</b> .....	I-1
<b>Appendix II — General Information</b> .....	II-1

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## DEFINITIONS

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*In this circular and the appendices to it, unless the context otherwise requires, the following terms and expressions have the following meanings:*

“Acquisition of Phase 1 Land Parcels”	Acquisition of land use rights of the Phase 1 Land Parcels through bidding process at the Auction
“Acquisition of Phase 2 Land Parcels”	Acquisition of land use rights of the Phase 2 Land Parcels through bidding process at the Auction
“Acquisitions”	collectively, Acquisition of Phase 1 Land Parcels and Acquisition of Phase 2 Land Parcels
“Announcement”	the announcement of the Company dated 12 April 2021 in relation to the Acquisitions
“Auction”	the public auction held by Dazhou City Natural Resources and Planning Bureau at which the Land Parcels were offered for sale
“Bidder”	達州潤渝置業有限公司 (Dazhou Runyu Real Estate Co., Ltd.*)
“Board”	the board of Directors
“Central Service District of Matadong District”	中國四川省達州市馬踏洞片區中心服務區 (the Central Service District of Matadong District, Dazhou Municipality, Sichuan Province, the PRC*)
“Company”	Y. T. Realty Group Limited, a company incorporated in Bermuda with limited liability with Shares listed on the Main Board of the Stock Exchange (Stock Code: 75)
“connected person(s)”	has the meaning ascribed to it under the Listing Rules
“Director(s)”	director(s) of the Company
“Dazhou City Natural Resources and Planning Bureau”	達州市自然資源和規劃局 (Natural Resources and Planning Bureau in Dazhou Municipality*)
“Group”	the Company and its subsidiaries
“Hong Kong”	the Hong Kong Special Administrative Region of the PRC
“HK\$”	Hong Kong dollars, the lawful currency of Hong Kong
“Independent Third Party(ies)”	person(s) or company(ies) which is/are independent of and not connected with the Company and its connected persons
“Land Parcels”	collectively, the Phase 1 Land Parcels and the Phase 2 Land Parcels

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## DEFINITIONS

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“Land Use Rights Grant Contracts”	collectively, the Phase 1 Land Use Rights Grant Contract and the Phase 2 Land Use Rights Grant Contract
“Latest Practicable Date”	21 May 2021, being the latest practicable date prior to the printing of this circular for ascertaining certain information in this circular
“Listing Rules”	the Rules Governing the Listing of Securities on the Stock Exchange
“Mu”	a mu under《中華人民共和國法定計量單位使用方法》(the Method of Uniform Legal Measures in the People’s Republic of China*)
“percentage ratios”	has the meaning ascribed to it under the Listing Rules
“Phase 1 Consideration”	RMB423,951,000, being the bid price submitted by the Bidder for the Acquisition of Phase 1 Land Parcels
“Phase 2 Consideration”	RMB478,656,000, being the bid price submitted by the Bidder for the Acquisition of Phase 2 Land Parcels
“Phase 1 Land Parcels”	collectively, the three parcels of land described under the section headed “ <i>Letter from the Board — 2. The Acquisition of Phase 1 Land Parcels</i> ” in this circular
“Phase 2 Land Parcels”	collectively, the four parcels of land described under the section headed “ <i>Letter from the Board — 3. The Acquisition of Phase 2 Land Parcels</i> ” in this circular
“Phase 1 Land Use Rights Grant Contract”	the land use rights grant contract dated 23 April 2021 entered into between Dazhou City Natural Resources and Planning Bureau as transferor and the Bidder as transferee in relation to the Acquisition of Phase 1 Land Parcels
“Phase 2 Land Use Rights Grant Contract”	the land use rights grant contract dated 23 April 2021 entered into between Dazhou City Natural Resources and Planning Bureau as transferor and the Bidder as transferee in relation to the Acquisition of Phase 2 Land Parcels
“PRC” or “China”	The People’s Republic of China, which shall, for the purposes of this circular, exclude Hong Kong, the Macau Special Administrative Region and Taiwan
“RMB”	Renminbi, the lawful currency of the PRC
“SFO”	Securities and Futures Ordinance (Chapter 571 of the laws of Hong Kong)
“Share(s)”	ordinary share(s) of the Company of HK\$0.1 each
“Shareholder(s)”	the holder(s) of the Shares

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## DEFINITIONS

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“sqm”	square metres
“Stock Exchange”	The Stock Exchange of Hong Kong Limited
“Working Days”	the statutory working days in the PRC
“UK”	The United Kingdom
“US”	The United States of America
“%”	per cent

*The English names of Chinese entities and locations marked with “\*” are translations of their Chinese names and are included in this circular for identification purposes only, and should not be regarded as their official English translation. In the event of any inconsistency, the Chinese name prevails.*

*For the purpose of this circular, amounts denominated in RMB have been translated into HK\$ at an exchange rate of RMB1: HK\$1.1854. No representation is made that any amounts in RMB and HK\$ can be or could have been converted at the relevant dates at the above rates or at any other rates at all.*

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## LETTER FROM THE BOARD

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# Y. T. REALTY GROUP LIMITED 渝太地產集團有限公司<sup>#</sup>

(Incorporated in Bermuda with limited liability)

(Stock Code: 75)

### Executive Directors

Cheung Chung Kiu

(Chairman and Managing Director)

Yuen Wing Shing

Tung Wai Lan, Iris

Wong Hy Sky

(former English name: Huang Yun)

### Independent Non-executive Directors

Ng Kwok Fu

Luk Yu King, James

Leung Yu Ming, Steven

### Registered office

Clarendon House

2 Church Street

Hamilton HM 11

Bermuda

### Principal place of business in Hong Kong

25th Floor, China Resources Building

26 Harbour Road

Wanchai

Hong Kong

26 May 2021

*To the Shareholders*

*Dear Sir or Madam,*

## MAJOR TRANSACTION

### ACQUISITION OF LAND USE RIGHTS IN DAZHOU, SICHUAN PROVINCE, THE PRC

#### 1. INTRODUCTION

Reference is made to the Announcement.

On 12 April 2021, the Bidder was notified by Dazhou City Natural Resources and Planning Bureau that it had successfully bid the land use rights of the Phase 1 Land Parcels at a consideration of RMB423,951,000 (equivalent to approximately HK\$502,552,000) through the Auction. Dazhou City Natural Resources and Planning Bureau and the Bidder entered into the bid confirmation letter in relation to the Acquisition of Phase 1 Land Parcels on 12 April 2021 and entered into the Phase 1 Land Use Rights Grant Contract on 23 April 2021.

<sup>#</sup> For identification purposes only

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## LETTER FROM THE BOARD

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On the same date, the Bidder was notified by Dazhou City Natural Resources and Planning Bureau that it had successfully bid the land use rights of the Phase 2 Land Parcels at a consideration of RMB478,656,000 (equivalent to approximately HK\$567,399,000) through the Auction. Dazhou City Natural Resources and Planning Bureau and the Bidder entered into the bid confirmation letter in relation to the Acquisition of Phase 2 Land Parcels on 12 April 2021 and entered into the Phase 2 Land Use Rights Grant Contract on 23 April 2021.

The purpose of this circular is to provide you with, among other things, further information on the Acquisitions and other information as required under the Listing Rules.

### 2. THE ACQUISITION OF PHASE 1 LAND PARCELS

The principal terms and conditions of the Acquisition of Phase 1 Land Parcels are summarized below:

<b>Date of notification of successful bid</b>	:	12 April 2021
<b>Parties</b>	:	(i) Dazhou City Natural Resources and Planning Bureau, as transferor  (ii) The Bidder, an indirect wholly-owned subsidiary of the Company as successful bidder
<b>Location of the Phase 1 Land Parcels</b>	:	Phase 1 Land Parcels comprise two parcels of land numbered 08-02b and 08-04a for residential and commercial uses and one parcel of land numbered 13-01b for commercial use located at the Central Service District of Matadong District.
<b>Total site area</b>	:	97,465 sqm (approximately 146.19 Mu)
<b>Term of the land use rights</b>	:	70 years for residential use and 40 years for commercial use
<b>Consideration and payment terms</b>	:	RMB423,951,000 (equivalent to approximately HK\$502,552,000) payable in cash, which was the bid price of the Phase 1 Land Parcels submitted by the Bidder at the Auction.

The first installment amounting to 50% of the Phase 1 Consideration is payable within 1 month from the date of the Phase 1 Land Use Rights Grant Contract. As at the Latest Practicable Date, RMB211,975,500 has been paid by the Bidder.

The remaining 50% of the Phase 1 Consideration (non-interest bearing) is payable within 7 months from the date of the Phase 1 Land Use Rights Grant Contract.

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## LETTER FROM THE BOARD

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If the Bidder fails to pay the Phase 1 Consideration on time, the Bidder will be liable to pay 0.1% of the overdue portion for each day of delay as liquidated damages.

The Phase 1 Consideration was arrived at as a result of successful bidding of the Phase 1 Land Parcels by the Bidder at the Auction, which was conducted in accordance with the relevant PRC laws and regulations. The Phase 1 Consideration was determined after taking into account, among other things, (i) the base price of approximately RMB416,642,000 calculated with reference to the unit base price set by Dazhou City Natural Resources and Planning Bureau of RMB2,850,000 per Mu; (ii) current property market conditions in the vicinity of the Central Service District of Matadong District; and (iii) the location and development potential of the Land Parcels as a whole. No independent valuation has been taken as reference for setting the bid price.

The Phase 1 Consideration will be entirely funded by the internal resources of the Group.

**Transaction Service Fee** : The Bidder shall pay the transaction service fee in the amount of approximately RMB3,000,000 to Dazhou Public Resources Exchange Service Centre\* (達州市公共資源交易服務中心) within 8 Working Days from the date on which the Bidder signs the bid confirmation letter. The aforesaid transaction service fee was paid on 19 April 2021.

**Planning conditions** : The Bidder shall construct:

- (a) a single building with a gross floor area of not less than 43,000 sqm (of which not less than 40,000 sqm shall be used for convention and exhibition) on the land parcel numbered 13-01b, and maintain 100% ownership of the convention and exhibition centre constructed thereon for a period of ten years from the date of its completion and commencement of operation;
- (b) commercial service housing on the land parcel numbered 08-02b with a plot ratio of not more than 10% and a gross floor area of not less than 10,000 sqm;
- (c) commercial service housing on the land parcel numbered 08-04a with a plot ratio of not more than 10% and a gross floor area of not less than 8,500 sqm; and



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## LETTER FROM THE BOARD

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- (d) one or more community comprehensive service centre(s) at a rate of 0.3% of the residential gross floor area on the land parcels numbered 08-02b and 08-04a free of charge. The building area of the community comprehensive service centre(s) shall not be included in the project's plot ratio, and the ownership and right of use thereof shall belong to the local government.

If the Bidder fails to satisfy any planning parameters imposed under the Phase 1 Land Use Rights Grant Contract (for instances, plot ratio, stipulated gross floor area, building density and the ratio of green space), the Bidder will be liable to pay liquidated damages, which are computed as follows:

$$\frac{(A - B)}{A} \times C_1$$

A = The planning parameter as stipulated under the Phase 1 Land Use Rights Grant Contract which the Bidder fails to comply

B = The actual parameter of the completed building structure(s)

(A — B) = The difference between the parameter as stipulated under the Phase 1 Land Use Rights Grant Contract which the Bidder fails to comply and the actual parameter of the completed building structure(s)

C<sub>1</sub> = Phase 1 Consideration

**Delivery of the Phase 1 Land Parcels** : Vacant possession of the Phase 1 Land Parcels will be delivered in accordance with the subsisting land use conditions within 30 days from the date on which the Bidder settles the Phase 1 Consideration. Pursuant to the Phase 1 Land Use Rights Grant Contract, Dazhou City Natural Resources and Planning Bureau will deliver the Phase 1 Land Parcels to the Bidder before 22 November 2021.

**Commencement and completion of construction works** : Construction works shall commence on the Phase 1 Land Parcels before 22 November 2021 and shall be completed before 22 November 2024.

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## LETTER FROM THE BOARD

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The construction of the convention and exhibition centre shall be completed within 24 months from the date of commencement of construction works and be put into operation within the ensuing 6 months.

### 3. THE ACQUISITION OF PHASE 2 LAND PARCELS

The principal terms and conditions of the Acquisition of Phase 2 Land Parcels are summarized below:

<b>Date of notification of successful bid</b>	:	12 April 2021
<b>Parties</b>	:	(i) Dazhou City Natural Resources and Planning Bureau, as transferor  (ii) The Bidder, an indirect wholly-owned subsidiary of the Company as successful bidder
<b>Location of the Phase 2 Land Parcels</b>	:	Phase 2 Land Parcels comprise two parcels of land numbered 08-01b and 08-03b for residential and commercial uses and two parcels of land numbered 11-03b and 12-04a for commercial use located at the Central Service District of Matadong District.
<b>Total site area</b>	:	132,963 sqm (approximately 199.44 Mu)
<b>Term of the land use rights</b>	:	70 years for residential use and 40 years for commercial use
<b>Consideration and payment terms</b>	:	RMB478,656,000 (equivalent to approximately HK\$567,399,000) payable in cash, which was the bid price of the Phase 2 Land Parcels submitted by the Bidder at the Auction.

The first installment amounting to 50% of the Phase 2 Consideration is payable within 1 month from the date of the Phase 2 Land Use Rights Grant Contract. As at the Latest Practicable Date, RMB239,328,000 has been paid by the Bidder.

The remaining 50% of the Phase 2 Consideration (non-interest bearing) is payable within 7 months from the date of the Phase 2 Land Use Rights Grant Contract.

If the Bidder fails to pay the Phase 2 Consideration on time, the Bidder will be liable to pay 0.1% of the overdue portion for each day of delay as liquidated damages.

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## LETTER FROM THE BOARD

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The Phase 2 Consideration was arrived at as a result of successful bidding of the Phase 2 Land Parcels by the Bidder at the Auction, which was conducted in accordance with the relevant PRC laws and regulations. The Phase 2 Consideration was determined after taking into account, among other things, (i) the base price of approximately RMB468,684,000, calculated with reference to the unit base price set by Dazhou City Natural Resources and Planning Bureau of RMB2,350,000 per Mu; (ii) current property market conditions in the vicinity of the Central Service District of Matadong District; and (iii) the location and development potential of the Land Parcels as a whole. No independent valuation has been taken as reference for setting the bid price.

The Phase 2 Consideration will be entirely funded by the internal resources of the Group.

**Transaction Service Fee** : The Bidder shall pay the transaction service fee in the amount of approximately RMB3,273,000 to Dazhou Public Resources Exchange Service Centre\* (達州市公共資源交易服務中心) within 8 working days from the date on which the Bidder signs the bid confirmation letter. The aforesaid transaction service fee was paid on 19 April 2021.

**Planning conditions** : The Bidder shall construct:

- (a) a single building to be used as commercial mall on the land parcel numbered 11-03b with a gross floor area of approximately 30,000 sqm (which is capable of serving as a commercial complex and related functions);
- (b) commercial service housing on the land parcel numbered 08-01b with a plot ratio of not more than 10% and a gross floor area of not less than 10,000 sqm;
- (c) commercial service housing on the land parcel numbered 08-03b with a plot ratio of not more than 10% and a gross floor area of not less 7,500 sqm;
- (d) a five-star hotel (equipped with conference facilities) with a gross floor area of not less than 40,000 sqm and providing not less than 300 guest rooms shall be constructed on the land parcel numbered 12-04a; and

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## LETTER FROM THE BOARD

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- (e) one or more community comprehensive service centre(s) at a rate of 0.3% of the residential gross floor area on the land parcels numbered 08-01b and 08-03b free of charge. The building area of the community comprehensive service centre(s) shall not be included in the project's plot ratio, and the ownership and right of use thereof shall belong to the local government.

For a period of ten years commencing from the date of completion and commencement of operation, the Bidder shall maintain 100% ownership of the hotel constructed on the land parcel numbered 12-04a, at least 30% ownership of the commercial complex constructed on the land parcel numbered 11-03b and shall continue to own at least 50% of total commercial gross floor area on the Phase 2 Land Parcels. The restrictions regarding the minimum ownership interest that the Bidder must hold in the commercial complex and commercial gross floor area are planning conditions imposed by Dazhou City Natural Resources and Planning Bureau under the Phase 2 Land Use Rights Grant Contract. Such restrictions do not limit the Bidder's title to the commercial complex and commercial gross floor area or entail any partial ownership arrangement of the said structures.

It is currently intended that the Bidder will maintain 100% ownership of both the commercial complex and the commercial gross floor area to be constructed on the Phase 2 Land Parcels.

If the Bidder fails to satisfy any planning parameters imposed under the Phase 2 Land Use Rights Grant Contract (for instances, plot ratio, stipulated gross floor area, building density and the ratio of green space), the Bidder will be liable to pay liquidated damages, which are computed as follows:

$$\frac{(A - B)}{A} \times C_2$$

- A = The parameter as stipulated under the Phase 2 Land Use Rights Grant Contract which the Bidder fails to comply
- B = The actual parameter of the completed building structure(s)

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## LETTER FROM THE BOARD

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(A — B) = The difference between the parameter as stipulated under the Phase 2 Land Use Rights Grant Contract which the Bidder fails to comply and the actual parameter of the completed building structure(s)

C<sub>2</sub> = Phase 2 Consideration

**Delivery of the Phase 2 Land Parcels** : Vacant possession of the Phase 2 Land Parcels will be delivered in accordance with the subsisting land use conditions within 30 days from the date on which the Bidder settles the Phase 2 Consideration. Pursuant to the Phase 2 Land Use Rights Grant Contract, Dazhou City Natural Resources and Planning Bureau will deliver the Phase 2 Land Parcels to the Bidder before 22 November 2021.

**Commencement and completion of construction works** : Construction works shall commence on the Phase 2 Land Parcels before 22 April 2022 and shall be completed before 22 April 2025.

#### 4. PRINCIPAL BUSINESSES OF THE GROUP AND THE BIDDER

The Group is principally engaged in property businesses, including property investment and property development, and has considerable experience in the property market.

The Bidder is a company incorporated in the PRC, an indirect wholly-owned subsidiary of the Company, and is principally engaged in property development.

#### 5. INFORMATION ON DAZHOU CITY NATURAL RESOURCES AND PLANNING BUREAU

Dazhou City Natural Resources and Planning Bureau is a bureau under the local government of Dazhou Municipality and a PRC Governmental Body within the meaning of Rule 19A.04 of the Listing Rules. To the best of the Directors' knowledge, information and belief having made all reasonable enquiry, Dazhou City Natural Resources and Planning Bureau and its ultimate beneficial owner(s) are Independent Third Parties.

#### 6. REASONS FOR AND BENEFITS OF THE ACQUISITIONS

The Acquisitions offer the Group an opportunity to further expand its property development business in the PRC and capture the benefits from PRC property market. Situated in a strategic and prime location in Dazhou Municipality, the Land Parcels are only 800 metres from Dazhou Railway Station and 6.5 kilometres from Dazhou Heshi Airport\* (達州河市機場). This provides a favourable condition for the development of the Land Parcels into a complex that integrates convention and exhibition centre, five-star hotel, offices, and commercial and residential properties. The total gross floor area of the complex is currently expected to be 566,500 sqm, of which a gross floor area of approximately 111,800 sqm will be developed into a convention and exhibition centre and a hotel with ancillary facilities and the remainder will be developed into properties for sale. As at the Latest Practicable Date, the estimated development costs for

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## LETTER FROM THE BOARD

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the construction projects to be carried out on the Land Parcels are RMB2,403 million and current capital commitments are RMB451.3 million (which comprises the unpaid portion of the Phase 1 Consideration of RMB211,975,500 and the unpaid portion of the Phase 2 Consideration of RMB239,328,000). The costs and commitments (except for the consideration payable for the Acquisitions) are expected to be funded by internal resources of the Group and external financing if necessary. There are no provisions in the Land Use Rights Grant Contracts for government subsidies for the development of the Land Parcels. The Company does not currently expect to receive government subsidy, consideration or reimbursement from any third party for the development of the Land Parcels.

The requirements regarding the ownership and right-of-use of the community comprehensive service centre(s) to be constructed on the Land Parcels are planning conditions generally imposed by Dazhou City Natural Resources and Planning Bureau on potential bids submitted for the Land Parcels pursuant to the tender requirements. As such, the Directors do not consider such requirements to be relevant when determining the bidding price for the Land Parcels.

The Directors are of the view that the Acquisitions are in the ordinary and usual course of business of the Group and that the terms of the Acquisitions are fair and reasonable and in the interests of the Company and the Shareholders as a whole.

### **7. FINANCIAL EFFECTS OF THE TRANSACTIONS CONTEMPLATED UNDER THE ACQUISITIONS ON THE GROUP**

Immediately upon completion of the Acquisitions, it is expected that the Group's assets would increase by approximately HK\$1,077.4 million, based on the consideration paid for the Acquisitions and the transaction service fee, which would be offset by the decrease in cash and bank balances of approximately HK\$1,077.4 million. The Acquisitions are not expected to have any material effect on the total assets, total liabilities and earnings of the Group.

### **8. IMPLICATIONS OF THE TRANSACTIONS UNDER THE LISTING RULES**

As one or more of the applicable percentage ratios (as defined in the Listing Rules) are more than 25% but less than 100%, the Acquisitions constitute a major transaction for the Company under Chapter 14 of the Listing Rules.

As the Group's principal business activities include property development, the Company is regarded as a Qualified Issuer under Rule 14.04(10B) of the Listing Rules. The Acquisitions, being acquisitions of governmental land in the PRC from a PRC Governmental Body (as defined under the Listing Rules) through an auction which are undertaken by the Group via the Bidder on a sole basis in its ordinary and usual course of business are regarded as Qualified Property Acquisitions under Rule 14.04(10C) of the Listing Rules. Having fulfilled all the requirements under Rule 14.33A(1) of the Listing Rules, the Acquisitions are subject to the reporting and announcement requirements but are exempt from shareholders' approval requirement pursuant to Rule 14.33A of the Listing Rules.

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**LETTER FROM THE BOARD**

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**9. ADDITIONAL INFORMATION**

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

Yours faithfully,  
By Order of the Board  
**Y. T. Realty Group Limited**  
**Cheung Chung Kiu**  
*Chairman and Managing Director*

**1. AUDITED CONSOLIDATED FINANCIAL INFORMATION OF THE GROUP**

The audited consolidated financial statements of the Group, together with the accompanying notes, for each of the three years ended 31 December 2018, 2019 and 2020 are disclosed in the annual reports of the Company for the financial years ended 31 December 2018 (pages 56-121), 31 December 2019 (pages 52-111) and 31 December 2020 (pages 55-142), respectively, and are incorporated by reference into this circular.

The said annual reports of the Company are available on the Company's website at [www.ytrealtygroup.com.hk](http://www.ytrealtygroup.com.hk) and website of the Stock Exchange at [www.hkexnews.hk](http://www.hkexnews.hk) through the links below:

Annual report for the year ended 31 December 2018:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2019/0412/ltn20190412462.pdf>

Annual report for the year ended 31 December 2019:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2020/0409/2020040900358.pdf>

Annual report for the year ended 31 December 2020:

<https://www1.hkexnews.hk/listedco/listconews/sehk/2021/0414/2021041400345.pdf>

**2. STATEMENT OF INDEBTEDNESS**

As at the close of business on 31 March 2021, being the latest practicable date for the purpose of this statement of indebtedness prior to printing of this circular, the Group had secured and guaranteed interest-bearing bank borrowings with outstanding principal of approximately HK\$1,017.8 million and outstanding interest payable of approximately HK\$2.9 million. The interest-bearing bank borrowings were secured by the pledge of (i) the entire equity interests of a wholly-owned subsidiary of the Group; (ii) the 67% equity interests of a non wholly-owned subsidiary of the Group; and (iii) the properties under development of the Group with an aggregate carrying amount of HK\$2,687.6 million and guaranteed by certain third parties. The interest-bearing bank borrowings bore fixed interest with contractual interest rates ranging from 8% to 9% per annum.

As at 31 March 2021, the Group had secured and unguaranteed interest-bearing other borrowings with outstanding principal of approximately HK\$2,379.1 million and outstanding interest payable of approximately HK\$61.0 million. The interest-bearing other borrowings were secured by the pledge of (i) the 80% equity interests and the 67% equity interests of certain non wholly-owned subsidiaries of the Group; (ii) share charge in respect of the entire equity interests of certain wholly-owned subsidiaries of the Group; and (iii) the properties under development of the Group with an aggregate carrying amount of HK\$1,046.8 million. The interest-bearing other borrowings bore fixed interest with contractual interest rates ranging from 12% to 12.5% per annum.

As at 31 March 2021, the Group had provided unsecured financial guarantees of approximately HK\$1,996.9 million in favour of certain banks in respect to mortgage facilities granted by the related banks relating to the mortgage loans arranged for certain purchasers of properties of subsidiaries of the Group.



As at 31 March 2021, the Group had unsecured and unguaranteed lease liabilities of approximately HK\$2.3 million related to leases of an office property and equipment of the Group.

Save as aforesaid, and apart from intra-group liabilities, normal trade and retention payables and other payables in the ordinary course of business, as at the close of business on 31 March 2021, the Group did not have any loan capital issued and outstanding or agreed to be issued, bank overdrafts, loans or other similar indebtedness liabilities under acceptances or acceptance credits, debentures, mortgages, charges, hire purchase commitments, guarantees or any material contingent liabilities.

### **3. WORKING CAPITAL**

The Directors are of the opinion that taking into account the existing cash and bank balances, available loan facilities, internally generated funds, cash flow from operations of the Group and the effect of the Acquisitions, the Group will have sufficient working capital for its present requirements and for at least 12 months from the date of publication of this circular.

### **4. FINANCIAL AND TRADING PROSPECTS OF THE GROUP**

For 2021, it is anticipated that the global economy to be gradually stabilized but volatility and uncertainty may still exist. Despite the fact that vaccines for the novel coronavirus infection (“COVID-19”) have become available, it is still very difficult to predict when the global economy can resume its normal pace. The trade conflicts between US and China will continue and inevitably have negative economic impact to both countries and the rest of the world. In response to the tremendous economic impact caused by the COVID-19 pandemic coupled with US-China trade conflicts, the US Federal Reserve had cut interest rate to a very low level and is expected to continue to provide necessary fiscal stimulus to revive the economy. Other major economies, including China, have already adopted very accommodative monetary policies to provide liquidity to counter economic downturn.

In the PRC, where the Group has its core property development business, the spread of coronavirus has been under control to a large extent and vaccination has been in progress, the economy is expected to have more growth than the year of 2020. However, the magnitude of economic growth will also depend on the intensity of the trade conflict with the US. To support economic recovery and growth, the Central Government will continue its accommodative monetary policy and provide fiscal stimulus as necessary. The property market, in particular the residential sector, is expected to be resilient in the long term.

In UK, where the Group has property investment operations, economic recovery will continue to be affected by the pandemic and the uncertainty arising from trade and other negotiations between UK and European Union. With the relatively high level of vaccinations, the economy of UK is expected to recover gradually. Even though it is not certain when the economy in UK will be back to its normal pace, it is expected that property market in London will be relatively more resilient as compared to other regions of UK as London is the major business hub in Europe and preferred investment location for international investors.

In anticipation of the challenging economic and market conditions, the Group will adopt a cautious and proactive approach for its core investment and to look for opportunities in property markets with strong and resilient economic prospects. The Group will continue its efforts to expand its property business in the PRC property market for sustainable development of the Group and further enhance the returns for our shareholders in the long run.

**1. RESPONSIBILITY STATEMENT**

This circular, for which the Directors collectively and individually accept full responsibility, includes particulars given in compliance with the Listing Rules for the purpose of giving information with regard to the Company. The Directors, having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this circular is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this circular misleading.

**2. INTERESTS AND SHORT POSITIONS OF DIRECTORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES AND DEBENTURES OF THE COMPANY OR ASSOCIATED CORPORATIONS**

Save as disclosed below, as at the Latest Practicable Date, none of the Directors and chief executives of the Company had any interests and short positions in the shares, underlying shares or debentures of the Company or any of its associated corporations (within the meaning of Part XV of the SFO) which were required, pursuant to (a) Divisions 7 and 8 of Part XV of the SFO, to be notified to the Company and the Stock Exchange (including interests and short positions which he/she is taken or deemed to have under such provisions of the SFO); or (b) section 352 of the SFO, to be entered in the register required to be kept by the Company referred to therein; or (c) the Model Code for Securities Transactions by Directors of Listed Issuers of the Listing Rules to be notified to the Company and the Stock Exchange:

**Long positions in Shares**

<b>Name of Director</b>	<b>Capacity</b>	<b>Number of Shares held</b>	<b>Total number of Shares held</b>	<b>Approximate percentage of total issued Shares as at the Latest Practicable Date</b>
Cheung Chung Kiu	Interest of controlled corporation	136,736,150 (Note 1)	136,736,150	17.10%
Ng Kwok Fu	Beneficial owner Interest of spouse	50,000 40,000	90,000	0.01%
Wong Hy Sky	Interest of controlled corporation	79,772,000 (Note 2)	79,772,000	9.98%

*Notes:*

1. Mr. Cheung Chung Kiu ("Mr. Cheung") was deemed to be interested in 136,736,150 Shares by virtue of his indirect control of First Rose Global Limited ("First Rose") which owned those Shares. First Rose was a wholly-owned subsidiary of Windsor Dynasty Limited (a company wholly-owned by Mr. Cheung).

2. Mr. Wong Hy Sky (“Mr. Wong”) was deemed to be interested in 79,772,000 Shares by virtue of his indirect control of Hong Kong Petrochemical Industrial Group Limited (“HK Petrochemical”) which owned those Shares. HK Petrochemical was a wholly-owned subsidiary of Ever Lead Developments Limited (“Ever Lead”), and Ever Lead was in turn a wholly-owned subsidiary of Joybeam Global Limited (a company wholly-owned by Mr. Wong).

Save as disclosed above, as at the Latest Practicable Date, none of the Directors was a director or employee of a company which had an interest or short position in the Shares or underlying Shares which would fall to be disclosed to the Company under the provision of Divisions 2 and 3 of Part XV of the SFO.

### **3. DIRECTORS’ INTERESTS IN ASSETS OR CONTRACTS**

As at the Latest Practicable Date, none of the Directors had any direct or indirect interest in any asset which had been, since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up, acquired or disposed of by or leased to any member of the Group, or were proposed to be acquired or disposed of by or leased to any member of the Group.

As at the Latest Practicable Date, none of the Directors was materially interested in any contract or arrangement subsisting as at the Latest Practicable Date which was significant in relation to the business of the Group.

### **4. COMPETING INTERESTS OF DIRECTORS**

As at the Latest Practicable Date, as far as the Directors were aware, none of the Directors or their respective close associates (as if each of them was treated as a controlling shareholder under Rule 8.10 of the Listing Rules) had any interest in a business which competes or is likely to compete, whether directly or indirectly, with the business of the Group.

### **5. DIRECTORS’ SERVICE CONTRACTS**

As at the Latest Practicable Date, none of the Directors had entered or proposed to enter into a service contract with any member of the Group which would not expire or was not determinable by the relevant member of the Group within one year without payment of compensation (other than statutory compensation).

### **6. MATERIAL ADVERSE CHANGE**

As at the Latest Practicable Date, there has been no material adverse change in the financial or trading position of the Group since 31 December 2020, being the date to which the latest published audited consolidated financial statements of the Company were made up.

### **7. MATERIAL LITIGATION**

As at the Latest Practicable Date, none of the members of the Group was engaged in any litigation or claim of material importance and, so far as the Directors were aware, there was no litigation or claim of material importance pending or threatened against any member of the Group.

## 8. MATERIAL CONTRACTS

The following are contracts entered into by the members of the Group within the two years immediately preceding the date of this circular and which is or may be material:

- (a) the sale and purchase agreement dated 26 March 2020 entered into amongst Radiant Luck Investments Limited (an indirect wholly-owned subsidiary of the Company) (“**Radiant Luck**”) as purchaser, Brilliant Power Limited as vendor and Mr. Ni Biao as vendor’s guarantor in relation to the acquisition by Radiant Luck of the entire issued share capital of Prime Circle Global Limited (a company directly wholly-owned by the vendor), which indirectly holds 80% of the interests in six plots of land with an aggregate gross area of approximately 290,896.91 sqm located at the west side of Shigao Road, and the south side of beltway of Tianfu New District or the east or north side of the road around the eastern lake in Shigao Town, Renshou County in Meishan, Sichuan Province, the PRC\* (中國四川省眉山市仁壽縣視高鎮視高大道西側，環天府新區快速通道南側或環湖東路東側或北側) for a consideration of HK\$350,000,000 payable in cash; and
- (b) the sale and purchase agreement dated 4 September 2020 entered into amongst Radiant Luck as purchaser, Magical Round Investment Limited as vendor and Lo Wan as vendor’s guarantor in relation to the acquisition by Radiant Luck of the entire issued share capital of Great Giant Investment Limited (a company directly wholly-owned by the vendor), which indirectly holds 67% of the interests in seventeen plots of land with an aggregate site area of approximately 653,061.88 sqm located in Jinjiang Town, Pengshan District in Meishan, Sichuan Province, the PRC\* (中國四川省眉山市彭山區錦江鎮) for a consideration of HK\$30,000,000 payable in cash.

Save and except for the above, there are no material contracts (being contracts entered outside the ordinary course of business carried on or intended to be carried on by members of the Group) having been entered into by any member of the Group within the two years preceding the Latest Practicable Date.

## 9. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection by Shareholders during normal business hours on any weekday (public holidays excepted) from the date of this circular up to 14 days thereafter at 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong:

- (a) the memorandum and bye-laws of the Company;
- (b) the annual reports of the Company for the two financial years ended 31 December 2019 and 31 December 2020;
- (c) the material contracts referred to in the paragraph headed “*Material Contracts*” of this Appendix;
- (d) this circular; and
- (e) the Land Use Rights Grant Contracts.

In view of the current situation of COVID-19 in Hong Kong, appropriate anti-epidemic precautionary measures including mandatory screening of body temperatures, registration of personal information of attendees, mandatory use of surgical face masks by the attendees throughout the inspection, physical distancing and such other appropriate measures will be taken to ensure safety of all attendees during inspection. No entry will be allowed to any attendee who is subject to mandatory quarantine order imposed by the Government. Should the location for inspection be closed for business on any weekday during the 14-day period of inspection due to anti-epidemic precautionary measures, the period for inspection will be extended accordingly.

**10. GENERAL**

- (a) The company secretary of the Company is Mr. Albert T. da Rosa, Jr., who is a practising solicitor in Hong Kong and a partner of Cheung Tong & Rosa Solicitors.
- (b) The registered office of the Company is situated at Clarendon House, 2 Church Street, Hamilton HM 11, Bermuda and the principal place of business of the Company in Hong Kong is situated at 25th Floor, China Resources Building, 26 Harbour Road, Wanchai, Hong Kong.
- (c) The branch share registrar and transfer office of the Company in Hong Kong is Tricor Abacus Limited of Level 54, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong.
- (d) The English text of this circular shall prevail over the Chinese text in case of inconsistency.