THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

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

If you have sold or transferred all your shares in Hebei Construction Group Corporation Limited, you should at once hand this circular and the relevant form of proxy and the reply slip to the purchaser or the transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for transmission to the purchaser or the transferee.

河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1727)

(1) 2018 ANNUAL REPORT
(2) 2018 FINANCIAL REPORT
(3) WORK REPORT OF THE BOARD FOR 2018
(4) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2018
(5) PROFIT DISTRIBUTION PROPOSAL FOR 2018
(6) REMUNERATION OF DIRECTORS FOR 2018
(7) REMUNERATION OF SUPERVISORS FOR 2018
(8) FINANCING PLAN FOR 2019
(9) GUARANTEE ARRANGEMENT FOR 2019
(10) NON-REAPPOINTMENT OF OVERSEAS AUDITOR AND APPOINTMENT OF DOMESTIC AUDITOR FOR 2019 AND DETERMINATION OF ITS REMUNERATIONS
(11) DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY SWAP AND TRANSFER AGREEMENT
(12) DISCLOSABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE ENGINEERING CONSTRUCTION SERVICE FRAMEWORK AGREEMENT
(13) CHANGE OF SCOPE OF BUSINESS OF THE COMPANY
(14) ISSUANCE OF DEBT FINANCING INSTRUMENTS IN 2019
(15) GENERAL MANDATE TO ISSUE SHARES
(16) AMENDMENTS TO ARTICLES OF ASSOCIATION
AND
(17) NOTICE OF 2018 ANNUAL GENERAL MEETING

Independent Financial Adviser to the Independent Board Committee and the Independent Shareholders

Halcyon Capital Limited

A letter from the Board is set out on pages 7 to 50 of this circular.

A notice of AGM of the Company to be held at 10 a.m. on Thursday, 20 June 2019 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC is set out on pages 95 to 97 of this circular. A form of proxy and a reply slip for use at the AGM were dispatched on 3 May 2019 and are also published on the website of the Stock Exchange (www.hkexnews.hk) and the website of the Company (www.hebjs.com.cn).

Whether or not you intend to attend the AGM, holders of Shares of the Company are requested to complete the form of proxy dispatched by the Company on 3 May 2019 in accordance with the instructions printed thereon and return it to the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares of the Company) or the Company's PRC registered office at No. 125 Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC (for holders of Domestic Shares of the Company), as soon as possible, but in any event, not less than 24 hours before the time appointed for the holding of the AGM or any adjournment thereof (i.e., not later than 10 a.m. on Wednesday, 19 June 2019). Completion and return of the form of proxy will not preclude Shareholders from attending and voting in person at the AGM or any adjournment thereof if you so wish. If you intend to attend the AGM in person or by proxy, you are required to complete and return the reply slip in accordance with the instructions printed thereon on or before Friday, 31 May 2019.

31 May 2019

CONTENTS

CONTENTS

In this circular, unless the context otherwise requires, the following terms shall have the following meanings:

"Acquisition"	the acquisition of the Acquisition Subject by the Company from Zhongming Zhiye in accordance with the Equity Swap and Transfer Agreement
"Acquisition Subject"	the 100% equity interests in HCG Garden Engineering held by Zhongming Zhiye
"Acquisition Subject Company" or "HCG Garden Engineering"	Hebei Construction Group Garden Engineering Co., Ltd. (河北建設集團園林工程有限公司), a limited liability company incorporated in the PRC on 26 December 2006, and a wholly-owned subsidiary of Zhongming Zhiye as of the Latest Practicable Date. Unless the context otherwise requires, its subsidiary(ies) is included
"AGM"	the 2018 annual general meeting of the Company to be convened and held at 10 a.m. on Thursday, 20 June 2019 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC
"Articles of Association"	the articles of association of the Company, as amended from time to time
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Baoding Tian'e Real Estate"	Baoding Tian'e Real Estate Development Co., Ltd. (保定天鵝房地產開發有限公司), a limited liability company incorporated in the PRC on 14 December 2016 and is a subsidiary of the Company held as to 66% by the Company as of the Latest Practicable Date. Unless the context otherwise requires, its subsidiary(ies) is included
"Baoding Zhongcheng"	Baoding Zhongcheng Investment Management Co., Ltd. (保定中誠投資管理有限公司), a limited liability company incorporated in the PRC on 20 September 2007, which is a subsidiary wholly owned by the Company as at the Latest Practicable Date. Unless the context otherwise requires, its subsidiary(ies) is included
"Board" or "Board of Directors"	the board of Directors of the Company
"Board of Supervisors"	the board of Supervisors of the Company

"Closing Date"	the date of the completion of the Equity Swap and Transfer in accordance with the Equity Swap and Transfer Agreement, which shall be the day following the consideration and approval of the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement at the AGM
"Company"	Hebei Construction Group Corporation Limited
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"continuing connected transaction(s)"	has the meaning ascribed to it under the Listing Rules
"controlling shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Director(s)"	the director(s) of the Company
"Disposal"	the disposal of the Disposal Subject by the Company to Zhongming Zhiye in accordance with the Equity Swap and Transfer Agreement
"Disposal Subject"	the 90% shares, 66% equity interests and 55% equity interests held by the Company in Zhongcheng Real Estate, Baoding Tian'e Real Estate and Jinshibang Real Estate, respectively
"Disposal and Transfer"	collectively, the Disposal and the Equity Transfer
"Disposal and Transfer Subject Companies"	collectively, Zhongcheng Real Estate, Baoding Tian'e Real Estate and Jinshibang Real Estate. Unless the context otherwise requires, their respective subsidiary(ies) is included
"Domestic Shares"	ordinary Share(s) in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for or credited as fully paid in Renminbi
"Engineering Construction Service Framework Agreement"	the engineering construction service framework agreement entered into between the Company and Zhongming Zhiye on 17 May 2019
"Equity Swap"	collectively, the Disposal and the Acquisition

"Equity Swap and Transfer"	collectively, the Disposal, the Acquisition and the Equity Transfer
"Equity Swap and Transfer Agreement"	the equity swap and transfer agreement entered into among the Company, Baoding Zhongcheng, Zhongming Zhiye and Qianqiu Management on 17 May 2019 in relation to the Equity Swap and Transfer
"Equity Transfer"	the transfer of the Equity Transfer Subject by Baoding Zhongcheng to Qianqiu Management under the Equity Swap and Transfer Agreement
"Equity Transfer Subject"	the 10% shares in Zhongcheng Real Estate held by Baoding Zhongcheng
"Equity Valuation Reference Date"	the reference date agreed among the parties of the Equity Swap and Transfer Agreement to conduct audit and valuation on the Subject Equities for the purpose of implementing the Equity Swap and Transfer, i.e. 31 December 2018
"Equity Valuation Report on the Acquisition Subject Company"	the equity valuation report on the valuation of Acquisition Subject Company as at 31 December 2018 prepared by the Valuer, which is set out in Appendix II of this circular
"Equity Valuation Report on the Disposal and Transfer Subject Companies"	the equity valuation report on the valuation of Disposal and Transfer Subject Companies as at 31 December 2018 prepared by the Valuer, which is set out in Appendix I of this circular
"Group"	the Company and its subsidiaries
"H Shares"	overseas listed foreign Shares in the share capital of the Company, with a nominal value of RMB1.00 each, which are subscribed for and traded in HK dollars and listed on the Stock Exchange
"HK$" or "HK dollars"	Hong Kong dollars, the lawful currency of Hong Kong
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Independent Board Committee"	the Independent Board Committee of the Company comprising all independent non-executive Directors independent from related matters to advise Independent Shareholders in respect of the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement as well as the Engineering Construction Service Framework Agreement and its proposed annual caps

"Independent Financial Adviser"	Halcyon Capital Limited, a corporation licensed to conduct type 6 (advising on corporate finance) regulated activities under the SFO (Chapter 571 of the Laws of Hong Kong) and the independent financial adviser of the Company appointed to advise the Independent Board Committee and the Independent Shareholders in respect of the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement as well as the Engineering Construction Service Framework Agreement and its proposed annual caps
"Independent Shareholders"	Shareholders of the Company other than Zhongru Investment and Qianbao Investment
"Independent Third Parties"	to the best knowledge of the Directors after having made all reasonable enquiries, persons not connected to the Group and its connected persons
"Jinshibang Real Estate"	Sanhe Jinshibang Real Estate Development Co., Ltd. (三河市金世邦房地產開發有限公司), a limited liability company incorporated in the PRC on 7 December 2018, and is a subsidiary of the Company held as to 55% by the Company as of the Latest Practicable Date. Unless the context otherwise requires, its subsidiary(ies) is included
"Latest Practicable Date"	30 May 2019, being the latest practicable date prior to the printing of this circular for the purpose of ascertaining certain information contained herein
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
"PPP"	public-private partnership, a partner relationship based on a framework agreement and formed between the government and private organizations for co-construction of infrastructure construction projects or providing certain public goods and services
"PRC"	the People's Republic of China, for the purpose of this circular, excluding Hong Kong, Macau Special Administrative Region of the People's Republic of China and Taiwan
"Property Valuation Report"	the valuation report on the property interests concerning the Disposal and Transfer Subject Companies as at 28 February 2019 prepared by the Valuer, which is set out in Appendix III of this circular

"Qianbao Investment"	Qianbao Investment Co., Ltd. (乾寶投資有限責任公司) (previously known as Baoyuan Investment Co., Ltd. (寶元投資有限責任公司)), a company incorporated in the PRC on 19 April 2010 with limited liability. As at the Latest Practicable Date, Qianbao Investment directly and indirectly through Zhongru Investment held approximately 73.8% equity interests of the Company in aggregate and is a controlling shareholder of the Company
"Qianqiu Management"	Hebei Construction Group Qianqiu Management Co., Ltd. (河北建設集團千秋管業有限公司), a company incorporated in the PRC on 17 December 2003 with limited liability. As of the Latest Practicable Date, it was a wholly-owned subsidiary of Zhongming Zhiye
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"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)"	Domestic Shares and H Shares
"Shareholders(s)"	holder(s) of the Share(s) of the Company
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"Subject Companies"	collectively, the Disposal and Transfer Subject Companies and the Acquisition Subject Company. Unless the context otherwise requires, their respective subsidiary(ies) is included
"Subject Equities"	collectively, the corresponding Acquisition Subject, Disposal Subject and Equity Transfer Subject under the Equity Swap and Transfer
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"Supervisor(s)"	supervisor(s) of the Company
"Transition Period"	the period from the Equity Valuation Reference Date (exclusive) to the Closing Date (inclusive)

"Valuer"	Jones Lang LaSalle Corporate Appraisal and Advisory Limited, the independent professional and qualified valuer entrusted by the Company to issue the Equity Valuation Report on the Disposal and Transfer Subject Companies, the Equity Valuation Report on the Acquisition Subject Company and the Property Valuation Report
"Zhongcheng Real Estate"	Zhongcheng Real Estate Development Co., Ltd. (中誠房地產開發股份有限公司), a joint stock company incorporated in the PRC with limited liability on 4 August 1992, and is a wholly-owned subsidiary directly and indirectly owned (through Baoding Zhongcheng) as to 100% in aggregate by the Company as of the Latest Practicable Date. Unless the context otherwise requires, its subsidiary(ies) is included
"Zhongming Zhiye"	Zhongming Zhiye Co., Ltd. (中明置業有限公司), a company incorporated in the PRC on 1 December 2016 with limited liability. As at the Latest Practicable Date, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively
"Zhongru Investment"	Zhongru Investment Co., Ltd. (中儒投資股份有限公司) (previously known as Baoding Zhongyang Investment Co., Ltd. (保定中陽投資股份有限公司)), a joint stock company incorporated in the PRC on 2 August 2010. As at the Latest Practicable Date, Zhongru Investment directly held 68.3% equity interests of the Company and is a controlling shareholder of the Company
"%"	per cent

河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1727)

Executive Directors:
Mr. LI Baozhong *(Chairman)*
Mr. SHANG Jinfeng *(President)*
Mr. LIU Yongjian
Mr. ZHAO Wensheng

Non-executive Directors:
Mr. LI Baoyuan *(Honorary Chairman)*
Mr. CAO Qingshe *(Vice Chairman)*

Independent non-executive Directors:
Mr. XIAO Xuwen
Ms. SHEN Lifeng
Ms. CHEN Xin
Mr. CHAN Ngai Sang Kenny

Registered Office:
No. 125 Lugang Road
Jingxiu District
Baoding City, Hebei Province
the PRC

Headquarters and Principal Place of Business in the PRC:
No. 125 Lugang Road
Jingxiu District
Baoding City, Hebei Province
the PRC

Principal Place of Business in Hong Kong:
40th Floor, Sunlight Tower
248 Queen's Road East
Wanchai
Hong Kong

31 May 2019

To the Shareholders

Dear Sir or Madam,

**(1) 2018 ANNUAL REPORT
(2) 2018 FINANCIAL REPORT
(3) WORK REPORT OF THE BOARD FOR 2018
(4) WORK REPORT OF THE BOARD OF SUPERVISORS FOR 2018
(5) PROFIT DISTRIBUTION PROPOSAL FOR 2018
(6) REMUNERATION OF DIRECTORS FOR 2018
(7) REMUNERATION OF SUPERVISORS FOR 2018
(8) FINANCING PLAN FOR 2019
(9) GUARANTEE ARRANGEMENT FOR 2019
(10) NON-REAPPOINTMENT OF OVERSEAS AUDITOR AND APPOINTMENT OF DOMESTIC AUDITOR FOR 2019 AND DETERMINATION OF ITS REMUNERATIONS
(11) DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY SWAP AND TRANSFER AGREEMENT
(12) DISCLOSABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE ENGINEERING CONSTRUCTION SERVICE FRAMEWORK AGREEMENT
(13) CHANGE OF SCOPE OF BUSINESS OF THE COMPANY
(14) ISSUANCE OF DEBT FINANCING INSTRUMENTS IN 2019
(15) GENERAL MANDATE TO ISSUE SHARES
AND
(16) AMENDMENTS TO ARTICLES OF ASSOCIATION**

I. INTRODUCTION

The Company proposes to convene the AGM at 10 a.m. on Thursday, 20 June 2019 at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC. The notice convening the AGM is set out on page 95 to page 97 of this circular.

The purpose of this circular is to provide you with details regarding the resolutions to be proposed at the AGM for your consideration and approval as ordinary resolutions or special resolutions, as the case may be, at the AGM, and to provide relevant information to enable you to make an informed decision on whether to vote for or against or abstain from voting on those resolutions. Such resolutions and relevant details are set out in the letter from the Board.

II. MATTERS TO BE RESOLVED AT THE AGM

ORDINARY RESOLUTIONS

1. 2018 Annual Report

An ordinary resolution will be proposed at the AGM to approve the 2018 Annual Report. For the full text of the report, please refer to the annual report of the Company for the year ended 31 December 2018, which was published on the website of the Company and the HKExnews website of the Stock Exchange on 23 April 2019 ("**2018 Annual Report**").

2. 2018 Financial Report

An ordinary resolution will be proposed at the AGM to approve the 2018 Financial Report. For the full text of the report, please refer to the 2018 Annual Report.

3. Work Report of the Board for 2018

An ordinary resolution will be proposed at the AGM to approve the Report of the Board for 2018. For the full text of the report, please refer to the 2018 Annual Report.

4. Work Report of the Board of Supervisors for 2018

An ordinary resolution will be proposed at the AGM to approve the Report of the Board of Supervisors for 2018. For the full text of the report, please refer to the 2018 Annual Report.

5. Profit Distribution Proposal for 2018

An ordinary resolution will be proposed at the AGM to approve the Profit Distribution Proposal of the Company for 2018.

Based on the 2018 financial report of the Company, the accumulative distributable reserve of the Company as of 31 December 2018 was RMB1,617,677,186.15. Given the actual condition of the Company and Shareholders' return, the Company proposed to distribute cash dividends out of the approximately 33% of the accumulative distributable reserve as of 31 December 2018 to Shareholders, totalling RMB528,415,050.00. The Board proposes to distribute 2018 final dividend of RMB0.30 per share (tax inclusive) in cash to its domestic Shareholders and H Shareholders whose names appear on the register of members on Thursday, 4 July 2019 based on total share capital of the Company as of 31 December 2018 of 1,761,383,500 shares. The 2018 final dividend will be denominated and declared in Renminbi, in particular, domestic Shareholders will be paid in Renminbi while H Shareholders will be paid in HK dollars. The exchange rate for HK dollars will be calculated in accordance with the average central parity rate as announced by the PBOC three business days before the day the dividend distribution announcement is made (inclusive of the day of the dividend distribution announcement). It is expected that the final dividend will be distributed on Thursday, 8 August 2019. The above profit distribution proposal is subject to approval at the AGM.

In order to ascertain the entitlements of the Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Saturday, 29 June 2019 to Thursday, 4 July 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to receive the proposed final dividend, all duly completed and signed share transfer documents together with relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares no later than 4:30 p.m. on Friday, 28 June 2019.

Final Dividend Income Tax Applicable to Overseas Shareholders

Withholding and Payment of EIT on behalf of Overseas Non-Resident Enterprise Shareholders

Pursuant to the applicable provisions of the EIT Law of the PRC (《中華人民共和國企業所得稅法》) and its implementing rules and the requirements under the Circular on Issues Relating to the Withholding of EIT by PRC Resident Enterprises on Dividends Paid to Overseas Non-PRC Resident Enterprise Shareholders of H Shares (Guo Shui Han [2008] No. 897) (《關於中國居民企業向境外H股非居民企業股東派發股息代扣代繳企業所得稅有關問題的通知》(國稅函[2008]897號)) issued by the SAT, the Company will withhold and pay EIT at the rate of 10% when it distributes the final dividend to overseas non-resident enterprise Shareholders of H Shares (including any H Shares of the Company registered in the name of HKSCC Nominees Limited, but excluding any H Shares of the Company registered in the name of HKSCC Nominees Limited which are held by China Securities Depository and Clearing Corporation Limited as nominee Shareholder on behalf of investors who invest in the H Shares of the Company through Shanghai-Hong Kong Stock Connect and Shenzhen-Hong Kong Stock Connect).

Withholding and Payment of Individual Income Tax on behalf of Overseas Individual Shareholders

Pursuant to the applicable provisions of the Individual Income Tax Law of the PRC (《中華人民共和國個人所得稅法》) and its implementing rules, the Notice of the State Administration of Taxation on Issues Concerning the Administration of Individual Income Tax Collection after the Annulment of Document Guo Shui Fa [1993] No. 045 (Guo Shui Han [2011] No. 348) (《國家稅務總局關於國稅發[1993]045號文件廢止後有關個人所得稅徵管問題的通知》(國稅函[2011]348號)) (the "**Tax Notice**") and other relevant laws, regulations and requirements under normative documents, the Company will implement the following arrangements in relation to the withholding and payment of individual income tax on behalf of the overseas individual H Shareholders:

- For individual H Shareholders who are Hong Kong or Macau residents or whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 10%, the Company will withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the final dividend;

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of less than 10%, the Company will temporarily withhold and pay individual income tax at the rate of 10% on behalf of these individual H Shareholders in the distribution of the final dividend. If relevant individual H Shareholders would like to apply for a refund of the excess amount of tax withheld and paid, the Company will handle, on their behalf, the applications for tax preferential treatments under relevant tax treaties according to the Tax Notice. Qualified Shareholders please submit in time a letter of entrustment and all application materials as required under the Tax Notice to the Company's H Share Registrar, Tricor Investor Services Limited. The Company will then submit the above documents to the competent tax authorities and, after their examination and if and when approved, the Company will assist in refunding the excess amount of tax withheld and paid;

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of more than 10% but less than 20%, the Company will withhold and pay individual income tax at the effective tax rate stipulated in the relevant tax treaty on behalf of these individual H Shareholders in the distribution of the final dividend; and

- For individual H Shareholders whose country (region) of domicile is a country (region) which has entered into a tax treaty with the PRC stipulating a tax rate of 20%, or a country (region) which has not entered into any tax treaties with the PRC, or under any other circumstances, the Company will withhold and pay individual income tax at the rate of 20% on behalf of these individual H Shareholders in the distribution of the final dividend.

6. Remuneration of Directors for 2018

An ordinary resolution will be proposed at the AGM to approve the remuneration of Directors for 2018.

Pursuant to relevant provisions under the Articles of Association and the related contracts entered into between the Company and the Directors, details of remuneration of Directors for 2018 are as follow:

Name	**Title**	**Total remuneration** *(RMB'0,000)*
Li Baozhong	Chairman and Executive Director	99.10
Shang Jinfeng	Executive Director and President	80.80
Liu Shuzhen[1]	Former Executive Director, Vice President and Chief Economic Officer	68.40
Liu Yongjian	Executive Director and Vice President	94.30
Li Baoyuan	Honorary Chairman and Non-executive Director	88.41
Cao Qingshe	Vice Chairman and Non-executive Director	81.70
Xiao Xuwen	Independent Non-executive Director	15.00
Shen Lifeng	Independent Non-executive Director	15.05
Chen Xin	Independent Non-executive Director	15.05
Chan Ngai Sang Kenny	Independent Non-executive Director	15.05

Notes:

1. As Ms. Liu Shuzhen resigned as the executive Director, vice president and chief economic officer of the Company on 8 January 2019, her Director remuneration was calculated and paid for the whole year of 2018.

2. As Mr. Zhao Wensheng took office as the executive Director of the Company on 25 February 2019, the Company did not pay him the Director remuneration for year 2018.

7. Remuneration of Supervisors for 2018

An ordinary resolution will be proposed at the AGM to approve the remuneration of Supervisors for 2018.

Pursuant to relevant provisions under the Articles of Association and the related contracts entered into between the Company and the Supervisors, details of remuneration of Supervisors for 2018 are as follow:

Name	Title	Total remuneration *(RMB'0,000)*
Mao Yuanli[1]	Former Chairman of the Board of Supervisors and Shareholder Supervisor	53.80
Yu Xuefeng[2]	Chairman of the Board of Supervisors and Shareholder Supervisor	61.84
Liu Jingqiao	Employee Supervisor	20.06
Feng Xiujian	Shareholder Supervisor	19.78
Yue Jianming	Employee Supervisor	19.59
Wang Feng	Shareholder Supervisor	19.62

Notes:

1. As Mr. Mao Yuanli resigned as Supervisor and chairman of the Board of Supervisors of the Company on 25 June 2018, his Supervisor remuneration was calculated and paid based on his term of service in 2018 with the Company.

2. As Mr. Yu Xuefeng took office as Supervisor and chairman of the Board of Supervisors of the Company on 25 June 2018, his Supervisor remuneration was calculated and paid based on his term of service in 2018 with the Company.

8. Financing Plan for 2019

An ordinary resolution will be proposed at the AGM to approve the Financing Plan for 2019.

According to the 2019 Financial Budget of the Company and taking into account the capital requirements out of comprehensive consideration for the development plan and the status of business development of the Company, the Company has the following arrangements regarding the Financing Plan for 2019:

I. Overall Financing Plan

The financing facilities for working capital loan, bill financing, factoring financing and borrowings of project companies of the Company (including wholly-owned and holding subsidiaries and joint-stock and controlling PPP project companies) are expected to be RMB19.546 billion for 2019. Of which, the planned financing facilities of the Company (including the branches) amount to RMB5.01 billion, the planned financing facilities of its wholly-owned and holding subsidiaries amount to RMB4.536 billion, and the financing facilities of PPP project companies amount to RMB10.0 billion (including those undertaken and to be undertaken).

Financing schedule of Hebei Construction Group Corporation Limited for 2019

Unit: RMB100 million

Target	Expected financing amount	Expected period
The Company (including its branches)	50.10	1-3 years
Wholly-owned and holding subsidiaries of the Company	45.36	1-3 years
PPP project financing undertaken	60.00	2-10 years
PPP project financing to be undertaken	40.00	2-10 years
Total	195.46	

II. Credit Facility Plan

The Group intends to obtain total credit facilities of RMB19.65 billion from various financial institutions for 2019. The Company plans to obtain total credit facilities of up to RMB13.4 billion from various financial institutions, with no more than RMB6.25 billion of total credit facilities for subsidiaries.

III. Duration of the Financing Plan

The 2019 financing plan will be valid for the period commencing from 1 July 2019 to 30 June 2020.

9. Guarantee Arrangement for 2019

An ordinary resolution will be proposed at the AGM to approve the Guarantee Arrangement for 2019. It is proposed that the AGM authorises the Board, which may further delegate such authority to the Chairman or the management to make decisions on the grant of guarantee of the Company in 2019 within the framework of the Financing Plan for 2019 with the authorization period commencing from 1 July 2019 to 30 June 2020.

In order to meet its production and operational needs, the Company has formulated the guarantee plan for 2019 taking into account the actual capital flow and the Financing Plan for 2019. Details of which are as follows:

The guarantee plan for 2019 was developed based on the actual circumstances of the Company and its branches and subsidiaries, and with reference to the capital requirements as reported by the business units of the Company. To ensure steady development of the Company, it will provide new investment for continued project construction and finance the loans granted in the original projects. For risk control purpose, the Company will strictly review new projects, so that project financing and guarantee will be in compliance with relevant requirements of the Company Law of the PRC and the approval procedures.

The total amount of various guarantees of the Company, its branches and subsidiaries are estimated to be RMB7.1 billion (excluding PPP projects) for 2019, of which, the Company will provide external guarantees, including various guarantees for an amount of RMB5 billion for holding subsidiaries, investees or third parties to provide working capital, bill financing and letter of guarantee; the holding subsidiaries will provide external guarantees for a total amount of RMB2.1 billion for the Company, other consolidated subsidiaries of the Group, investees or third parties and guarantees for a total amount of RMB8.8 billion for PPP project companies.

Breakdown of the Guarantee Plan

Unit: RMB100 million

Guaranteed Business	Amount of Guarantee	Terms of Guarantee
Provided by the Company to investees and holding subsidiaries and third-party companies	50.00	1 to 3 years
Provided to PPP project companies	88.00	2 to 10 years
External guarantees of holding subsidiaries	21.00	1 to 3 years
Total	159.00	

10. Non-reappointment of Overseas Auditor and Appointment of Domestic Auditor for 2019 and Determination of its Remunerations

An ordinary resolution will be proposed at the AGM to approve the Company's non-reappointment of overseas auditor and appointment of domestic auditor for 2019 and determination of its remunerations.

Reference is made to the announcement of the Company dated 25 March 2019 in relation to, among other things, proposed non-reappointment of overseas auditor and proposed appointment of domestic auditor and determination of its remunerations. Ernst & Young and Ernst & Young Hua Ming LLP are the Company's overseas and domestic auditors, respectively. In view of the proposed adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements of the Company only, the Company therefore proposed not to re-appoint Ernst & Young as the overseas auditor of the Company for the year of 2019.

Ernst & Young confirmed that there is no matter in relation to the proposed non-reappointment of overseas auditor that needs to be brought to the attention of the Shareholders or the Stock Exchange. The Board and the Audit Committee of the Board of the Company confirmed that the Company had no disagreement with Ernst & Young regarding the proposed non-reappointment of overseas auditor.

The Company considers that non-reappointment of overseas auditor will not have any material and adverse impact on the publication of the Company's interim results for the six months ending 30 June 2019.

According to the domestic and overseas regulation and information disclosure requirements of the Company, taking into account the continuity and integrity of the Company's financial audit business and in view of the good credibility and influence of Ernst & Young Hua Ming LLP in the capital market and its familiarity with the regulatory requirements of the capital market, and considering that it provided professional services for the Company for the year of 2018 and established a good cooperating relationship with the Company, the Company proposed to re-appoint Ernst & Young Hua Ming LLP as the Company's domestic auditor for the year of 2019. The above auditor will perform audits on the financial statements prepared by the Company in accordance with the Chinese Accounting Standards for Business Enterprises and undertake the duties of the overseas auditor in accordance with the Rules Governing the Listing of Securities on the Hong Kong Stock Exchange for a term of office until the end of the 2019 annual general meeting of the Company. At the same time, it will be proposed at the AGM the authorization to the Board, and the further authorization by the Board to the president of the Company, to determine the remunerations of appointment of the above-mentioned auditor. Ernst & Young Hua Ming LLP is a certified public accounting firm accredited by the Ministry of Finance of PRC and the China Securities Regulatory Commission and is qualified to provide auditing services by adopting the Chinese Standards on Auditing for issuers listed in Hong Kong and incorporated in the PRC.

11. Disclosable and Connected Transaction in Relation to the Equity Swap and Transfer Agreement

An ordinary resolution will be proposed at the AGM to approve the Equity Swap and Transfer Agreement and the Disposal and Transfer contemplated thereunder.

Introduction

On 17 May 2019 (after trading hours), the Company, Baoding Zhongcheng, Zhongming Zhiye and Qianqiu Management entered into the Equity Swap and Transfer Agreement, pursuant to which, the Company proposed to swap the Disposal Subject held by it with the Acquisition Subject held by Zhongming Zhiye. Meanwhile, Baoding Zhongcheng proposed to transfer the Equity Transfer Subject held by it to Qianqiu Management, and the consideration shortfall between the Disposal Subject and the Equity Transfer Subject as well as the Acquisition Subject will be made up by the Company in cash to Zhongming Zhiye. The Disposal and Transfer and the Acquisition were entered into after commercial negotiations between the Company and Zhongming Zhiye, and are inseparable from each other.

Equity Swap and Transfer Agreement

The principal terms of the Equity Swap and Transfer Agreement are as follows:

(1) Date

17 May 2019

(2) Parties

The Company;

Baoding Zhongcheng;

Zhongming Zhiye; and

Qianqiu Management.

(3) The Disposal

(I) The Subject

The Company agreed to dispose and Zhongming Zhiye agreed to acquire the Disposal Subject.

(II) Consideration and determination basis

The Valuer evaluated the Disposal Subject on the Equity Valuation Reference Date, and issued the Equity Valuation Report on the Disposal and Transfer Subject Companies, details of which are set out in Appendix I of this circular. The valuation is as follows:

According to the Equity Valuation Report on the Disposal and Transfer Subject Companies, the valuation of the 90% shares of Zhongcheng Real Estate, the valuation of 66% equity interests of Baoding Tian'e Real Estate and the valuation of 55% equity interests of Jinshibang Real Estate proposed to be disposed by the Company is RMB122.1 million, RMB62.3 million, and RMB6.1 million, respectively. The valuation of the Disposal Subject is RMB190.5 million in total.

The Equity Valuation Report on the Disposal and Transfer Subject Companies adopted the summation method under cost approach, where the standalone financial statements of the Disposal and Transfer Subject Companies have been reviewed and each assets/liabilities class has been re-valuated in accordance with the approach and methodology disclosed in Appendix I of this circular which conforms with International Valuation Standards. The Directors have reviewed the valuation approach and methodology and are of the opinion that they are reasonable and fair.

Given (i) the Valuer's valuation of the Disposal Subject; (ii) the current situation and future development prospects of the relevant industries in which the Disposal and Transfer Subject Companies are located; and (iii) the business condition, historical financial performance and future development potential of the Disposal and Transfer Subject Companies, and through arm's length negotiation between the Company and Zhongming Zhiye, the total transfer consideration of the Disposal Subject is RMB190.5 million.

(4) The Acquisition

(I) The Subject

Zhongming Zhiye agreed to dispose and the Company agreed to acquire the Acquisition Subject.

(II) Consideration and determination basis

The Valuer evaluated the Acquisition Subject on the Equity Valuation Reference Date, and issued the Equity Valuation Report on the Acquisition Subject Company, details of which are set out in Appendix II of this circular. The valuation is as follows:

According to the Equity Valuation Report on the Acquisition Subject Company, the valuation of 100% equity interests of HCG Garden Engineering proposed to be acquired by the Company is RMB274.0 million.

Given (i) the Valuer's valuation of the Acquisition Subject; (ii) the current situation and future development prospects of the relevant industries in which the Subject Company is located; (iii) the business condition, historical financial performance and future development potential of the Subject Company, and through arm's length negotiation between the Company and Zhongming Zhiye; and (iv) the special dividend paid by HCG Garden Engineering to its shareholders of RMB60.0 million, the total transfer consideration of the Acquisition Subject is RMB214.0 million.

(5) The Equity Transfer

(I) The Subject

Based on the Equity Swap, Baoding Zhongcheng agreed to transfer the Equity Transfer Subject held by it to Qianqiu Management.

(II) Consideration and determination basis

The Valuer evaluated the Equity Transfer Subject on the Equity Valuation Reference Date, and issued the Equity Valuation Report on the Disposal and Transfer Subject Companies, details of which are set out in Appendix I of this circular. According to the Equity Valuation Report on the Disposal and Transfer Subject Companies, as of the Equity Valuation Reference Date, the valuation of the Equity Transfer Subject was RMB13.6 million.

Given (i) the Valuer's valuation of the Equity Transfer Subject; (ii) the current situation and future development prospects of the relevant industries in which the Subject Companies are located; and (iii) the business condition, historical financial performance and future development potential of the Subject Companies, and through arm's length negotiation between Baoding Zhongcheng and Qianqiu Management, the total transfer consideration of the Equity Transfer Subject is RMB13.6 million.

(6) Payment of consideration

The parties agree that the consideration of the Equity Transfer Subject will be paid by Zhongming Zhiye on behalf of Qianqiu Management and received by the Company on behalf of Baoding Zhongcheng; the consideration shortfall between the Disposal Subject, the Equity Transfer Subject and the Acquisition Subject will be made up by the Company in cash to Zhongming Zhiye, totalling RMB9.9 million, of which:

(i) 50%, being RMB4.95 million will be paid on the Closing Date; and

(ii) the remaining 50%, being RMB4.95 million, will be paid within five days from the date of completion of the industrial and commercial registration or filing procedures for the Equity Swap and Transfer.

(7) Gain or Loss during the Transition Period

The Company and Zhongming Zhiye agreed that the gain or loss arising from operations or changes in equity arising from other causes of the Disposal Subject during the Transition Period will be entitled to or borne by Zhongming Zhiye, and the gain or loss arising from operations or changes in equity arising from other causes of the Acquisition Subject during the Transition Period will be entitled to or borne by the Company.

Baoding Zhongcheng and Qianqiu Management agreed that the gain or loss arising from operations or changes in equity arising from other causes of the Equity Transfer Subject during the Transition Period will be entitled to or borne by Qianqiu Management.

Based on the management accounts prepared in accordance with the Chinese Accounting Standards for Business Enterprises, the net loss attributable to the controlling shareholders of the Disposal and Transfer Subject Companies for the four months ended 30 April 2019 was RMB13.9 million. While the net profit attributable to the controlling shareholders of the Acquisition Subject Company for the four months ended 30 April 2019 was RMB7.1 million. Since the Disposal and Transfer Subject Companies recorded net loss and their financial performance were deteriorating during the recent financial years while the Acquisition Subject Company has seen a positive financial performance, the Board believes the above arrangement is in the best interests of the Company and its Shareholders as a whole. The Company would not like to perform special audit for the Transition Period in order to avoid extra and unduly burdensome works and costs.

(8) Conditions precedent

The implementation of the Equity Swap and Equity Transfer is subject to the satisfaction or exemption by the parties (as the case may be) of certain conditions precedent:

(i) The execution of the Equity Swap and Transfer Agreement and the Disposal and Transfer contemplated thereunder has been approved by the Board of the Company and the AGM in accordance with the requirements of the Listing Rules;

(ii) During the period from the date of signing of the Equity Swap and Transfer Agreement and the Closing Date, the Subject Equities are not pledged, frozen or otherwise restricted; and

(iii) All necessary approvals, consents, filing and waivers (if applicable) in respect of the Equity Swap and Transfer Agreement and the transactions contemplated thereunder required to be obtained from any government authority or other third party pursuant to the applicable laws and contractual agreements have been unconditionally and irrevocably obtained, including but not limited to, the written consent which shall be obtained by the Company and Baoding Zhongcheng from Shareholders with pre-emptive rights of Baoding Tian'e Real Estate and Jinshibang Real Estate prior to the Closing Date to waive their pre-emptive rights.

As of the Latest Practicable Date, to the best knowledge, information and belief of the Directors, the Company, Baoding Zhongcheng, Zhongming Zhiye and Qianqiu Management had respectively obtained all necessary internal approvals, except for the approvals of the Independent Shareholders on the Equity Swap and Transfer Agreement and the Disposal and Transfer expected to be contemplated thereunder at the AGM.

(9) Completion

Each of the parties agrees to take the day following the effectiveness of the Equity Swap and Transfer Agreement as the Closing Date of the Equity Swap and Equity Transfer. From the Closing Date, all rights, obligations and risks of the Subject Equities will be transferred.

On the Closing Date, one party shall hand over to the other party all the business records, financial and accounting records, operation records, operation data, operation statistics, instructions, maintenance manuals, training manuals and relevant technical records, technical materials, technical data, technical drawings, technical manuals, technical books, research and development project data and all other technical know-hows (whether in written from or stored in computers or in any other manner) required or related to the normal operation of the Subject Companies.

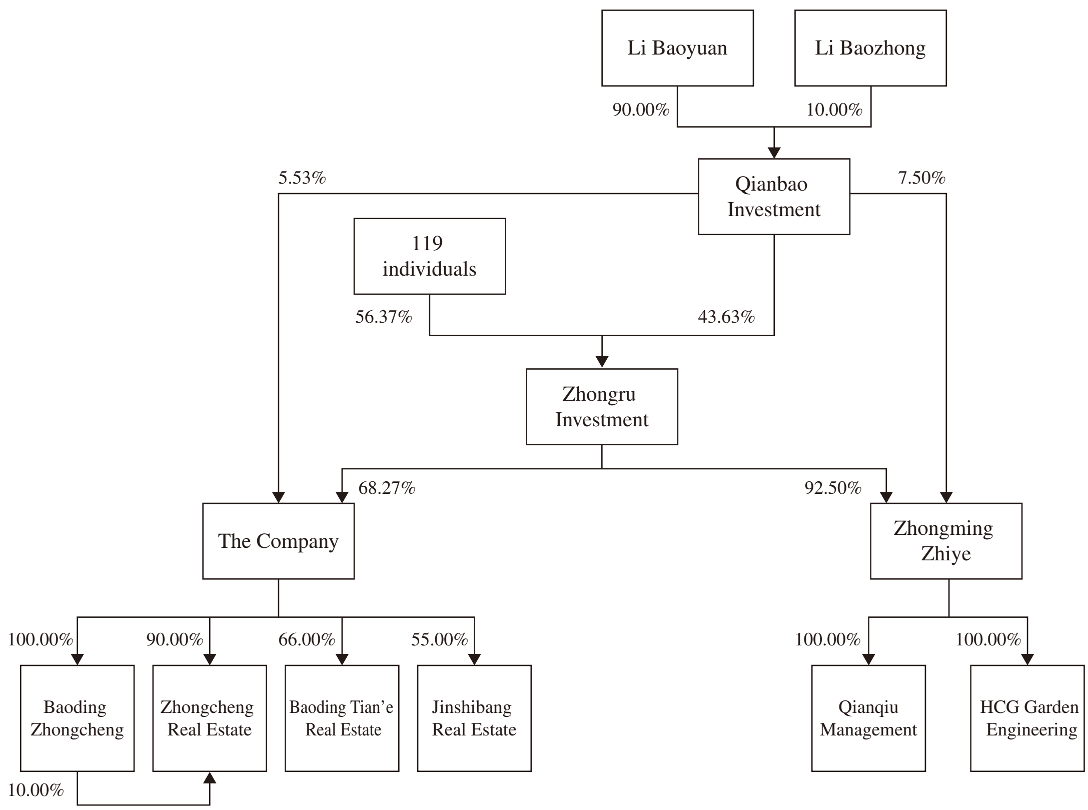
Each of the parties agrees that on the Closing Date, each of the Subject Companies shall convene a general meeting or pass a resolution on the Equity Swap and Equity Transfer and the corresponding changes in the articles of association of the company, and go through the industrial and commercial registration or the filing procedures within five days from the date of such resolution or determination, and one party shall provide the necessary assistance to the other party.

Each of the parties agrees to actively enter into and prepare all necessary documents related to the Equity Swap and Equity Transfer, cooperate with each other to handle all approval procedures for Equity Swap and Equity Transfer, and implement the Equity Swap and Equity Transfer as agreed in the Equity Swap and Transfer Agreement upon its effectiveness. In the implementation of the Equity Swap and Equity Transfer, the relevant parties shall provide necessary assistance to other parties according to the principle of good faith.

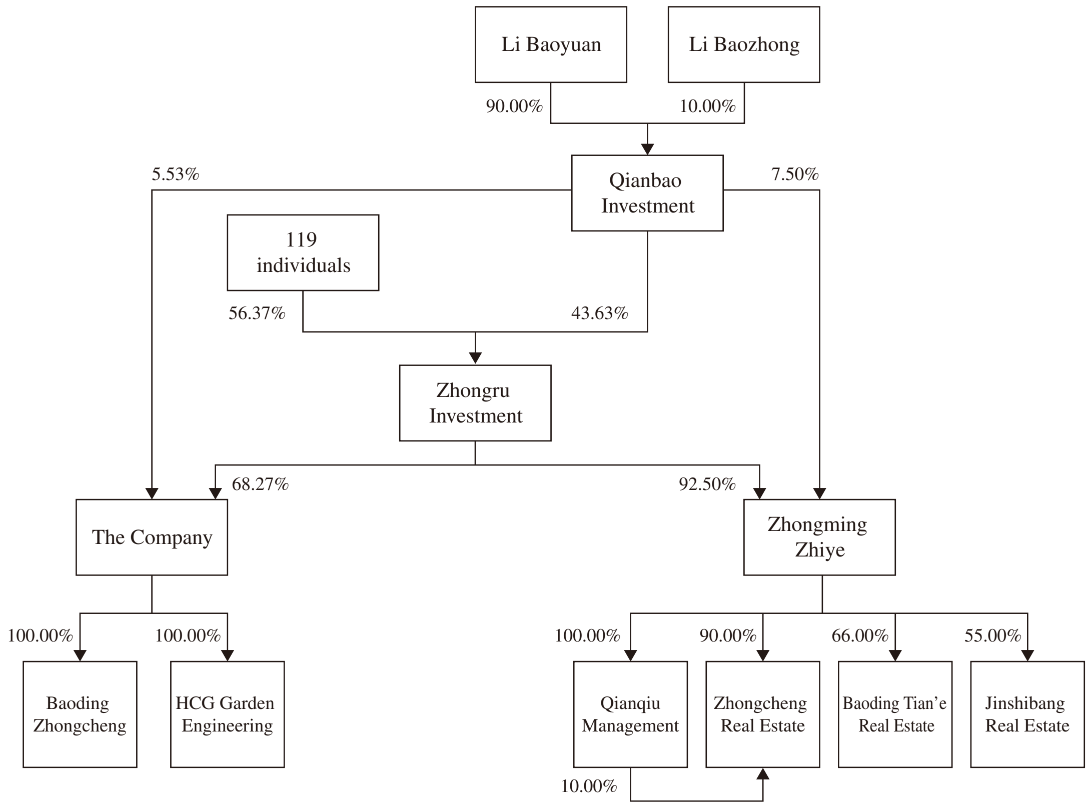
Shareholding structure chart before and after the Equity Swap and Transfer

The following charts set out the simplified actual shareholding structure of the relevant companies as at the Latest Practicable Date and immediately following the completion of Equity Swap and Transfer:

As at the Latest Practicable Date:



Immediately following the completion of Equity Swap and Transfer:



Financial impact of the Equity Swap and Transfer

Upon completion of the Equity Swap and Transfer, the Acquisition Subject Company will become a subsidiary of the Company, and the assets, liabilities and financial results of the Acquisition Subject Company will be consolidated into the Company's consolidated financial statements. Upon completion of the Equity Swap and Transfer, the Disposal and Transfer Subject Companies will no longer be subsidiaries of the Company, and the assets, liabilities and financial results of the Disposal and Transfer Subject Companies will not be consolidated into the Company's consolidated financial statements.

Regarding the Equity Swap and Transfer, the Acquisition Subject Company and the Disposal and Transfer Subject Companies are all under the common control of the same ultimate controlling shareholders, Zhongru Investment and Qianbao Investment. According to the Chinese Accounting Standards for Business Enterprises, as it is in the scope of acquiring and selling businesses – transfers between subsidiaries (sub-consolidated groups) under common control, the Company uses the pooling of interests method to account for this arrangement at its consolidation level. Therefore, the assets and liabilities of the Acquisition Subject Company and the Disposal and Transfer Subject Companies are reflected at their book values. And at the Company's consolidation level, the difference between the consideration transferred (the book value of the owner's equity of the Disposal and Transfer Subject Companies attributable to the Company as at 31 December 2018 plus cash consideration) and the acquired consolidated net assets (the book value of the owner's equity of HCG Garden Engineering attributable to Zhongming Zhiye as at 31 December 2018 after deducting the special dividend) is reflected within equity. The Company expects to record an increase in the owner's equity in the Group's unaudited financial statements by approximately RMB152,215,873.6 for the Equity Disposal and Transfer. The actual impact of the owner's equity in the unaudited financial statements will be determined based on the book value of the Subject Companies subsequent to the date of change of control.

The pooling of interests method is generally considered to involve the following:

- ***The assets and liabilities of the combining parties are reflected at their carrying amounts.***

  No adjustments are made to reflect fair values, or recognize any new assets or liabilities, at the date of the combination that would otherwise be done under the acquisition method. The only adjustments made are to align with accounting policies.

- ***No "new" goodwill is recognized as a result of the combination.***

  The only goodwill recognized is any existing goodwill relating to either of the combining parties. Any difference between the consideration transferred and the acquired consolidated net assets is reflected under equity.

  Therefore, at the Company's consolidation level, any difference between the consideration transferred (the carrying value of consolidated net assets or liabilities associated with the businesses of Zhongcheng Real Estate, Baoding Tian'e Real Estate and Jinshibang Real Estate) and the acquired consolidated net assets (the carrying value of consolidated net assets associated with the business of HCG Garden Engineering) is reflected under equity.

As at 31 December 2018, the carrying value of the consolidated net assets of the above relevant businesses are as follows:

In respect of the Disposal and Transfer:

- the carrying value of consolidated net liabilities associated with the business of Zhongcheng Real Estate: RMB61,013,325.1;
- the carrying value of consolidated net assets associated with the business of Baoding Tian'e Real Estate: RMB62,337,752.0;
- the carrying value of consolidated net assets associated with the business of Jinshibang Real Estate: RMB6,049,890.0;
- cash: RMB9,905,340.0.

In respect of the Acquisition:

- the carrying value of consolidated net assets associated with the business of HCG Garden Engineering: RMB229,495,530.5;
- special dividend: RMB-60,000,000.0.

As a result, the difference would increase the equity by: (RMB229,495,530.5 – RMB60,000,000.0) – (-RMB61,013,325.1 + RMB62,337,752.0 + RMB6,049,890.0 + RMB9,905,340.0) = **RMB152,215,873.6**.

The Company intends to use the increase in owner's equity arising from the Equity Swap and Transfer to support the future development of HCG Garden Engineering.

Based on the above, the Company expects that the Equity Swap and Transfer will not have material impact on the Group's consolidated financial position.

Reasons for and Benefits of the Equity Swap and Transfer

The Board (including independent non-executive Directors) believes that the Equity Swap and Transfer is based on the following reasons and is in the best interests of the Company:

(1) Consolidating the leading position in the industry and seizing the opportunities in the industry

According to information publicly available, in 2018, the total output value of the construction industry was RMB23,508.6 billion, up 9.9% year-on-year, higher than the growth rate of national GDP. The construction area of buildings nationwide was 14.09 billion square meters, up 6.9% year-on-year. Building construction, infrastructure construction and specialized supporting services are still important components of China's construction industry. At the same time, the National New Urbanization Plan (2014-2020) (《國家新型城鎮化規劃(2014-2020)》) clearly emphasizes intensive urban development and green development. Environmental indicators such as green buildings and green space rate of the built-up area have been set up. Residents' requirements for creating a good and high-quality living environment have been further improved. The Company is a leading construction group in China, mainly providing construction contracting services for building construction projects and infrastructure construction projects as the main contractor, while HCG Garden Engineering possesses leading qualifications in garden construction business. It is expected that upon completion of the Equity Swap and Transfer, the Company will have a more integrated and comprehensive competitive advantage in terms of industry positioning, business scope and service quality, and will have stronger competitiveness in the national construction industry and grasp the industry opportunities.

(2) Focusing on developing construction business and cultivating core competitiveness

Upon completion of the Equity Swap and Transfer, the Company will dispose the equity interests in the real estate development business to Zhongming Zhiye, which will help the Company to focus on the development of construction capabilities, further deepen the service quality and highlight the Company's brand advantages in construction. In the long run, the Equity Swap and Transfer will also help the Company to define its future key development direction, streamline its main business, and concentrate resources to respond to major strategic calls such as the coordinated development of Beijing, Tianjin and Hebei, the planning and construction of Xiong'an new area, the construction of the 2022 Winter Olympics venues, and the "Belt and Road Initiative".

(3) Enriching the construction business system and serving customers in all aspects

HCG Garden Engineering consolidated upon completion of the Equity Swap and Transfer has synergy effect with the Company's construction business in terms of business scope, which is expected to further improve the Company's business scope. In the future, the Company can bid for diversified project portfolios to provide customers with better integrated services, seize emerging development opportunities in building and infrastructure industries, and ensure the Company's long-term sustainable development.

(4) Resource integration and sharing to enhance business capability

The Company has one special-grade qualification, 19 first-grade qualifications, 12 second-grade qualifications and 7 third-grade qualifications in construction project contracting, of which the Company's special-grade qualification for construction project general contracting is the highest qualification granted to construction project general contractors, and the Company also has advanced technology and research and development strength. At the same time, HCG Garden Engineering has the Grade A qualification of landscape garden engineering design, first-grade qualifications for special contracting for urban gardening and landscaping, and ancient architecture engineering, qualifications for general contracting for municipal public engineering construction, general contracting for construction projects, special contracting for urban and road lighting engineering, special contracting for environmental protection engineering, etc. Upon completion of the Equity Swap and Transfer, the Company's construction and research and development strength will reach a new level. In addition, other resources such as customers, purchasing network, technical knowledge, management personnel, research strength and other resources will also be integrated after Equity Swap and Transfer, which will help to form scale effect and reduce costs. Through the overall planning of business planning, as well as the sharing of business technology, marketing services and customer resources, it is expected that the Equity Swap will further enhance the Company's business capability and create a brand image.

(5) Properly managing risks brought about by the state's control and engaging in industries with broad development prospects

In recent years, real estate development business is confronted with the impact arising from macro-control measures and fierce competition. Social, political, economic, legal and other factors will have a continuing impact on the development of China's real estate industry. Meanwhile, the sharp decline in the domestic economy will have an adverse effect on the demand of the real estate industry. In order to ensure the orderly development of the real estate industry, the Chinese government will from time to time implement macro-control measures on the real estate industry, including policies such as restricting the financing of real-estate-related businesses, which will exert certain impact on the Company's future financing plans. In contrast, due to China's sustained economic development, urbanization and improvement in the living standards of Chinese citizens, according to the data of the National Bureau of Statistics, investment in environmental pollution control increased significantly at a compound annual growth rate of approximately 14.1% from 2000 to 2017, while investment in municipal green landscaping construction increased substantially at a compound annual growth rate of approximately 18.0% during the same period, exceeding the compound annual growth rate of approximately 13.2% of GDP of the same period. Judged from the Company's financial data, revenue from Disposal and Transfer Subject Companies recorded an obvious decrease from 2017 to 2018 with negative profit in 2018, while revenue from Acquisition Subject Company was positive and trended upwards from 2017 to 2018. Upon completion of the Equity Swap and Transfer, the Company will actively participate in the landscaping industry with major support from the state and broad prospects for future development while avoiding uncertainties brought about by the state's control in the real estate industry.

(6) Integrating integral auxiliary business and alleviating financial pressure

The Company proposes to complete the integration of a set of integral auxiliary business modules through the Equity Swap and Transfer, i.e. the disposal of real-estate-related business and the acquisition of landscaping business. As an integration plan designed for the Company's long-term business planning, the Disposal and Transfer and the Acquisition constitute an inseparable transaction. In addition, the transfer of real-estate-related business to Zhongming Zhiye and Qianqiu Management (a wholly-owned subsidiary of Zhongming Zhiye), and the acquisition of HCG Garden Engineering (a wholly-owned subsidiary of Zhongming Zhiye), will facilitate reducing the cash consideration for the transaction and alleviate the financial pressure of the Company.

Directors (including independent non-executive Directors) are of the opinion that, although due to the transaction nature, the Equity Swap and Transfer Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Company, they are entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Group's expected development plan upon completion of the Equity Swap and Transfer

Upon completion of the Equity Swap and Transfer, on the one hand, the Company will focus more on the construction business, concentrate resources to develop the Company's capability in the construction business and its supporting technology business, and deepen the business scope. At the same time, as a supplement to the Company's main business, the incorporated assets form a synergistic effect that can help the Company to realize diversified and all-round enterprise positioning and provide comprehensive and high-quality integrated services for its customers. On the other hand, upon completion of the Equity Swap and Transfer, the Company will further make use of the convenience brought by the integration of resources to further improve efficiency, promote the business development of the Company and build core competitiveness by sharing high-quality talent resources and integrating research and development resources.

Information on the Subject Companies

(1) Information on Zhongcheng Real Estate

Zhongcheng Real Estate is a joint stock company incorporated in the PRC with limited liability on 4 August 1992, and primarily engaged in property development business. As of the Latest Practicable Date, it is a wholly-owned subsidiary directly and indirectly owned (through Baoding Zhongcheng) as to 100% in aggregate by the Company.

The following table sets out the audited consolidated total assets and net assets of Zhongcheng Real Estate as at 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	As at 31 December	
	2018	**2017**
Total assets	5,292,355,146.3	5,797,106,659.9
Net assets (including non-controlling interests)	240,542,971.8	394,254,025.7
Net (liabilities)/assets attributable to controlling shareholder(s)	(61,013,325.1)	108,502,697.4

The changes in the net (liabilities)/assets attributable to controlling shareholder(s) were mainly due to (1) government intervention and policy changes in the property market; and (2) the poor performance of Zhongcheng Real Estate in 2018. The concept of Xiong'an New Area was being introduced in 2017, leading to the surge in the property price in Hebei province and Zhongcheng Real Estate recorded a good financial performance that year. However, government started to implement macroeconomic regulation and control in property market in 2018. The government control resulted into a decrease in property price across mainland China, which in turn leading to the decreased financial performance of Zhongcheng Real Estate in 2018. The management is of the view that this situation is not likely to be improved in the near future. In addition, the sales performance of the certain projects under Zhongcheng Real Estate did not meet expectations due to the unfavorable conditions of the local property market. As the land price of 2018 in the region where the projects are located has dropped below the price at which Zhongcheng Real Estate acquired the land use rights of such land plots, Zhongcheng Real Estate recorded a great loss.

The difference in the net assets attributable to non-controlling shareholder(s) and the net assets attributable to controlling shareholder(s) during the last two years resulted from: (i) on one hand, the subsidiaries where Zhongcheng Real Estate had non-controlling interests had completed their properties' advance-selling activities at relatively high selling prices at the time when the property market was favourable, therefore these subsidiaries recorded a net profit for the last two years when related properties were delivered to customers and related revenue were recognized, which increased the net assets attributable to both controlling shareholder(s) and non-controlling shareholder(s); (ii) on the other hand, for other associates and subsidiaries where Zhongcheng Real Estate had no non-controlling interests, most of their properties were newly established and were sold with relatively low selling prices along with the recent down-turn property market performance, which resulted in net loss and decreased the net assets attributable to the controlling shareholders. As a result, Zhongcheng Real Estate recorded a net liabilities attributable to the controlling shareholder(s) in 2018 while the net assets attributable to the non-controlling shareholder(s) were positive.

The following table sets out the audited consolidated total revenue and profit/(loss) of Zhongcheng Real Estate for the two financial years ended 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	For the year ended 31 December	
	2018	**2017**
Total revenue	1,476,666,027.5	2,248,874,889.3
(Loss)/profit before income tax expense	(110,357,975.3)	274,194,701.8
(Loss)/profit after income tax expense	(163,711,053.8)	191,904,626.5
(Loss)/profit after income tax expense attributed to controlling shareholder(s)	(176,935,494.9)	147,264,550.1

(2) Information on Baoding Tian'e Real Estate

Baoding Tian'e Real Estate is a limited liability company incorporated in the PRC on 14 December 2016 and primarily engaged in property development business. As of the Latest Practicable Date, it is a subsidiary of the Company held as to 66% by the Company.

The following table sets out the audited consolidated total assets and net assets of Baoding Tian'e Real Estate as at 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	As at 31 December	
	2018	**2017**
Total assets	95,575,606.0	97,283,812.6
Net assets (including non-controlling interests)	94,451,139.4	97,124,562.9
Net assets attributable to controlling shareholder(s)	62,337,752.0	64,102,211.5

The following table sets out the audited consolidated total revenue and loss of Baoding Tian'e Real Estate for the two financial years ended 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	For the year ended 31 December	
	2018	**2017**
Total revenue	0	0
(Loss) before income tax expense	(2,673,423.5)	(2,502,799.5)
(Loss) after income tax expense	(2,673,423.5)	(2,502,799.5)
(Loss) after income tax expense attributed to controlling shareholder(s)	(1,764,459.5)	(1,651,847.7)

(3) Information on Jinshibang Real Estate

Jinshibang Real Estate is a limited liability company incorporated in the PRC on 7 December 2018, and primarily engaged in property development business. As of the Latest Practicable Date, it is a subsidiary of the Company held as to 55% by the Company.

The following table sets out the audited consolidated total assets and net assets of Jinshibang Real Estate as at 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	As at 31 December	
	2018	**2017**
Total assets	86,000,000.0	–
Net assets (including non-controlling interests)	10,999,800.0	–
Net assets attributable to controlling shareholder(s)	6,049,890.0	–

The following table sets out the audited consolidated total revenue and loss of Jinshibang Real Estate for the two financial years ended 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	For the year ended 31 December	
	2018	**2017**
Total revenue	0	–
(Loss) before income tax expense	(200.0)	–
(Loss) after income tax expense	(200.0)	–
(Loss) after income tax expense attributed to controlling shareholder(s)	(110.0)	–

A reconciliation of property interests held by Zhongcheng Real Estate, Baoding Tian'e Real Estate and Jinshibang Real Estate as of 28 February 2019 and such property interests in our consolidated financial statements as of 31 December 2018 as required under Rule 5.07 of the Listing Rules is set forth below:

(RMB in millions)

Net book value of the property interests as of 31 December 2018	3,827
Additions	295
Sold	(100)
Net book value as of 28 February 2019	4,022
Valuation surplus as of 28 February 2019	379
Valuation as of 28 February 2019	4,401[1]

Note:

1. Including commercial value and reference value of the property interests in the consolidated financial statement as of 28 February 2019.

(4) Information on HCG Garden Engineering

HCG Garden Engineering is a limited liability company incorporated in the PRC on 26 December 2006, and primarily engaged in landscape engineering design and engineering procurement construction as well as landscaping engineering construction. As of the Latest Practicable Date, it is a wholly-owned subsidiary of Zhongming Zhiye. The original acquisition cost of the 100% equity interests in HCG Garden Engineering held by Zhongming Zhiye is RMB80 million, which was determined mainly with reference to the then registered capital of HCG Garden Engineering.

The following table sets out the unaudited consolidated total assets and net assets of HCG Garden Engineering as at 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	As at 31 December	
	2018	**2017**
Total assets	1,736,287,668.7	1,040,709,817.8
Net assets (including non-controlling interests)	244,743,473.0	208,500,326.2
Net assets attributable to controlling shareholder(s)	229,495,530.5	188,100,681.8

The following table sets out the unaudited consolidated total revenue and profit of HCG Garden Engineering for the two financial years ended 31 December 2017 and 31 December 2018, prepared in accordance with the Chinese Accounting Standards for Business Enterprises:

(Unit: RMB)

	For the year ended 31 December	
	2018	**2017**
Total revenue	1,146,161,723.4	847,633,265.3
Profit before income tax expense	49,313,523.2	68,083,074.2
Profit after income tax expense	36,243,146.7	54,839,914.5
Profit after income tax expense attributed to controlling shareholder(s)	41,394,848.6	54,520,265.0

Information on the parties to the Equity Swap and Transfer Agreement

(1) Information on the Company

The Company is a joint stock company incorporated in the PRC on 7 April 2017 with limited liability and is engaged in the provision of integrated solutions primarily for the construction contracting of buildings and infrastructure projects.

(2) Information on Baoding Zhongcheng

Baoding Zhongcheng is a limited liability company incorporated in the PRC on 20 September 2007, which is primarily involved in construction, real estate investment and management. As of the Latest Practicable Date, it is a wholly-owned subsidiary of the Company.

(3) Information on Zhongming Zhiye

Zhongming Zhiye is a company incorporated in the PRC on 1 December 2016 with limited liability and is primarily involved in real estate consulting services, ecological tourism development and elderly care services. As of the Latest Practicable Date, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively.

(4) Information on Qianqiu Management

Qianqiu Management is a company incorporated in the PRC on 17 December 2003 with limited liability and is primarily involved in manufacturing of concrete precast items. As of the Latest Practicable Date, it was a wholly-owned subsidiary of Zhongming Zhiye.

Implications of the Listing Rules

The Equity Swap and Transfer involves (i) the Disposal and Transfer; and (ii) the Acquisition. In accordance with Rule 14.24 of the Listing Rules, the Equity Swap and Transfer will be classified with reference to the higher of the relevant percentage ratios of the Disposal and Transfer or the Acquisition and will comply with relevant requirements applicable to such category.

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement are higher than 5% but all of such ratios are less than 25%, according to the Listing Rules, the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement constitutes a disclosable transaction of the Company which shall comply with the notice and announcement requirements but is exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules. As all of the applicable percentage ratios (as defined under the Listing Rules) of the Acquisition contemplated under the Equity Swap and Transfer Agreement are less than 5%, according to the Listing Rules, the Acquisition contemplated under the Equity Swap and Transfer Agreement is exempt from the notice, announcement, circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the Latest Practicable Date, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively. Qianqiu Management is a subsidiary of Zhongming Zhiye. Therefore, both Zhongming Zhiye and Qianqiu Management are connected persons of the Group. Thus, according to the Listing Rules, the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement constitutes a connected transaction of the Company. As one or more of the applicable percentage ratios (as defined under the Listing Rules) of it are higher than 5% but all of such ratios are less than 25%, thus, it shall comply with the notice, announcement, circular and independent shareholders' approval requirements under chapter 14A of the Listing Rules. The Acquisition contemplated under the Equity Swap and Transfer Agreement constitutes a connected transaction of the Company which shall comply with the notice and announcement requirements but is exempt from the circular and independent shareholders' approval requirements under chapter 14A of the Listing Rules, as one or more of the applicable percentage ratios (as defined under the Listing Rules) of it are higher than 0.1% but all of such ratios are less than 5%.

Board opinion

As Mr. Li Baozhong, Mr. Shang Jinfeng, Mr. Zhao Wensheng, Mr. Liu Yongjian, Mr. Li Baoyuan and Mr. Cao Qingshe are interested in or hold management positions in Zhongming Zhiye and/or its associates, they are therefore deemed to be connected to the Equity Swap and Transfer Agreement and the transactions contemplated thereunder. Thus, they have abstained from voting on the Board resolution to approve the entering into of the Equity Swap and Transfer Agreement. Save for those disclosed above, none of the other Directors have any material interest in the entering into of the Equity Swap and Transfer Agreement and the transactions contemplated thereunder, and none of the other Directors are required to abstain from voting on the Board resolution to consider and approve the entering into of the Equity Swap and Transfer Agreement.

Directors (including independent non-executive Directors) are of the opinion that, although due to the transaction nature, the Equity Swap and Transfer Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Company, they are entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee, comprising all independent non-executive Directors, being Mr. Xiao Xuwen, Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny has been established to advise the Independent Shareholders on the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement. The Company has appointed Halcyon Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

12. Disclosable and continuing connected transaction in relation to the Engineering Construction Service Framework Agreement

An ordinary resolution will be proposed at the AGM to approve the entering into of the Engineering Construction Service Framework Agreement with Zhongming Zhiye.

As of the Latest Practicable Date, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively. Therefore, Zhongming Zhiye is a connected person of the Group. Immediately following the completion of the Equity Swap and Transfer, the Disposal and Transfer Subject Companies will become subsidiaries of Zhongming Zhiye. In accordance with Chapter 14A of the Listing Rules, the continuing transactions between the Group and Zhongming Zhiye and its associates (including the Disposal and Transfer Subject Companies) will constitute continuing connected transactions of the Company.

On 17 May 2019 (after trading hours), the Company and Zhongming Zhiye entered into the Engineering Construction Service Framework Agreement and formulated the annual caps for transactions under such agreement for 2019, 2020 and 2021. Pursuant to it, the Group provides engineering construction services, including but not limited to engineering procurement construction, decoration and landscape engineering, to Zhongming Zhiye and its associates in the daily business process, and Zhongming Zhiye and its associates will pay service fees to the Group.

Engineering Construction Service Framework Agreement

(1) Date

17 May 2019

(2) Parties

The Company (as the service provider); and

Zhongming Zhiye (as the service recipient).

(3) Principal terms

According to the Engineering Construction Service Framework Agreement, the Group provides construction services, including but not limited to engineering procurement construction, decoration and landscape engineering, to Zhongming Zhiye and its associates in the daily business process, and Zhongming Zhiye and its associates will pay service fees to the Group. The term of the Engineering Construction Service Framework Agreement starts from the completion of the Equity Swap and Transfer until 31 December 2021 (inclusive), and can be renewed for another three years upon its expiry as agreed by the specific parties to the agreement, upon which the Group will continue to comply with the applicable requirements under the Listing Rules. Relevant subsidiaries or associated companies of both parties will separately enter into specific agreements and specify specific terms and conditions according to the principles stipulated in the Engineering Construction Service Framework Agreement.

(4) Pricing policy

According to the Engineering Construction Service Framework Agreement, the cost for the Group to provide construction services to Zhongming Zhiye and its associates will be determined based on arms-length negotiation with Zhongming Zhiye and its associates. The main reference factors include: (i) availability and cost of raw materials and equipment and machinery, labor and subcontractors; (ii) the local guiding prices of all kinds of raw materials as set out in the monthly cost information manual subscribed by the Company from the cost units under the local housing and urban-rural construction bureaus; (iii) the project schedule, the complexity and scale of the construction project, and the potential revision of the scope of work; (iv) the geographical location and environmental conditions of the project site; (v) the Group's estimate of competitive bidding; and (vi) contractual risks.

Regarding the evaluation and analysis of competitive bidding, the Company has mainly formulated the following mechanisms: (i) the competitive quotation analysis mechanism, which is based on collecting bid opening records, network data, competitors' usual quotation methods and the importance attached to the project, which provides a comprehensive and overall analysis basis for quotation decision-making procedures; (ii) the bidding decision-making process mechanism led by the market operation department with the overall participation of each functional department (including but not limited to the production and technology department, the material procurement department and the finance department), where the bidding documents will be interpreted and the bidding strategic plan, division of responsibilities and specific timetable will be formulated through the pre-bidding meeting with the participation of the management of the above departments; and (iii) the final quotation decision-making team comprising the Company's general manager and market operation manager will determine the final quotation of the project with reference to the relevant information of competitors, the specific needs of the project and the impact on the Company's macro strategy.

In order to ensure that the fees charged by the Group for the provision of construction services are fair and reasonable and conform to market practices, the Group will closely follow the current level of market fees and market conditions and independent third party cost consultation institutions will review the pricing. In addition, the Group will also refer to the fees charged historically for providing similar construction services to independent third party customers.

(5) Historical amount

For the three years ended 31 December 2016, 2017 and 2018, the total transaction amounts of the Group's related engineering construction services with Zhongming Zhiye and its associates were RMB748.1 million, RMB643.5 million and RMB566.2 million, respectively. In addition, for the three years ended 31 December 2016, 2017 and 2018, the total transaction amounts of the related engineering construction services between HCG Garden Engineering and Zhongming Zhiye and its associates were RMB6.2 million, RMB2.8 million and RMB0.7 million, respectively.

(6) Proposed annual caps

For the three years ending 31 December 2019, 2020 and 2021, the maximum annual amounts of total service fee charged by the Group for providing engineering construction services to Zhongming Zhiye and its associates shall not exceed the caps set out in the following table:

(Unit: RMB million)

	Proposed annual caps for the year ending 31 December		
	2019	**2020**	**2021**
Total service fee charged by the Group to Zhongming Zhiye and its associates	1,100	1,200	1,400

(7) Basis of the caps

The proposed annual caps under the Engineering Construction Service Framework Agreement for the three years ending 31 December 2019, 2020 and 2021 are determined mainly with reference to: (i) the construction service fees previously paid to the Group by Zhongming Zhiye and its affiliated real estate companies; (ii) expected project contract amount and construction progress; (iii) the number of projects currently available to the Group that require construction services; and (iv) new construction service projects in the next three years expected by the Group. In particular,

(i) While that the historical amounts of the Group's related engineering construction services with Zhongming Zhiye and its associates recorded a declining trend in the past few years, the Company estimates an increase in the annual caps of engineering construction service fees charged to Zhongming Zhiye and its associates for the coming three years. On the one hand, the Company's project backlog for the next three years records a significant increase from historical level. During the period from 2016 to 2018, the Company completed six projects and it is expected that 13 projects will be conducted from 2019 to 2021. On the other hand, cost of construction contracting services has been on the rise in the past few years. According to the China Engineering Cost Network maintained by the Standardization Institute of the Ministry of Housing and Urban-Rural Development of China, from the first half of 2016 to the second half of 2018, the residential engineering cost index of high-rise residential properties in Beijing, Shanghai and Chongqing increased by approximately 38.1%, 20.3% and 15.8%, respectively. Therefore, the prospective increase in construction costs was also taken into account in the formulation of the relevant annual caps. In addition, an appropriate buffer has been added when formulating the annual caps to cope with potential new projects that cannot be confirmed at present.

(ii) Major considerations referred by the Company in estimating prospective project contract amount of the engineering construction service provided to Zhongming Zhiye and its associates include:

(a) the existing agreements entered into between the Group and Zhongming Zhiye and its associates, total contract amount of such agreements as well as the Company's estimation of cost according to the expected construction progress during the term of the Engineering Construction Service Framework Agreement; and

(b) the prospective agreements to be entered into between the Group and Zhongming Zhiye and its associates for the three years ending 31 December 2021, the prospective total contract value and the prospective project progress.

Of which, the total contract amount of the existing agreements and the total contract amount of the projects to be entered into are estimated based on the Company's cost budget for related projects with reference to the gross profit margin of similar projects with independent third parties. The prospective construction progress is estimated according to the Company's experience and construction schedule in previous similar projects.

(iii) As mentioned in (i) above, the Company expected that 13 projects will be conducted from 2019 to 2021. Of such 13 projects, six are under construction, three have been acquired but yet to be commenced and another four have not been acquired but are currently under the Company's active track, which are prospectively to be acquired in a high probability.

Internal control measures

In order to ensure that the terms of the Engineering Construction Service Framework Agreement are fair and reasonable or no less favourable than those available to or from Independent Third Parties and are conducted on normal commercial terms. The Company has adopted the following internal control procedures:

- The Company has adopted and implemented a set of connected transaction management system. According to the system, the Audit Committee of the Board is responsible for reviewing compliance with relevant laws, regulations, the Company's policies and the Listing Rules regarding continuing connected transactions. In addition, the Audit Committee of the Board, the office of the Board and various internal departments of the Company (including but not limited to the market operation department, the financial securities department and the finance management department and the legal department) are jointly responsible for evaluating the terms and service fees (including but not limited to identifying transactions with independent third parties to determine the market prices) under the Engineering Construction Service Framework Agreement, especially the pricing policy of the transaction; the market operation department, the production security department and the finance management department are responsible for the approval of the annual caps and its fairness under such transactions;

- The Audit Committee of the Board, the office of the Board and various internal departments of the Company (including but not limited to the finance department and the legal department) will also regularly review the implementation of the Engineering Construction Service Framework Agreement and the progress of the transaction semi-annually and quarterly, respectively. In addition, the Board of the Company will regularly review the pricing policy of the Engineering Construction Service Framework Agreement on an annual basis; the Company's independent non-executive Directors and auditors will conduct annual reviews of the continuing connected transactions under the Engineering Construction Service Framework Agreement in accordance with the Listing Rules and provide annual confirmations to confirm that the transaction is conducted in accordance with the terms of the agreement and in accordance with normal commercial terms and pricing policy; and

- When considering the construction services provided by the Group to the above-mentioned connected persons, the finance management department of the Company will continue to regularly study the prevailing market conditions and practices on a semi-annual basis and refer to the pricing and terms of similar transactions concluded between the Group and Independent Third Parties to ensure that the pricing and terms provided by the above-mentioned connected persons through the bidding process or mutual commercial negotiation (as the case may be) are fair and reasonable, and not inferior to those provided to Independent Third Parties.

Reasons for the transaction

Given that: (i) the Group has provided construction engineering services to Zhongming Zhiye and its branches and subsidiaries in the past, and the relevant services provided in the past have provided stable and substantial profits to the Group; (ii) the pricing of construction services provided by the Group to Zhongming Zhiye and its affiliated real estate companies is fair and on normal commercial terms; and (iii) Zhongming Zhiye and its affiliated real estate companies have made timely payments in the past without bad debts. In the future, Zhongming Zhiye and its affiliated real estate companies will also give priority to the payment of project funds to the Group.

Directors (including independent non-executive Directors) are of the opinion that, the Engineering Construction Service Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Information on the parties of the Engineering Construction Service Framework Agreement

(1) Information on the Company

The Company is a joint stock company incorporated in the PRC on 7 April 2017 with limited liability and is engaged in the provision of integrated solutions primarily for the construction contracting of buildings and infrastructure projects.

(2) Information on Zhongming Zhiye

Zhongming Zhiye is a company incorporated in the PRC on 1 December 2016 with limited liability and is primarily involved in real estate consulting services, ecological tourism development and elderly care services. As of the Latest Practicable Date, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively.

Implications of the Listing Rules

As one or more of the applicable percentage ratios (as defined under the Listing Rules) of the Engineering Construction Service Framework Agreement and the transactions contemplated thereunder are higher than 5% but all of such ratios are less than 25%, according to the Listing Rules, the transactions contemplated under the Engineering Construction Service Framework Agreement constitute a disclosable transaction of the Company which shall comply with the notice and announcement requirements but are exempt from the circular and shareholders' approval requirements under Chapter 14 of the Listing Rules.

As of the Latest Practicable Date, Zhongming Zhiye was owned as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment, the controlling shareholders of the Company, respectively. Therefore, Zhongming Zhiye is a connected person of the Group, and thus according to the Listing Rules, the transactions contemplated under the Engineering Construction Service Framework Agreement constitute continuing connected transactions of the Company. As its highest applicable percentage ratio (as defined under the Listing Rules) is higher than 5%, therefore, it shall comply with the annual review, notice, announcement, circular and independent shareholders' approval requirements under Chapter 14A of the Listing Rules.

Board opinion

As Mr. Li Baozhong, Mr. Shang Jinfeng, Mr. Zhao Wensheng, Mr. Liu Yongjian, Mr. Li Baoyuan and Mr. Cao Qingshe are interested in or hold management positions in Zhongming Zhiye and/or its associates, they are therefore deemed to be connected to the Engineering Construction Service Framework Agreement and the transactions contemplated thereunder. Thus, they have abstained from voting on the Board resolution to approve the entering into of the Engineering Construction Service Framework Agreement and its annual caps. Save for those disclosed above, none of the other Directors have any material interest in the entering into of the Engineering Construction Service Framework Agreement and the transactions contemplated thereunder, and none of the other Directors are required to abstain from voting on the Board resolution to consider and approve the entering into of the Engineering Construction Service Framework Agreement and its annual caps.

After taking into account the pricing policy, the basis for determining the proposed annual caps, the reasons for and benefits of the continuing connected transactions, and the Company's internal control procedures, Directors (including independent non-executive Directors) are of the opinion that, the Engineering Construction Service Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

The Independent Board Committee and the Independent Financial Adviser

The Independent Board Committee, comprising all independent non-executive Directors, being Mr. Xiao Xuwen, Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny has been established to advise the Independent Shareholders on the Engineering Construction Service Framework Agreement and the proposed annual caps thereunder. The Company has appointed Halcyon Capital Limited as the Independent Financial Adviser to advise the Independent Board Committee and Independent Shareholders in this regard.

13. Change of Scope of Business of the Company

An ordinary resolution will be proposed at the AGM to approve the change of scope of business of the Company.

Upon completion of the Equity Swap and Transfer, the real estate-related business of the Company will be transferred to Zhongming Zhiye and Qianqiu Management (a wholly-owned subsidiary of Zhongming Zhiye). Since as at the Latest Practicable Date, Zhongming Zhiye was held as to 92.5% and 7.5% by Zhongru Investment and Qianbao Investment (the controlling shareholders of the Company), respectively, to avoid the potential horizontal competition with controlling shareholders, according to the actual condition of the Company's operating activities, the Company proposes to modify its scope of business and delete "real estate development, property sales and leasing" in the current scope of business. The Company confirms that the Group will cease to engage in real estate development, property sales and leasing business upon completion of the Equity Swap and Transfer and in the future. The specific content of the scope of business of the Company before and after amendment is as follows:

Existing Article	Proposed Amendment
Construction of general contracting business and project management and related skills and management services; construction design, feasibility study and technical consultancy service; construction and technical consultancy; building construction, municipal and public construction, electrical and mechanical installation, road construction, railway construction, port and waterways construction, water resources and hydropower construction, subgrade and pavement construction, steel structure construction, airport runway construction, pipeline construction, earthwork construction, renovation and decoration construction, foundation construction, bridge construction, tunnel construction, lifting equipment installation construction; real estate development, property sales and leasing; sales, leasing and maintenance of construction materials, decoration materials, reusable materials, construction machine and equipment; undertaking of overseas engineering projects appropriate for its capabilities, scale and results performance; dispatch of work force to overseas (excluding seaman) (the business qualification certificate for operating overseas labor service cooperation business will be valid until 21 July 2020); civil defence construction, decoration construction, curtain wall construction, light steel structure construction, intelligent construction system, design of lighting engineering and fire safety equipment engineering; to conduct itself or act as an agent for the import and export of products except those exported under the unified joint operations organised by the State and those imported by companies approved by the PRC government; land formation; the design of pressure containers; manufacture of pre-stressed concrete steel cylinder pipe; manufacture and sales of ready mixed concrete products; manufacture of precast concrete structure and manufacture of metal structure (operated by subsidiaries only) (for businesses that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities).	Construction of general contracting business and project management and related skills and management services; construction design, feasibility study and technical consultancy service; construction and technical consultancy; building construction, municipal and public construction, electrical and mechanical installation, road construction, railway construction, port and waterways construction, water resources and hydropower construction, subgrade and pavement construction, steel structure construction, airport runway construction, pipeline construction, earthwork construction, renovation and decoration construction, foundation construction, bridge construction, tunnel construction, lifting equipment installation construction; ~~real estate development, property sales and leasing;~~ sales, leasing and maintenance of construction materials, decoration materials, reusable materials, construction machine and equipment; undertaking of overseas engineering projects appropriate for its capabilities, scale and results performance; dispatch of work force to overseas (excluding seaman) (the business qualification certificate for operating overseas labor service cooperation business will be valid until 21 July 2020); civil defence construction, decoration construction, curtain wall construction, light steel structure construction, intelligent construction system, design of lighting engineering and fire safety equipment engineering; to conduct itself or act as an agent for the import and export of products except those exported under the unified joint operations organised by the State and those imported by companies approved by the PRC government; land formation; the design of pressure containers; manufacture of pre-stressed concrete steel cylinder pipe; manufacture and sales of ready mixed concrete products; manufacture of precast concrete structure and manufacture of metal structure (operated by subsidiaries only) (for businesses that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities).

SPECIAL RESOLUTIONS

14. Issuance of Debt Financing Instruments in 2019

A special resolution will be proposed at the AGM to approve the issuance of debt financing instruments in 2019.

In order to meet the needs for the Company's business operation, adjust the debt structure, replenish the liquidity and lower the financing costs, the Company intends to propose at the AGM to authorize the Board and persons authorized by the Board to consider and approve, subject to the relevant laws and regulations and the prevailing market conditions, the issuance of debt financing instruments within the framework and limit approved at the AGM:

(1) Issuer

The Company is the issuer of the RMB debt financing instruments. The Company or the foreign wholly-owned subsidiaries of the Company is the issuer of the offshore debt financing instruments.

(2) Type of Debt Financing Instruments

The onshore debt financing instruments proposed to be issued by the Company include but not limited to: RMB financing instruments, such as corporate bonds, medium-term notes, short-term commercial papers and super short-term commercial papers. The offshore debt financing instruments proposed to be issued by the Company include but not limited to: USD bonds, offshore RMB bonds, etc. The aforementioned onshore and offshore debt financing instruments do not contain any provision for conversion into Shares.

The type of onshore and offshore debt financing instruments will be determined by the Board and persons authorized by the Board based on the relevant requirements and the market conditions at the time of issue.

(3) Issue Size and Issue Method

The issue size of any single type of bonds, which could be issued on an one-off or multiple issuances or multi-tranche issuances basis, shall not exceed the approved limit of issue for that class under the relevant laws, regulations and regulatory documents. Subject to the relevant laws, regulations and regulatory documents, the specific issue size will be determined based on our needs for funding and the market conditions, provided that the aggregate size for various classes of bonds applied for registration shall not exceed RMB1.5 billion equivalent.

The specific issue size will be determined by the Board and persons authorized by the Board based on the relevant requirements and the market conditions at the time of issue.

(4) Term of Debt Financing Instruments

The terms of the onshore and offshore debt financing instruments shall be no longer than 10 years, with a single term or a hybrid type with multiple terms. The specific term and each type with different terms will be determined by the Board and persons authorized by the Board based on the relevant requirements and the market conditions at the time of issue.

(5) Use of Proceeds

The proceeds from onshore and offshore debt financing instruments shall be used to meet the needs for business operation, adjust the debt structure, replenish the liquidity and/or for project investment of the Company. The specific usage will be determined by the Board and persons authorized by the Board based on the funding needs of the Company.

(6) Other Matters Related to the Issuance

The interest rates and interest payment method, guarantee, listing and trading of the instruments, whether it will be placed to the Shareholders and other related matters will be determined by the Board or persons authorized by the Board based on the relevant requirements and the type of onshore and offshore debt financing instruments proposed to be issued.

(7) Authorization Given to the Board

To ensure effective coordination of the issuance of onshore and offshore debt financing instruments and specific matters in the process of the issuance, it is proposed that the AGM authorizes and approves the Board to further authorize any one of the executive Directors to be the authorized person of the Board in respect of the issuance of onshore and offshore debt financing instruments to, deal with, at its/their sole discretion and for the best interests of the Company, all matters related to the issuance of onshore and offshore debt financing instruments within the framework of the major terms of the aforesaid issuance approved at the AGM in accordance with the relevant laws and regulations as well as the advice and recommendations from regulatory authorities, and taking into account the operational needs and the prevailing market conditions. Such matters include but are not limited to the followings:

(i) to formulate and adjust the specific proposal for each issuance of the onshore and offshore debt financing instruments based on the specific conditions of the Company and the relevant debt market pursuant to the applicable laws, regulations and relevant requirements of the regulatory authorities as well as resolution passed at the AGM, including but not limited to: the suitable issuer(s), timing of the issue, the numbers and method of the issue, terms of issue, targets of the issue, maturity, denomination, interest rates, currency, guarantee arrangement, rating arrangement, measures to ensure debt repayment, use of proceeds, registration, listing of the bond and all matters in connection with the issuance of onshore and offshore debt financing instruments.

(ii) to make decision on the engagement of intermediary agency, to select and engage trustee and settlement manager(s), to sign the trust agreement(s) and settlement agreement(s), and to formulate the rules of procedures of the meeting of the holders of debt financing instruments (if applicable).

(iii) to sign, implement, amend and complete all of the agreements and documents relating to the issuance of the onshore and offshore debt financing instruments, including but not limited to, the sponsor agreement, underwriting agreement, guarantee agreement, bond indenture, engagement agreement with intermediary agency, trust agreement, settlement agreement, registration and custody agreement, listing agreement and other legal documents, etc.

(iv) to complete all applications and listing matters in connection with the issuance of the onshore and offshore debt financing instruments, including but not limited to, the preparation, revision and submission of relevant application and filing materials relating to the issuance and listing of the onshore and offshore debt financing instruments as well as the application and filing materials in respect of guarantee, letter of support or keep-well deed to be provided by the Company, the issuer and/or third party(ies), and to sign the relevant application and filing documents and other legal documents as required by relevant regulatory authorities.

(v) to sign and release/distribute announcements and circulars related to the issuance of the onshore and offshore debt financing instruments pursuant to the requirements of the relevant domestic regulatory authorities and the Listing Rules, so as to fulfill its obligation to disclose relevant information and/or perform approval procedure (if required).

(vi) save as those matters that require re-approval at the general meetings as required by the relevant laws, regulations and the Articles of Association, to either adjust the matters relating to the issuance of the onshore and offshore debt financing instruments in response to the advice from regulatory authorities, changes in policies or changes in market conditions, or to decide whether to continue the works, in whole or in part, of the issuance of the onshore and offshore debt financing instruments based on the actual situation.

(vii) to deal with other relevant matters in connection with the issuance of the onshore and offshore debt financing instruments, and to sign all necessary documents.

(8) Validity Period of the Resolution

The resolution of the AGM in respect of the issuance of the onshore and offshore debt financing instruments will be valid from the date of the resolution being passed at the AGM to the date convening the next annual general meeting.

Where the Board and the persons authorized by the Board have decided, during the authorized period, to issue in whole or in part the onshore and offshore debt financing instruments, and provided that the Company has also, during the authorized period, obtained the approval or license from, or completed filing or registration (if applicable) with regulatory authorities for the issuance, the Company may, during the validity period confirmed in such approval, license, filing or registration, complete the issue in whole or in part of the onshore and offshore debt financing instruments.

15. General Mandate to Issue Shares

A special resolution will be proposed at the AGM to approve the general mandate to issue new Domestic Shares and H Shares of the Company. In order to meet the capital requirements for the sustainable business development of the Company, and for the flexible and effective utilization of financing platforms, the Board will, in accordance with the applicable laws, regulations, other regulatory documents and capital market practices, propose the following at the AGM for consideration and approval:

(1) General Mandate to Issue Shares

(i) Subject to the conditions set out in (ii) below, a resolution will be proposed at the AGM to authorize the Board to issue Shares (H Shares and/or Domestic Shares, same for the below) during the relevant period (as defined below).

(ii) The numbers of H Shares and Domestic Shares authorized to be issued by the Board under approval shall not exceed 20% of the total numbers of H Shares and Domestic Shares in issue of the Company as at the date of this resolution being approved at the AGM, respectively.

(iii) For the purpose of this resolution:

“relevant period” means the period from the date of the passing of this special resolution until whichever is the earlier of:

1. the conclusion of the next annual general meeting after the passing of this resolution (unless otherwise being extended by the passing of a special resolution at that meeting (whether or not with conditions being attached), such mandate will be lapsed); or

2. the date on which such mandate granted under this resolution is revoked or amended by a special resolution at the general meeting of the Company.

(2) Related Authorization

In order to improve the efficiency of decision making and to reduce approval procedures so as to grasp the opportunities in the market, it is proposed at the AGM to grant the Board the general mandate to issue Shares, to deal with all matters related to the general mandate to issue Shares at their sole discretion, which include but are not limited to:

(1) to authorize the Board to determine the detailed issuance proposal, including but not limited to:

1. the class and numbers of the Shares proposed to be issued;

2. pricing method and/or issue price (including the range of pricing);

3. the first and last date of the issuance;

4. use of proceeds;

5. other information needed to be included in the detailed issuance proposal as required by the relevant laws and regulations and other regulatory documents, relevant regulatory authorities and the stock exchange of the place of listing.

(2) to authorize the Board to deal with the matters related to the increase of the registered capital of the Company to include the Shares authorized to be issued by the Company under this resolution and to make such amendments as it deems appropriate and necessary to the clauses related to the issuance of Shares and registered capital in the Articles of Association, and to adopt and complete any other actions and processes which are necessary for increasing the registered capital of the Company.

16. Amendments to Articles of Association

A special resolution will be proposed at the AGM to approve the amendments to Articles of Association.

Reference is made to the Company's announcement dated 25 March 2019 regarding, among other things, the proposal to amend the Articles of Associations of the Company. In view of the proposed adoption of the Chinese Accounting Standards for Business Enterprises to prepare financial statements of the Company, the Company proposed to amend certain articles of the Articles of Association. Reference is made to the announcement of the Company dated 30 April 2019 regarding, among other things, the proposed amendments to the Articles of Association. As the Company proposes to delete "real estate development, property sales and leasing" in its scope of business, the Company proposes to amend certain article concerning the scope of business in its Articles of Association. The Company confirms that the Group will cease to engage in real estate development, property sales and leasing business upon completion of the Equity Swap and Transfer and in the future. Details of the proposed amendments are as follows:

Original provisions	Amended provisions
Article 13 The scope of business of the Company shall be that approved by the Baoding Municipal Administration for Industry and Commerce and shall include: construction of general contracting business and project management and related skills and management services; construction design, feasibility study and technical consultancy service; construction and technical consultancy; building construction, municipal and public construction, electrical and mechanical installation, road construction, railway construction, port and waterways construction, water resources and hydropower construction, subgrade and pavement construction, steel structure construction, airport runway construction, pipeline construction, earthwork construction, renovation and decoration construction, foundation construction, bridge construction, tunnel construction, lifting equipment installation construction; real estate development, property sales and leasing; sales, leasing and maintenance of construction materials, decoration materials, reusable materials, construction machine and equipment; undertaking of overseas engineering projects appropriate for its capabilities, scale and results performance; dispatch of work force to overseas (excluding seaman) (the business qualification certificate for operating overseas labor service cooperation business will be valid	**Article 13** The scope of business of the Company shall be that approved by the Baoding Municipal Administration for Industry and Commerce and shall include: construction of general contracting business and project management and related skills and management services; construction design, feasibility study and technical consultancy service; construction and technical consultancy; building construction, municipal and public construction, electrical and mechanical installation, road construction, railway construction, port and waterways construction, water resources and hydropower construction, subgrade and pavement construction, steel structure construction, airport runway construction, pipeline construction, earthwork construction, renovation and decoration construction, foundation construction, bridge construction, tunnel construction, lifting equipment installation construction; ~~real estate development, property sales and leasing;~~ sales, leasing and maintenance of construction materials, decoration materials, reusable materials, construction machine and equipment; undertaking of overseas engineering projects appropriate for its capabilities, scale and results performance; dispatch of work force to overseas (excluding seaman) (the business qualification certificate for operating overseas labor service cooperation business will be valid

Original provisions	Amended provisions
until 21 July 2020); civil defence construction, decoration construction, curtain wall construction, light steel structure construction, intelligent construction system, design of lighting engineering and fire safety equipment engineering; to conduct itself or act as an agent for the import and export of products except those exported under the unified joint operations organised by the State and those imported by companies approved by the PRC government; land formation; the design of pressure containers; manufacture of pre-stressed concrete steel cylinder pipe; manufacture and sales of ready mixed concrete products; manufacture of precast concrete structure and manufacture of metal structure (operated by subsidiaries only) (for businesses that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities). The Company may change its scope of business based on its own development needs in accordance with laws.	until 21 July 2020); civil defence construction, decoration construction, curtain wall construction, light steel structure construction, intelligent construction system, design of lighting engineering and fire safety equipment engineering; to conduct itself or act as an agent for the import and export of products except those exported under the unified joint operations organised by the State and those imported by companies approved by the PRC government; land formation; the design of pressure containers; manufacture of pre-stressed concrete steel cylinder pipe; manufacture and sales of ready mixed concrete products; manufacture of precast concrete structure and manufacture of metal structure (operated by subsidiaries only) (for businesses that require approval by laws, they may only be commenced after obtaining approval from the relevant authorities). The Company may change its scope of business based on its own development needs in accordance with laws.
Article 202 The Company shall prepare its financial statements in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements.	**Article 202** The Company shall prepare its financial statements in accordance with the Chinese Accounting Standards and regulations ~~as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas. In case of any material difference between the financial statements respectively in accordance with the two accounting standards, explanations shall be made in the notes to the financial statements. Distribution of the profit after tax for the relevant fiscal year shall be based on the lesser of the profit after tax as shown in the two sets of financial statements~~.

Original provisions	Amended provisions
Article 203 The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas.	**Article 203** The interim results or financial information announced or disclosed by the Company shall be prepared in accordance with the PRC accounting standards and regulations ~~as well as the international accounting standards or the accounting standards of the place where the Company's shares are listed overseas~~.

In respect of the proposed amendment to the Articles of Association, three articles are amended, and no article is added or deleted. The number of articles of the amended Articles of Association remains the same. The revised Articles of Association shall become effective from the date of the passing of the relevant resolution at the AGM. Prior to the passing of the relevant resolution at the AGM, the prevailing Articles of Association of the Company shall remain valid.

III. AGM AND METHODS OF VOTING

A notice convening the AGM of the Company to be held at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the PRC at 10 a.m. on Thursday, 20 June 2019 is set out on pages 95 to 97 of this circular. A form of proxy and a reply slip for use at the AGM were dispatched on 3 May 2019 and are also published on the website of the Stock Exchange and the website of the Company.

Whether or not you intend to attend the AGM, you are requested to complete the form of proxy dispatched by the Company on 3 May 2019 in accordance with the instructions printed thereon and return the same to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125 Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC (for holders of Domestic Shares of the Company), as soon as practicable and in any event not later than 24 hours before the time appointed for holding the AGM or any adjournment thereof (i.e. no later than 10 a.m. on Wednesday, 19 June 2019). Completion and return of the form of proxy will not preclude you from attending in person and voting at the AGM or any adjourned meeting should you so wish. If you attend and vote at the AGM, the authority of your proxy will be revoked. Shareholders who intend to attend the AGM in person or by proxy shall complete the reply slip and return the same by hand, fax or mail to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, fax number: (852) 2861 1465 (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125 Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC, fax number: (86) 312 301 9434 (for holders of Domestic Shares of the Company), on or before Friday, 31 May 2019.

Pursuant to Rule 13.39(4) of the Listing Rules, any vote of Shareholders at a general meeting must be taken by poll. Accordingly, all resolutions set out in the notice of AGM will be taken by way of poll. Vote can be cast in person or by proxy.

Any connected person, Shareholder and its associate who have a material interest in the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement and its proposed annual caps will be required to abstain from voting at the AGM. Zhongru Investment and Qianbao Investment have material interest in the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement and its proposed annual caps. Accordingly, Zhongru Investment and Qianbao Investment will abstain from voting in respect of the relevant resolutions at the AGM. As at the Latest Practicable Date, Zhongru Investment directly held and controlled or was entitled to exercise control over the voting rights of 1,202,500,000 Shares, representing approximately 68.3% of the total issued share capital of the Company. Qianbao Investment directly and indirectly through Zhongru Investment held and controlled or was entitled to exercise control over the voting rights of 1,300,000,000 Shares, representing approximately 73.8% of the total issued share capital of the Company in aggregate. Save as disclosed herein, to the best of the knowledge, information and belief of the Directors after having made all reasonable inquiries, no other Shareholder will be required to abstain from voting at the AGM regarding the relevant resolutions as at the Latest Practicable Date.

IV. CLOSURE OF REGISTER OF MEMBERS

For the purpose of determining Shareholders' entitlements to attend and vote at the AGM, the register of members of the Company will be closed from Tuesday, 21 May 2019 to Thursday, 20 June 2019 (both days inclusive), during which period no transfer of Shares will be registered. In order to qualify for attending and voting at the AGM, holders of H Shares of the Company shall deliver all duly completed and signed transfer documents together with the relevant share certificates to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 20 May 2019.

In order to ascertain the entitlements of the Shareholders to receive the proposed final dividend, the register of members of the Company will be closed from Saturday, 29 June 2019 to Thursday, 4 July 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to receive the proposed final dividend, all duly completed and signed share transfer documents together with relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares no later than 4:30 p.m. on Friday, 28 June 2019.

V. RECOMMENDATIONS

The Independent Board Committee, comprising all independent non-executive Directors, being Mr. Xiao Xuwen, Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny, has been appointed by the Board to advise the Independent Shareholders in respect of the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement and its proposed annual caps. Halcyon Capital Limited has been appointed as the Independent Financial Adviser to advise the Independent Board Committee and the Independent Shareholders in this regard.

Your attention is drawn to the letter from the Independent Board Committee set out on pages 51 to 52 of this circular. The Independent Board Committee, having taken into account the advice of Halcyon Capital Limited (the text of which is set out on pages 53 to 94 of this circular), considers that (i) although due to the transaction nature, the Equity Swap and Transfer Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Company, they are entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and (ii) the Engineering Construction Service Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole. The Independent Board Committee, as stated in its letter, recommends that the Independent Shareholders to vote in favor of the resolutions to approve the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement and its proposed annual caps.

The Board of Directors (including the independent non-executive Directors having considered the advice of the Independent Financial Adviser) believe that the proposals mentioned above are in the interests of the Company and the Shareholders as a whole. Accordingly, the Board of Directors recommend that Shareholders vote in favor of the resolutions at the AGM.

VI. ADDITIONAL INFORMATION

Your attention is drawn to the letter from the Independent Board Committee to the Independent Shareholders and the letter from Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders as set out in this circular.

By order of the Board
Hebei Construction Group Corporation Limited
LI Baozhong
Chairman and Executive Director

河北建設集團股份有限公司
HEBEI CONSTRUCTION GROUP CORPORATION LIMITED
(A joint stock company incorporated in the People's Republic of China with limited liability)
(Stock Code: 1727)

31 May 2019

To the Independent Shareholders

Dear Sir or Madam,

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY SWAP AND TRANSFER AGREEMENT DISCLOSABLE AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE ENGINEERING CONSTRUCTION SERVICE FRAMEWORK AGREEMENT

We have been appointed by the Board as members of the Independent Board Committee to advise the Independent Shareholders in respect of the fairness and reasonableness of the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement as well as the Engineering Construction Service Framework Agreement and its proposed annual caps, details of which are set out in the "Letter From The Board" in the circular dated 31 May 2019 (the "**Circular**") to the Shareholders. Unless the context otherwise requires, terms defined in the Circular shall have the same meanings when used in this letter.

Your attention is drawn to the advice of Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders in respect of the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement as well as the Engineering Construction Service Framework Agreement and its proposed annual caps as set out in the "Letter from the Independent Financial Adviser" in the circular. Having taken into account the advice of Halcyon Capital Limited, we consider that (i) although due to the transaction nature, the Equity Swap and Transfer Agreement and the transactions contemplated thereunder are not conducted in the ordinary and usual course of business of the Company, they are entered into on normal commercial terms and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole; and (ii) the Engineering Construction Service Framework Agreement and its proposed annual caps are entered into on normal commercial terms in the ordinary and usual course of business of the Company and are fair and reasonable, and in the interests of the Company and the Shareholders as a whole.

Accordingly, we recommend the Independent Shareholders to vote in favor of the resolutions to approve the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement as well as the Engineering Construction Service Framework Agreement and its proposed annual caps at the AGM.

Yours faithfully
For and on behalf of the Independent Board Committee

Independent non-executive director	*Independent non-executive director*	*Independent non-executive director*	*Independent non-executive director*
Xiao Xuwen	**Shen Lifeng**	**Chen Xin**	**Chan Ngai Sang Kenny**

HALCYON CAPITAL LIMITED
11TH FLOOR
8 WYNDHAM STREET
CENTRAL
HONG KONG

31 May 2019

To the Independent Board Committee and the Independent Shareholders

Dear Sirs,

DISCLOSABLE AND CONNECTED TRANSACTION IN RELATION TO THE EQUITY SWAP AND TRANSFER AGREEMENT AND CONTINUING CONNECTED TRANSACTION IN RELATION TO THE ENGINEERING CONSTRUCTION SERVICE FRAMEWORK AGREEMENT

INTRODUCTION

We refer to our engagement as the independent financial adviser to the Independent Board Committee in respect of the terms of the Equity Swap and Transfer Agreement, the Engineering Construction Service Framework Agreement, and the transactions contemplated thereunder, details of which are set out in the letter from the Board (the "**Letter from the Board**") contained in a circular of the Company (the "**Circular**") to the Shareholders dated 31 May 2019, of which this letter forms part. Capitalised terms used in this letter shall have the same meanings as those defined in the Circular unless the context otherwise requires.

Pursuant to the Equity Swap and Transfer Agreement, the Company proposed to swap the Disposal Subject held by it with the Acquisition Subject held by Zhongming Zhiye, and the consideration shortfall will be made up by the Company in cash to Zhongming Zhiye. Meanwhile, Baoding Zhongcheng proposed to transfer the Equity Transfer Subject held by it to Qianqiu Management.

Upon completion of the Equity Swap and Transfer, each of Zhongcheng Real Estate and its subsidiaries, Baoding Tian'e Real Estate and Jinshibang Real Estate (collectively, the "**Outgoing Group**") will become associates of a connected person of the Company, and HCG Garden Engineering and its subsidiaries (collective, the "**Incoming Group**") will become subsidiaries of the Group. Given members of the Group other than Zhongcheng Real Estate and its subsidiaries, Baoding Tian'e Real Estate and Jinshibang Real Estate (the "**Remaining Group**") had been providing and are expected to continue to provide construction services to the Outgoing Group, the Company has entered into the Engineering Construction Service Framework Agreement with Zhongming Zhiye in relation to the construction services to be provided to the Outgoing Group.

Since Zhongming Zhiye is held as to 92.5% by Zhongru Investment and as to 7.5% by Qianbao Investment, and each of Zhongru Investment and Qianbao Investment is a controlling Shareholder, Zhongming Zhiye is a connected person under Rule 14.07A(4) of the Listing Rules. By virtue of the aforesaid relationship, the Equity Swap and Transfer constitutes a connected transaction of the Company and provision of construction services under the Engineering Construction Service Framework Agreement constitutes continuing connected transaction under Chapter 14 of the Listing Rules.

The Independent Board Committee, comprising Mr. Xiao Xuwen, Ms. Shen Lifeng, Ms. Chen Xin and Mr. Chan Ngai Sang Kenny, being all the independent non-executive Directors, has been formed to advise the Independent Shareholders as to (i) whether the transactions contemplated under the Equity Swap and Transfer Agreement are conducted in ordinary and usual course of business of the Company, are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Independent Shareholders as a whole; (ii) the Engineering Construction Service Framework Agreement and its proposed annual caps (the "**Annual Caps**") are conducted in ordinary and usual course of business of the Company, are on normal commercial terms which are fair and reasonable, and are in the interests of the Company and the Independent Shareholders as a whole; and (iii) how the Independent Shareholders should vote on the relevant resolutions regarding the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement as well as the Engineering Construction Service Framework Agreement and the Annual Caps at the AGM.

Our role, as the independent financial adviser to the Independent Board Committee and the Independent Shareholders in relation to the Equity Swap and Transfer Agreement, the Engineering Construction Service Framework Agreement and the respective transactions contemplated thereunder, is to (i) provide the Independent Board Committee and the Independent Shareholders an independent opinion and recommendation as to whether the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement are entered into on normal and commercial terms, in the ordinary and usual course of business of the Group and in the interests of the Group and the Independent Shareholders as a whole, and whether the terms thereof and the Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (ii) advise the Independent Shareholders on how to vote on the relevant resolutions regarding the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement as well as the Engineering Construction Service Framework Agreement and the Annual Caps at the AGM.

We are not associated with the Company, Zhongming Zhiye or their respective core connected persons, close associates or associates and accordingly are considered eligible to give independent advice on the terms of the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement. Apart from normal professional fees payable to us in connection with this appointment, no arrangement exists whereby we will receive any fees or benefits from the Company, Zhongming Zhiye or their respective core connected persons, close associates or associates. Meanwhile, there was no past engagement between the Group and Halcyon Capital in last two years from the date of this letter and, hence, we are independent from the Company pursuant to Rule 13.84 of the Listing Rules.

BASIS OF OUR OPINION

In formulating our advice and recommendation to the Independent Board Committee, we have relied on the information, financial information and the facts supplied to us and representations expressed by the Directors and/or management of the Group and have assumed that all such information, financial information and facts and any representations made to us, or referred to in the Circular, in all material aspects, are true, accurate and complete as at the time they were made and continue to be so as at the date of the Circular, has been properly extracted from the relevant underlying accounting records (in the case of financial information) and made after due and careful inquiry by the Directors and/or the management of the Group. The Directors have confirmed in the Circular that, 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 and we have further been confirmed by the Company that no material facts have been omitted from the information supplied and representations expressed to us. We have also relied on certain information available to the public and have assumed such information to be accurate and reliable. We have no reason to doubt the completeness, truth or accuracy of the information and facts provided and we are not aware of any facts or circumstances which would render such information provided and representations made to us untrue, inaccurate or misleading.

Our review and analysis were based upon, among others, the information provided by the Group including the Equity Swap and Transfer Agreement, the annual report of the Company for the year ended 31 December 2018 (the "**2018 Annual Report**"), the prospectus of the Company dated 5 December 2017 (the "**Prospectus**"), the Circular, the unaudited combined management account of the Outgoing Group for the year ended 31 December 2018, the unaudited management account of the Incoming Group for the year ended 31 December 2018 and certain published information from the public domain. We have also discussed with Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**"), the independent valuer appointed by the Company, the bases and assumptions for their valuations as at 31 December 2018 on the Disposal and Transfer Subject Companies and the Acquisition Subject Company, which are contained in Appendix I and II, respectively, to the Circular, and their valuation as at 28 February 2019 of the property interests of the Outgoing Group, which is contained in Appendix III to the Circular.

We have also discussed with the Directors and/or the management of the Group with respect to the terms of and reasons for the entering into of the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement, and considered that we have reviewed sufficient information to reach an informed view and to provide a reasonable basis for our opinion. We have not, however, conducted an independent verification or appraisal of the information nor have we conducted any form of in-depth investigation into the businesses, affairs, financial position, profitability or the prospects of the Group, Zhongming Zhiye, the Outgoing Group, the Incoming Group or any of their respective subsidiaries or associates. Nothing contained in this letter should be construed as a recommendation to hold, sell or buy and shares or any other securities of the Company.

PRINCIPAL FACTORS AND REASONS CONSIDERED

In arriving at our opinion for the Equity Swap and Transfer Agreement, the Engineering Construction Service Framework Agreement and the respective transactions contemplated thereunder, we have considered the following principal factors and reasons:

I. INFORMATION OF THE GROUP

Principal business

As stated in the 2018 Annual Report, the Group is a leading non-state owned construction group in the PRC and is principally engaged in construction contracting business and other businesses including property development and service concession arrangements. The Group provides construction contracting services mainly as a contractor for building construction projects and infrastructure construction projects, and over 95% of the revenue of the Group in 2018 was derived from the provision of construction contracting services.

According to the 2018 Annual Report, over 50% of the value of the new contracts and ongoing contracts of the Group's contracting construction business were attributable to the Beijing-Tianjin-Hebei Region and over 60% of the value of the new contracts and ongoing contracts of the Group's contracting construction business were attributable to building construction, followed by infrastructure construction of approximately 25.5%.

Financial highlights

Set out below is the summary of key financial information of the Group for each of the two years ended 31 December 2018 as extracted from the 2018 Annual Report:

	For the year ended 31 December	
	2018	**2017**
	RMB'mil	*RMB'mil*
Revenue	46,649	41,177
Cost of sales	(44,082)	(38,946)
Gross profit	2,567	2,231
Profit before tax	1,607	1,565
Income tax expense	(474)	(498)
Profit for the year from continuing operations	**1,133**	**1,067**

As illustrated in the above table, the Group has recorded strong financial results during the two years ended 31 December 2018, and according to the 2018 Annual Report, the consolidated net assets value of the Company attributable to the Shareholders reached approximately RMB5,178 million as at 31 December 2018.

For the year ended 31 December 2018, revenue of the Group increased by approximately 13.3%, or approximately RMB5,472 million from approximately RMB41,177 million in 2017 to RMB46,649 million in 2018, which was mainly due to a growth of approximately RMB5,442 million in construction contracting business and an increase of approximately RMB733 million in other business and partially offset by a decrease of approximately RMB703 million in property development business. Over 95% of revenue of the Group was generated from its construction contracting business in 2018, which mainly comprises building construction business, infrastructure construction business and specialized and other construction contracting business.

Meanwhile, the improvements in both gross profit and gross profit margin for 2018 were principally attributable to the improvement in gross profit and gross profit margin from the construction contracting business. The gross profit margin of the construction contracting business increased from approximately 4.1% in 2017 to approximately 4.6% in 2018, as the Group has more closely monitored the quality of construction projects in recent years which recorded better margin.

The profit of the Group for the year ended 31 December 2018 increased by approximately 6.2% from approximately RMB1,067 million in 2017 to approximately RMB1,133 million in 2018, and such improvement was principally attributable to the improvement in gross profit as discussed above. However, as the Group did not record any gain on disposal of subsidiary during 2018, as compared to a gain of approximately RMB107 million in 2017, the net profit margin of the Group of approximately 2.6% in 2017 was slightly higher than that of 2.4% in 2018. If excluding such gain on disposal, the then net profit margin of the Group in 2017 would be slightly lower than that in 2018.

Segmental information

Set out below is an analysis of segmental information of the Group for each of the two years ended 31 December 2018 extracted from the 2018 Annual Reports:

	For the year ended 31 December			
	2018		**2017**	
	Segmental revenue	**Segmental results**	**Segmental revenue**	**Segmental results**
	RMB'mil	*RMB'mil*	*RMB'mil*	*RMB'mil*
Construction contracting	44,352	1,737	38,909	1,425
Others *(Note)*	2,297	(68)	2,268	320
Total	**46,649**	**1,669**	**41,177**	**1,745**

Note: Other segments include property development and other businesses.

The construction contracting segment contributed approximately 94.5% and 95.1% of the revenue of the Group and recorded segmental profit of approximately RMB1,425 million and HK$1,737 million for the year ended 31 December 2017 and 2018, respectively, while the other segments recorded segmental loss of approximately RMB68 million in 2018 and a segmental profit of approximately RMB320 million in 2017. As stated in the Prospectus, the Company intended to remain committed to its core business of construction contracting and may consider reducing the scale of its property development business or, if necessary, disposing of this business as it is not part of the core business of the Group. In the meantime, we noted that the Group disposed part of its equity interests in two subsidiaries engaged in real estate development business in 2017 and recorded gain on disposal of approximately RMB107 million for that year, while the Group also disposed part of its equity interest in another subsidiary engaged in real estate development business in 2018 in light of the continued loss from the projects owned by such company and no gain or loss was recorded for such disposal in 2018.

Financial position

Set out below is the highlight of financial position of the Group as at 31 December 2018 extracted from the 2018 Annual Report:

	As at 31 December 2018 *RMB'mil*
Total assets	60,720
Total liabilities	55,032
Net assets	5,688

The Group recorded total assets of approximately RMB60,720 million as at 31 December 2018 and over 90% of which were current assets. As at 31 December 2018, the current assets of the Group principally comprised contract assets of approximately RMB37,153 million, trade and bills receivables of approximately RMB6,402 million, cash and cash equivalents of approximately RMB5,818 million and prepayments, other receivables and other assets of approximately RMB5,254 million.

The Group recorded total liabilities of approximately RMB55,032 million as at 31 December 2018 and over 95% of which were current liabilities. As at 31 December 2018, the current liabilities of the Group principally comprised trade and bills payables of approximately RMB38,319 million, and other payables and accruals of approximately RMB12,538 million.

The Group recorded an improvement in net assets from approximately RMB4,311 million as at 31 December 2017 to approximately RMB5,688 million as at 31 December 2018 and the improvement was consistent with the net profit of approximately RMB1,133 million recorded by the Group for the year ended 31 December 2018.

II. THE EQUITY SWAP AND TRANSFER

1. Introduction

On 17 May 2019, the Company, Baoding Zhongcheng, Zhongming Zhiye and Qianqiu Management entered into the Equity Swap and Transfer Agreement pursuant to which (i) the Company conditionally agreed to swap the 90% equity interest in Zhongcheng Real Estate, 66% equity interest in Baoding Tian'e Real Estate and 55% equity interest in Jinshibang Real Estate held by it with the 100% equity interest in HCG Garden Engineering held by Zhongming Zhiye; (ii) Baoding Zhongcheng proposed to transfer the 10% equity interest in Zhongcheng Real Estate held by it to Qianqiu Management; and (iii) the consideration shortfall will be made up by the Company in cash to Zhongming Zhiye (after taking into account of the special dividend to be declared by HCG Garden Engineering).

2. Information on the Outgoing Group and the Incoming Group

2.1 The Outgoing Group

2.1.1 Principal businesses

The Outgoing Group comprised three companies, namely Zhongcheng Real Estate, Baoding Tian'e Real Estate and Jinshibang Real Estate, and their respective subsidiaries. The members of the Outgoing Group are principally engaged in property development business in the PRC, while Baoding Tian'e Real Estate and Jinshibang Real Estate was established in December 2016 and December 2018, respectively, and had yet to carry any property development business during the two years ended 31 December 2018. Zhongcheng Real Estate and its subsidiaries has interests in 15 property projects in the PRC as at 31 December 2018, with a total site area of approximately 377,000 square meters and unsold planned gross floor area of approximately 1,486,000 square meters. Set out below is the status of the 15 property projects as at 31 December 2018 as summarised from the equity valuation report on the Disposal and Transfer Subject Companies as at 31 December 2018 (the "**Outgoing Group Valuation Report**"):

Status	**Number of projects**
Held for sale	5
Partially held for sale and partially under development	2
Partially held for sale and partially held for future development	2
Under development	4
Partially under development and partially held for future development	1
Held for future development	1
Total	**15**

Amongst the unsold planned gross floor area of the property projects, approximately 921,000 square meters are designated for residential, apartments or villas, approximately 307,000 square meters are designated for car park spaces and approximately 145,000 square meters are designated for commercial, offices and storage. Moreover, as advised by the Group, approximately 191,000 square meters have been pre-sold to various third parties. Further details of the property interests of the Outgoing Group as at 31 December 2018 were set out in the Outgoing Group Valuation Report as contained in Appendix I to the Circular.

2.1.2 Financial information

Set out below is the summary of key aggregated financial information of the Outgoing Group, comprising Zhongcheng Real Estate and its subsidiaries (the "**Zhongcheng Real Estate Group**"), Baoding Tian'e Real Estate and Jinshibang Real Estate, for the two years ended 31 December 2018 based on the management accounts prepared under the PRC GAAP provided by the Company:

	For the year ended 31 December	
	2018	**2017**
	RMB'mil	*RMB'mil*
Revenue	1,477	2,249
Cost of sales and related tax	(1,089)	(1,804)
Gross profit	388	445
(Loss)/Profit before tax	(113)	274
Income tax expense	(53)	(82)
(Loss)/Profit for the year	**(166)**	**192**

Based on the information provided by the Company, each of Baoding Tian'e Real Estate and Jinshibang did not record significant income or expenses during the past two financial years ended 31 December 2018, and the financial performance of the Outgoing Group principally represented the financial performance of the Zhongcheng Real Estate Group. The Outgoing Group recorded profit attributable to owners of the Company for the year ended 31 December 2017 while a loss attributable to owners of the Company for the year ended 31 December 2018. Meanwhile, the unaudited aggregate net assets value of the Outgoing Group attributable to the Group was only approximately RMB7.4 million as at 31 December 2018 (calculated based on the consolidated net assets of Zhongcheng Real Estate, Baoding Tian'e Real Estate and Jinshibang Real Estate of approximately RMB240.5 million, RMB94.5 million and RMB11.0 million, respectively, as at 31 December 2018 and the non-controlling interests of Zhongcheng Real Estate, Baoding Tian'e Real Estate and Jinshibang Real Estate in relation to the Outgoing Group of approximately RMB301.6 million, RMB32.1 million and RMB4.9 million, respectively, as at 31 December 2018). During the relevant financial years, the financial results of the Outgoing Group have been consolidated into the financial statements of the Company.

For the year ended 31 December 2018, the Outgoing Group recorded an aggregate revenue of approximately RMB1,477 million, as compared to approximately RMB2,249 million for the year ended 31 December 2017. As advised by the management of the Company, property development companies would record higher revenue during the year when sales can be recognised in accordance with the relevant accounting standard. We noted that the decrease in aggregated revenue of the Outgoing Group was in line with the fact that the number of projects with sales recognition commenced in 2018 was less than that in 2017. Further, as advised by the management of the Company, the gross profit margin of different project varies with, and depends on different factors including, but not limited to, location, target customer, type of property and market atmosphere at the time of sales.

On the other hand, the Outgoing Group recorded asset impairment loss of approximately RMB78 million principally attributable to the impairments due to losses suffered by the associates and the increase in aging of receivables which in turn resulted in increase in impairment and share of loss of associates of approximately RMB165 million principally due to the impairment loss recorded by an associate as the cost of property development exceeded the projected revenue during the year ended 31 December 2018, as compared to asset impairment loss of approximately RMB25 million, gain from investments of approximately RMB107 million and share of loss of associates of approximately RMB3 million for the year ended 31 December 2017. As a result of the aforesaid, the Outgoing Group recorded a net loss for the year ended 31 December 2018 as compared to a net profit for the year ended 31 December 2017.

Set out below is the breakdown of aggregate net assets value of the Outgoing Group as at 31 December 2018 based on the management accounts prepared under the PRC GAAP provided by the Company:

	As at 31 December 2018 *RMB'mil*
Non-current assets	1,114
Current assets	4,360
Current liabilities	4,382
Non-current liabilities	746

As at 31 December 2018, the Outgoing Group had aggregate net assets attributable to the Group of approximately RMB7.4 million, principally comprising inventory of approximately RMB2,100 million, other receivables of approximately RMB1,583 million, long term investment of approximately RMB825 million which principally represented investments in associates, other payable of approximately RMB2,195 million, short term and long term loans of approximately RMB1,378 million, advances from customers of approximately RMB648 million and accounts payable of approximately RMB531 million. Based on the Outgoing Group Valuation Report as set out in Appendix I to the Circular, after taking into account of, among other things, the revaluation surplus on the property interests of the Outgoing Group and the relevant tax impact, the fair value of the net assets of the Disposal and Transfer Subject Companies was approximately RMB241 million as at 31 December 2018, of which approximately RMB204 million was attributable to the Company.

The Outgoing Group only recorded marginal aggregate net assets attributable to the Group as at 31 December 2018 as Zhongcheng Real Estate Group recorded net liabilities attributable to the Group of approximately RMB61.0 million as at 31 December 2018. The unfavourable financial position recorded by the Zhongcheng Real Estate Group was principally attributable to government intervention and policy changes in the property market and the poor performance of Zhongcheng Real Estate in 2018, which the management considered not likely to be improved in the near future, according to the Letter from the Board.

Meanwhile, based on the Outgoing Group Valuation Report, the aggregate market value of property interests held by the Outgoing Group as at 31 December 2018 was approximately RMB4,254 million. According to the valuation report on the property interests held by the Outgoing Group as at 28 February 2019 as set out in Appendix III of the Circular, the aggregate market value of property interests held by the Outgoing Group as at 28 February 2019 was approximately RMB4,315 million, representing an increase of approximately 1.4% from 31 December 2018. We consider that such change in market value of the property interests held by the Outing Group is not material and does not affect our analysis.

2.2 The Incoming Group

2.2.1 Principal businesses

HCG Garden Engineering was established in 2006 with registered capital of RMB108 million. HCG Garden Engineering is principally engaged in research and development of green seedlings, planting planning and design, ecological environment management and restoration, and urban gardening maintenance and operation, and is one of the National Top 50 Urban Greening Enterprises and National Top 10 Garden Design and Construction Integration Enterprises. HCG Garden Engineering has obtained various qualifications including Grade A qualification of landscape garden engineering design, first-grade qualifications for special contracting for urban gardening and landscaping, and ancient architecture engineering, qualifications for general contracting for municipal public engineering construction, general contracting for construction projects, special contracting for urban and road lighting engineering and special contracting for environmental protection engineering.

2.2.2 Financial information

Set out below is the summary of key unaudited consolidated financial information of the Incoming Group for the two years ended 31 December 2018 based on the audited financial statements prepared under the PRC GAAP provided by the Company:

	For the year ended 31 December	
	2018	**2017**
	RMB'mil	*RMB'mil*
Revenue	1,146	848
Cost of sales and related tax	(1,054)	(792)
Gross profit	92	56
Profit before tax	49	68
Income tax expense	(13)	(13)
Profit for the year	**36**	**55**

As illustrated above, HCG Garden Engineering Group recorded positive financial results for each of the two years ended 31 December 2018.

According to the "Opinion on actively promoting large-scale land greening" (關於積極推進大規模國土綠化行動的意見) published by National Afforestation Committee (全國綠化委員會) and National Forestry and Grassland Bureau (國家林業和草原局) in November 2018 (the "**Opinion**"), implementation of large-scale natural greening programs forms part of the major strategic decisions made by the PRC Government in the 19th National Congress. It is expected that the government will strengthen the construction of urban forests and scenic forests, and steadily promote various parks, suburban greenways, green belts and ecological corridors in urban parks, country parks, and suburban forest parks, as well as increase the green area, demolition of non-compliance buildings and substitute with green area, and strive to expand the green area in order to improve the overall landscape. Moreover, it is targeted to build additional number of green cities.

As advised by the management of the Company, the HCG Garden Engineering Group has recorded improvement in revenue and, in particular, has obtained ten engineering, procurement and construction projects during the year ended 31 December 2018 and two of which had a contract sum of over RMB200 million. We were also being advised by the management of the Company that the HCG Garden Engineering Group had contracts on hand with an aggregate contract sum of approximately RMB2,943 million as at 31 December 2018. However, for the year ended 31 December 2018, the net profit of the Incoming Group was approximately HK$36 million as the impact of the improvement in gross profit was offset by the increases in management expenses and finance costs, the reduction of investment income and the increase in assets impairment losses, and leading to a decrease in net profit as compared to the year ended 31 December 2017. The HCG Garden Engineering Group recorded dividend income of approximately RMB17 million for the year ended 31 December 2017 while no such income was recorded by the HCG Garden Engineering Group for the year ended 31 December 2018. Meanwhile, the HCG Garden Engineering Group also recorded a net asset impairment loss of approximately RMB28 million for the year ended 31 December 2018, as compared to a net reversal of asset impairment of approximately RMB4 million for the year ended 31 December 2017. The increase in asset impairment was primarily due to the increases in both balance of outstanding trade receivables and the aging of the receivables. As advised by the management of the Company, upon completion of the Equity Swap and Transfer, the management of the Group will (i) strengthen the management on trade receivables of the Incoming Group; (ii) enhance the credit checking of debtors of the Incoming Group; and (iii) perform an overall review and analysis on the costs and expenses of the Incoming Group, with a view to speed up the collection of trade receivables and reduce unnecessary expenses, and to achieve a long term development of the Incoming Group in a sustainable and healthy manner.

Set out below is the breakdown of net assets value of the HCG Garden Engineering Group as at 31 December 2018 based on the audited financial statements prepared under the PRC GAAP provided by the Company:

	As at 31 December 2018 *RMB'mil*
Non-current assets	10
Current assets	1,726
Current liabilities	1,384
Non-current liabilities	108

As at 31 December 2018, the HCG Garden Engineering Group had net assets of approximately RMB245 million, principally comprising contract assets of approximately RMB884 million, trade and bills receivables of approximately RMB287 million, other receivables of approximately RMB270 million, cash and cash equivalents of approximately RMB193 million, trade and bills payables of approximately RMB862 million, contract liabilities of approximately RMB211 million, tax payables of approximately RMB117 million, other payables of approximately RMB137 million and long term loan of approximately RMB108 million. Based on the valuation report on the Acquisition Subject Company (the "**Incoming Group Valuation Report**") as set out in Appendix II to the Circular, the fair value of the HCG Garden Engineering Group was approximately RMB274 million as at 31 December 2018.

Pursuant to the Equity Swap and Transfer Agreement, a special cash dividend of RMB60 million will be declared by HCG Garden Engineering to its then shareholder (the "**HCG Garden Special Dividend**") prior to the completion of the Equity Swap and Transfer.

3. Reasons for the Equity Swap and Transfer

As stated in the Letter from the Board, the Board (including independent non-executive Directors) believes that the Equity Swap and Transfer is based on the following reasons and is in the best interests of the Company:

(1) Consolidating the leading position in the industry and seizing the opportunities in the industry

According to information publicly available, in 2018, the total output value of the construction industry was RMB23,508.6 billion, up 9.9% year-on-year, higher than the growth rate of GDP of our country. The construction area of buildings nationwide was 14.09 billion square meters, up 6.9% year-on-year. Building construction, infrastructure construction and specialized supporting services are still important components of China's construction industry. At the same time, the National New Urbanization Plan (2014-2020) (《國家新型城鎮化規劃(2014-2020)》) clearly emphasizes intensive urban development and green development. Environmental indicators such as green buildings and green space rate of the built-up area have been set up. Residents' requirements for creating a good and high-quality living environment have been further improved. The Company is a leading construction group in China, mainly providing construction engineering contracting services for building construction projects and infrastructure construction projects as the main contractor, while HCG Garden Engineering possesses leading qualifications in garden construction business. It is expected that upon completion of the Equity Swap and Transfer, the Company will have a more integrated and comprehensive competitive advantage in terms of industry positioning, business scope and service quality, and will have stronger competitiveness in the national construction industry and grasp the industry opportunities.

Over the past years, as stated in the Letter from the Board, there had been significant growth in different areas of environmental pollution control investments. According to the National Bureau of Statistics of China, the three largest investments in environmental pollution control in 2017 were urban environmental infrastructure construction, urban green landscaping construction and urban drainage construction, which amounted to approximately RMB609 billion, RMB239 billion and RMB173 billion for the year ended 31 December 2017, representing a compound annual growth rate ("**CAGR**") of approximately 15.6%, 18.0% and 15.5%, respectively, since 2000. Meanwhile, the investment in urban green landscaping construction recorded the highest CAGR since 2000 among the investments in environmental pollution control. As a result of the continuous development of PRC economy, urbanisation and improvement in living standard of the PRC citizens and it was noted that the investment in environmental pollution control has recorded significant increase from 2000 to 2017 at a CAGR of approximately 14.1%, while investment in urban green landscaping construction experienced significant growth at a CAGR of approximately 18.0% during the period, exceeding the CAGR of gross domestic product of approximately 13.2% during the same period. As advised by the management of the Company, the majority of revenue of HCG Garden Engineering was derived from landscape engineering design and engineering procurement construction as well as landscaping engineering construction. Given the inclusion of HCG Garden Engineering will enhance and broaden the service scope of the Group, we concur with the Company that the Group will have stronger competitiveness in the national construction industry and grasp the industry opportunities as a result of the Equity Swap and Transfer.

(2) Focusing on developing construction business and cultivating core competitiveness

Upon completion of the Equity Swap and Transfer, the Company will dispose the equity interests in the real estate development business to Zhongming Zhiye, which will help the Company to focus on the development of construction capabilities, further deepen the service quality and highlight the Company's brand advantages in construction. In the long run, the Equity Swap and Transfer will also help the Company to define its future key development direction, streamline its main business, and concentrate resources to respond to major strategic calls such as the coordinated development of Beijing, Tianjin and Hebei, the planning and construction of Xiong'an new area, the construction of the 2022 Winter Olympics venues, and the "Belt and Road Initiative".

As stated in the Prospectus, the Company intended to remain committed to its core business of construction contracting and may consider reducing the scale of its property development business or, if necessary, disposing of this business as it is not part of the core business of the Group. Property development industry is a relatively capital intensive industry which requires significant capital on inception of project as compared to the businesses carried by the Incoming Group. In view of the aforesaid, we concur with the management of the Company that the Group can have a better resources allocation towards its construction contracting business subsequent to the disposal of the real estate business.

(3) Enriching the construction business system and serving customers in all aspects

HCG Garden Engineering upon completion of the Equity Swap and Transfer has synergy effect with the Company's construction business in terms of business scope, which is expected to further improve the Company's business scope. In the future, the Company can bid for diversified project portfolios to provide customers with better integrated services, seize emerging development opportunities in building and infrastructure industries, and ensure the Company's long-term sustainable development.

As stated in paragraph (1) above under this section, the National New Urbanization Plan (2014-2020) (《國家新型城鎮化規劃(2014-2020)》) has placed emphasizes on urban development and green development. As the Group is a leading non-state owned construction group in the PRC principally engaged in construction contracting business, we concur with management of the Company that, upon completion of the Equity Swap and Transfer, the synergy effect arising from the acquisition of the Incoming Group would enable the Group to bid for diversified project portfolios and enhance the Group's long term sustainable development.

(4) Resource integration and sharing to enhance business capability

The Company has one special-grade qualification, 19 first-grade qualifications, 12 second-grade qualifications and seven third-grade qualifications in construction project contracting, of which the Company's special-grade qualification for construction project general contracting is the highest qualification granted to construction project general contractors, and the Company also has advanced technology and research and development strength. At the same time, HCG Garden Engineering has the Grade A qualification of landscape garden engineering design, first-grade qualifications for special contracting for urban gardening and landscaping, and ancient architecture engineering, qualifications for general contracting for municipal public engineering construction, general contracting for construction projects, special contracting for urban and road lighting engineering, special contracting for environmental protection engineering, etc.. Upon completion of the Equity Swap and Transfer, the Company's construction and research and development strength will reach a new level. In addition, other resources such as customers, purchasing network, technical knowledge, management personnel, research strength and other resources will also be integrated after Equity Swap and Transfer, which will help to form scale effect and reduce costs. Through the overall planning of business planning, as well as the sharing of business technology, marketing services and customer resources, it is expected that the Equity Swap and Transfer will further enhance the Company's business capability and create a brand image.

As advised by the Company, the Incoming Group had been retained by the Group as subcontractors for providing greening landscaping services in certain projects over the past years, evidencing that there were linkages between the businesses of the Group and the Incoming Group. We concur with the management of the Company that the acquisition of Incoming Group by way of Equity Swap and Transfer will further broaden the service scope of the Group, and may potentially reduce the overall cost as a result of sharing of resources.

Meanwhile, as further stated in the Letter from the Board, upon completion of the Equity Swap and Transfer, on the one hand, the Company will focus more on the construction business, concentrate resources to develop the Company's capability in the construction business and its supporting technology business, and deepen the business scope.

(5) Properly managing risks brought about by the state's control and engaging in industries with broad development prospects

As stated in the Letter from the Board, in recent years, real estate development business is confronted with the impact arising from macro-control measures and fierce competition. Social, political, economic, legal and other factors will have a continuing impact on the development of China's real estate industry. Meanwhile, the sharp decline in the domestic economy will have an adverse effect on the demand of the real estate industry. In order to ensure the orderly development of the real estate industry, the Chinese government will from time to time implement macro-control measures on the real estate industry, including policies such as restricting the financing of real-estate-related businesses, which will exert certain impact on the Company's future financing plans. In contrast, due to China's sustained economic development, urbanization and improvement in the living standards of Chinese citizens, according to the data of the National Bureau of Statistics, investment in environmental pollution control increased significantly at a compound annual growth rate of approximately 14.1% from 2000 to 2017, while investment in municipal green landscaping construction increased substantially at a compound annual growth rate of approximately 18.0% during the same period, exceeding the compound annual growth rate of approximately 13.2% of GDP of the same period. Judged from the Company's financial data, revenue from Disposal and Transfer Subject Companies recorded an obvious decrease from 2017 to 2018 with negative profit in 2018, while revenue from Acquisition Subject Company was positive and trended upwards from 2017 to 2018. Upon completion of the Equity Swap and Transfer, the Company will actively participate in the landscaping industry with major support from the state and broad prospects for future development while avoiding uncertainties brought about by the state's control in the real estate industry.

As discussed above, investment in municipal landscaping construction in the PRC has been increasing over the past years. Moreover, as referred to in the Opinion that the implementation of large-scale national greening programs forms part of the major strategic decisions made by the PRC Government in the 19th National Congress, we concur with the management of the Company that the industry prospect which HCG Garden Engineering is engaged in is promising.

(6) Integrating integral auxiliary business and alleviating financial pressure

The Company proposes to complete the integration of a set of integral auxiliary business modules through the Equity Swap and Transfer, i.e. the disposal of real-estate-related business and the acquisition of landscaping business. As an integration plan designed for the Company's long-term business planning, the Disposal and Transfer and the Acquisition constitute an inseparable transaction. In addition, the transfer of real-estate-related business to Zhongming Zhiye and Qianqiu Management (a wholly owned subsidiary of Zhongming Zhiye), and the acquisition of HCG Garden Engineering (a wholly owned subsidiary of Zhongming Zhiye), will facilitate reducing the cash consideration for the transaction and alleviate the financial pressure of the Company.

As further analysed under the section headed "5. Financial effects of the Equity Swap and Transfer" below, the interest-bearing liabilities of the Group amounted to approximately RMB3,480 million as at 31 December 2018, and among which approximately RMB1,378 million were attributable to the Outgoing Group, while the aggregate interest-bearing liabilities of the Incoming Group was only approximately RMB155 million as at 31 December 2018. Moreover, given property development industry is a relatively capital intensive industry which requires significant capital on inception of project as compared to the businesses carried by the Incoming Group, and the Equity Swap and Transfer will reduce the gearing ratio of the Group, we concur with the management of the Company that the Equity Swap and Transfer will alleviate the financial pressure of the Company.

4. Information on the Equity Swap and Transfer

4.1 Principal terms of the Equity Swap and Transfer

The principal terms of the Equity Swap and Transfer Agreement are set out below:

(1) Date

17 May 2019

(2) Parties

The Company;
Baoding Zhongcheng;
Zhongming Zhiye; and
Qianqiu Management

(3) The Disposal

(I) The Subject

The Company agreed to dispose and Zhongming Zhiye agreed to acquire the Disposal Subject.

(II) Consideration and determination basis

The Valuer evaluated the Disposal Subject on the Equity Valuation Reference Date, and issued the Equity Valuation Report on the Disposal and Transfer Subject Companies, details of which are set out in Appendix I of this circular. The valuation is as follows:

According to the Equity Valuation Report on the Disposal and Transfer Subject Companies, the valuation of the 90% shares of Zhongcheng Real Estate, the valuation of 66% equity interests of Baoding Tian'e Real Estate and the valuation of 55% equity interests of Jinshibang Real Estate proposed to be disposed by the Company is RMB122.1 million, RMB62.3 million, and RMB6.1 million, respectively. The valuation of the Disposal Subject is RMB190.5 million in total.

Given (i) the Valuer's valuation of the Disposal Subject; (ii) the current situation and future development prospects of the relevant industries in which the Disposal and Transfer Subject Companies are located; and (iii) the business condition, historical financial performance and future development potential of the Disposal and Transfer Subject Companies, and through arm's length negotiation between the Company and Zhongming Zhiye, the total transfer consideration of the Disposal Subject is RMB190.5 million.

(4) The Acquisition

(I) The Subject

Zhongming Zhiye agreed to dispose and the Company agreed to acquire the Acquisition Subject.

(II) Consideration and determination basis

The Valuer evaluated the Acquisition Subject on the Equity Valuation Reference Date, and issued the Equity Valuation Report on the Acquisition Subject Company, details of which are set out in Appendix II of this circular. The valuation is as follows:

According to the Equity Valuation Report on the Acquisition Subject Company, the valuation of 100% equity interests of HCG Garden Engineering proposed to be acquired by the Company is RMB274.0 million.

Given (i) the Valuer's valuation of the Acquisition Subject; (ii) the current situation and future development prospects of the relevant industries in which the Subject Company is located; (iii) the business condition, historical financial performance and future development potential of the Subject Company, and through arm's length negotiation between the Company and Zhongming Zhiye; and (iv) the special dividend paid by HCG Garden Engineering to its shareholders of RMB60.0 million, the total transfer consideration of the Acquisition Subject is RMB214.0 million.

(5) The Equity Transfer

(I) The Subject

Based on the Equity Swap, Baoding Zhongcheng agreed to transfer the Equity Transfer Subject held by it to Qianqiu Management.

(II) Consideration and determination basis

The Valuer evaluated the Equity Transfer Subject on the Equity Valuation Reference Date, and issued the Equity Valuation Report on the Disposal and Transfer Subject Companies, details of which are set out in Appendix I of the circular. According to the Valuation Report on the Disposal and Transfer Subject Companies, as of the Equity Valuation Reference Date, the valuation of the Equity Transfer Subject was RMB13.6 million.

Given (i) the Valuer's valuation of the Equity Transfer Subject, (ii) the current situation and future development prospects of the relevant industries in which the Subject Companies are located, and (iii) the business condition, historical financial performance and future development potential of the Subject Companies, and through arm's length negotiation between Baoding Zhongcheng and Qianqiu Management, the total transfer consideration of the Equity Transfer Subject is RMB13.6 million.

(6) Payment of consideration

The parties to the agreement agree that the consideration shortfall between the Disposal Subject and Equity Transfer Subject, and the Acquisition Subject of RMB9.9 million will be made up by the Company in cash to Zhongming Zhiye, of which,

(i) 50%, being RMB4.95 million will be paid on the Closing Date; and

(ii) the remaining 50%, being RMB4.95 million, will be paid within five days from the date of completion of the industrial and commercial registration or filing procedures for the Equity Swap and Transfer.

(7) Gain or Loss during the Transition Period

The Company and Zhongming Zhiye agreed that the gain or loss arising from operations or changes in equity arising from other causes of the Disposal Subject during the Transition Period will be entitled to or borne by Zhongming Zhiye, and the gain or loss arising from operations or changes in equity arising from other causes of the Acquisition Subject during the Transition Period will be entitled to or borne by the Company.

Baoding Zhongcheng and Qianqiu Management agreed that the gain or loss arising from operations or changes in equity arising from other causes of the Equity Transfer Subject during the Transition Period will be entitled to or borne by Qianqiu Management.

Based on the management accounts prepared in accordance with the Chinese Accounting Standards for Business Enterprises, the net loss attributable to the controlling shareholders of the Disposal and Transfer Subject Companies for the four months ended 30 April 2019 was RMB13.9 million. While the net profit attributable to the controlling shareholders of the Acquisition Subject Company for the four months ended 30 April 2019 was RMB7.1 million. Since the Disposal and Transfer Subject Companies recorded net loss and their financial performance were deteriorating during the recent financial years while the Acquisition Subject Company has seen a positive financial performance, the Board believes, and we concur with the Board that, the above arrangement is in the best interests of the Company and its Shareholders as a whole. The Company would not like to perform special audit for the Transition Period in order to avoid extra and unduly burdensome works and costs.

(8) Conditions precedent

The implementation of the Equity Swap and Equity Transfer is subject to the satisfaction or exemption by the parties (as the case may be) of certain conditions precedent:

(i) The signing of the Equity Swap and Transfer Agreement and the Disposal and Transfer contemplated thereunder have been approved by the Board of the Company and the AGM in accordance with the requirements of the Listing Rules;

(ii) During the period from the date of the Equity Swap and Transfer Agreement and the Closing Date, the Subject Equities are not pledged, frozen or otherwise restricted; and

(iii) All necessary approvals, consents, filing and waivers (if applicable) in respect of the Equity Swap and Transfer Agreement and the transactions contemplated thereunder required to be obtained from any government authority or other third party pursuant to the applicable laws and contractual agreements have been unconditionally and irrevocably obtained, including but not limited to, the written consent which shall be obtained by the Company and Baoding Zhongcheng from shareholders with pre-emptive rights of Baoding Tian'e Real Estate and Jinshibang Real Estate prior to the Closing Date to waive their pre-emptive rights.

As of the Latest Practicable Date, to the best knowledge, information and belief of the Directors, the Company, Baoding Zhongcheng, Zhongming Zhiye and Qianqiu Management had respectively obtained all necessary internal approvals, except for the approvals of the Independent Shareholders on the Equity Swap and Transfer Agreement and the Disposal and Transfer expected to be contemplated thereunder at the AGM.

(9) Completion

Each of the parties agrees to take the day following the effectiveness of the Equity Swap and Transfer Agreement as the Closing Date of the Equity Swap and Equity Transfer. From the Closing Date, all rights, obligations and risks of the Subject Equities will be transferred.

4.2 Consideration

Pursuant to the Equity Swap and Transfer Agreement, the consideration is determined based on the valuation of 100% equity interest in HCG Garden Engineering held by Zhongming Zhiye; the valuation of the 100% equity interest in Zhongcheng Real Estate, 66% equity interest in Baoding Tian'e Real Estate and 55% equity interest in Jinsiban Real Estate, as at 31 December 2018 prepared by JLL, an independent professional valuer; and the HCG Garden Special Dividend. Based on the Outgoing Group Valuation Report, the aggregate valuation of the Disposal Subject and the Equity Transfer Subject amounted to approximately RMB204 million and based on the Incoming Group Valuation Report, the valuation of the Acquisition Subject amounted to approximately RMB274 million, details of which are set out in valuation reports set out in Appendices I and II of the Circular, and taking into account of the difference in valuation and the HCG Garden Special Dividend of RMB60 million, a cash consideration of approximately RMB9.9 million will be paid by the Group.

4.2.1 Comparison with comparable companies

In assessing the fairness and reasonableness of the consideration of the Equity Swap and Transfer, we have conducted a research on the trading share price of other listed companies principally engaged in (i) property development business in the PRC; or (ii) landscaping business in the PRC.

4.2.1.1 Property development business comparable companies

With reference to the revenue and business nature of the Outgoing Group, we have reviewed all actively trading companies listed on the Stock Exchange, which (i) are property developers according to Bloomberg; (ii) had revenue ranging from RMB500 million to RMB3,000 million in their latest financial year; (iii) derived over 80% of revenue from property development segment based on their latest published annual report; (iv) derived over 95% of revenue from the PRC market; and (v) had investment properties with carrying value of less than 10% of total assets in their latest consolidated statement of financial position (the "**Property Comparable Companies**"). We have identified four companies that can fulfill the above criteria. In our view, the Property Comparable Companies set out below represent an exhaustive list of companies we were able to identify from the Stock Exchange's website and which satisfied the above selection criteria. Set out below is the table showing the price-to-earnings ratio and price-book ratio of the Property Comparable Companies:

Company (Stock Code)	**Principal activities**	**Market capitalisation as at the Latest Practicable Date** *(HK$ billion)*	**Price-to-earnings ("P/E") ratio** *(times)* *(Note 1)*	**Price-to-book ("P/B") ratio** *(times)* *(Note 2)*
Ever Reach Group (Holdings) Company Limited (3616)	China-based real estate development company	1.2	4.5	1.1
Weiye Holdings Limited (1570)	Development of residential projects	1.0	5.1	0.6
Chen Xing Development Holdings Limited (2286)	Property development in China	1.3	7.4	0.9
Sansheng Holdings (Group) Co. Ltd. (2183)	Property development and property investment	4.7	Loss-making	3.6
	Average		5.7	1.5
	Minimum		4.5	0.6
	Maximum		7.4	3.6
	Outgoing Group *(Note 3)*	0.2	Loss-making	27.6

Source: HKEx website

Notes:

1. Calculated based on the closing price as at the Latest Practicable Date, the net profit attributable to equity shareholders as extracted from their respective annual reports for the year ended 31 December 2018 and the number of shares in issue as at 31 December 2018, and the average exchange rate of HK$1.00 = RMB0.87838 for the year ended 31 December 2018 quoted from Bloomberg.

2. Calculated based on the closing price as at the Latest Practicable Date and the net assets attributable to equity shareholders as extracted from their respective latest published annual report and the number of shares in issue as at 31 December 2018, and the exchange rate of HK$1.00 = RMB0.87838 on 31 December 2018 quoted from Bloomberg.

3. Calculated based on the aggregate consideration attributable to the Disposal Subject and Equity Transfer Subject of RMB204 million.

Based on the above table, the P/E ratio of the Property Comparable Companies ranged from approximately 4.5 times to 7.4 times and with an average of approximately 5.7 times and the P/B ratio of the Property Comparable Companies ranged from approximately 0.6 times to 3.6 times and with an average of approximately 1.5 times.

We noted that Sansheng Holdings (Group) Co. Ltd. recorded an unexpected high P/B ratio of approximately 3.6 times, which is unusual for property development companies. We noted further that based on the annual report (the "**SanSheng Annual Report**") of Sansheng Holdings (Group) Co. Ltd. ("**SanSheng**") for the year ended 31 December 2018, it did not record any revenue for the year ended 31 December 2017 and recorded net loss of approximately RMB186 million for the year ended 31 December 2018. According to the SanSheng Annual Report, majority of the land development projects newly explored by SanSheng were under construction and/or at the pre-sale stages and criteria for recognition of revenue were not satisfied and certain operating costs during the year were not offset by corresponding revenue. Furthermore, amongst the 14 property projects on hand as at 31 December 2018, the pre-sale or the first batch of pre-sale permit of six of them commenced or was obtained, as the case may be, in 2018, four of them planned to commence the pre-sale in 2019, one of them planned to commence the pre-sale in 2020, two of them had yet to obtain land use right certificate as at 31 December 2018 and one of them had yet to obtain the final approval for master layout plan as at 31 December 2018. Accordingly, we consider that the shares of SanSheng may not be trading based on the historical financial performance or position of SanSheng, and therefore, inclusion of the P/E ratio and the P/B ratio of SanSheng in our analysis may not be appropriate.

The exclusion of SanSheng in our analysis would have no impact on the P/E ratio of the Property Comparable Companies, while the P/B ratio of the Property Comparable Companies would then be ranged from approximately 0.6 times to 1.1 times and with an average of approximately 0.9 times.

Given historical earnings may not be entirely relevant to the future financial performance of property developers, while the property portfolio may better reflect the potential financial performance, we consider that the P/B ratio of property companies is more meaningful than their P/E ratio. Meanwhile, given the Outgoing Group has recorded net loss for the financial year ended 31 December 2018 and the Outgoing Group is principally engaged in property development business, we did not take into account of the P/E ratio of the Outgoing Group in our analysis.

We noted that the Outgoing Group only recorded marginal net assets attributable to the Group as at 31 December 2018 of approximately RMB7.4 million before taking into account of the valuation surplus and the relevant tax impacts as at 31 December 2018, resulting in an exceptionally high P/B ratio of the Outgoing Group as calculated based on the aggregate consideration attributable to the Disposal Subject and Equity Transfer Subject. If the relevant valuation surplus and tax impacts are being taken into account, the then P/B ratio of the Outgoing Group, as calculated based on the consideration of the Disposal Subject and the Equity Transfer Subject, will be 1.0 time.

As stated above, if SanSheng is excluded from the Property Comparable Companies, the P/B ratio of the Property Comparable Companies would then be ranged from approximately 0.6 times to 1.1 times and with an average of approximately 0.9 times. It should be noted that such P/B ratios are calculated based on the carrying value of the net assets of the Property Comparable Companies as at 31 December 2018. In case the Property Comparable Companies had any relevant valuation surplus of the property interests being held by them as at December 2018 and such surplus, together with the tax impacts related thereto had been taken into account in the calculation of the above P/B (the "**Adjusted P/B**") ratio, the adjusted book value of the Property Comparable Companies would expect to be increased. In such circumstances, the Adjusted P/B ratio of the Property Comparable Companies would be lower than the P/B ratio as set out in the above table. Accordingly, the Adjusted P/B ratio of the Outgoing Group (as adjusted for the relevant valuation surplus and tax impacts) shall represent a premium over the then average Adjusted P/B ratio of the Property Comparable Companies (excluding Sansheng).

Based on the aforesaid, given the aggregate consideration attributable to the Disposal Subject and Equity Transfer Subject represents an Adjusted P/B above the average Adjusted P/B ratio of the Property Comparable Companies (excluding Sansheng) and further taking into account the fact that the aggregate consideration attributable to the Disposal Subject and Equity Transfer Subject equal to the fair value of the Disposal Subject and Equity Transfer Subject, we consider that the aggregate consideration attributable to the Disposal Subject and Equity Transfer Subject is fair and reasonable.

4.2.1.2 Landscaping comparable companies

With reference to the revenue and business nature of the HCG Garden Engineering and its subsidiaries, we have reviewed all actively trading companies listed on the Stock Exchange, which (i) have principal businesses including landscaping according to Bloomberg; (ii) derived over 30% of revenue from such business based on their latest published annual report; (iii) derived over 80% of revenue from construction related business (including, but not limited to landscaping); and (iv) derived over 80% of revenue from the PRC market (the "**Landscaping Comparable Companies**"). We have identified two companies that can fulfill the above criteria. In our view, the Landscaping Comparable Companies set out below represent an exhaustive list of companies we were able to identify from the Stock Exchange's website and which satisfied the above selection criteria. Set out below is the table showing the price-to-earnings ratio and price-book ratio of the Landscaping Comparable Companies:

Company (Stock Code)	**Principal activities**	**Market capitalisation as at the Latest Practicable Date** *(HK$ billion)*	**("P/E") ratio** *(times)* *(Note 1)*	**("P/B") ratio** *(times)* *(Note 2)*
China Greenland Broad Greenstate Group Company Limited (1253)	Municipal and city level landscape projects businesses	2.1	29.5	2.2
Chanhigh Holdings Limited (2017)	Provision of municipal landscape and municipal works construction services	0.5	26.3	0.6
	Average		27.9	1.4
HCG Garden Engineering Group *(Note 3)*		0.3	7.6	1.2

Source: HKEx website

Notes:

1. Calculated based on the closing price as at the Latest Practicable Date, the net profit attributable to equity shareholders as extracted from their respective annual reports for the year ended 31 December 2018 and the number of shares in issue as at 31 December 2018, and the average exchange rate of HK$1.00 = RMB0.87838 for the year ended 31 December 2018 quoted from Bloomberg.

2. Calculated based on the closing price as at the Latest Practicable Date and the net assets attributable to equity shareholders as extracted from their respective latest published annual report and the number of shares in issue as at 31 December 2018, and the exchange rate of HK$1.00 = RMB0.87838 on 31 December 2018 quoted from Bloomberg.

3. Calculated based on the consideration attributable to the HCG Garden Engineering Group of RMB274 million before taking into account of the HCG Garden Special Dividend.

Based on the above table, the P/E ratio of the Landscaping Comparable Companies ranged from approximately 26.3 times to 29.5 times and with an average of approximately 27.9 times and the P/B ratio of the Landscaping Comparable Companies ranged from approximately 0.6 times to 2.2 times and with an average of approximately 1.4 times.

The consideration of the Acquisition Subject attributable to the HCG Garden Engineering Group represents a P/E ratio of approximately 7.6 times, which falls below the range of P/E ratio of the Landscaping Comparable Companies, and falls within the range of P/B ratio of the Landscaping Comparable Companies and below the average P/B ratio of the Landscaping Comparable Companies.

4.2.2 Valuation of the Disposal Subject and the Equity Transfer Subject, and Acquisition Subject

We have also considered the valuation of the market value of the Outgoing Group and Incoming Group as at 31 December 2018 prepared by JLL as set out in Appendices I and II to the Circular in respect of the valuation of the Disposal Subject and the Equity Transfer Subject, and Acquisition Subject and interviewed with JLL as to its experiences in business valuation and its relationship with the parties to the Equity Swap and Transfer Agreement, and discussing with JLL regarding its terms of engagement for the valuation, in particular to its scope of work. We noted that its scope of work was appropriate for it to form the opinion required to be given and there were no limitation on the scope of work which might adversely impact the degree of assurance given by JLL. JLL also confirmed us that it was not aware of any relationship or interest between it and the Company or any other parties that would be reasonably considered to affect its independence to act as an independent valuer for the Company.

We have reviewed the Outgoing Group Valuation Report and Incoming Group Valuation Report, and discussed with JLL regarding the methodology, basis and assumptions adopted in arriving at the valuation of the Outgoing Group and the Incoming Group as at 31 December 2018. For the valuation of the Outgoing Group, summation method under cost approach was adopted by JLL in arriving at the market value of the Outgoing Group, and market approach was adopted by JLL in arriving at the market value of the Incoming Group. Under the summation method under cost approach, JLL has adopted different valuation methodology for each different class of assets and liabilities, for example, cash and cash equivalents, accounts receivable, prepayment and other receivables are valued based on audited book values, inventories held for sale and for future development are valued by comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market, and inventories held under development and construction in process are valued by comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We noted that income approach is not being adopted by JLL and as advised by JLL, given (i) income approach involved various assumptions; (ii) given its business nature, historical projects of the Outgoing Group may not be useful in projecting the future projects to be obtained by the Outgoing Group; and (iii) the assets structure and assets attributes of the Outgoing Group as at 31 December 2018, being the valuation reference date, are more suitable for asset-based valuation approach, the summation method under cost approach shall be adopted in valuing the Outgoing Group instead of the income approach.

On the other hand, as set out in the Incoming Group Valuation Report, JLL has considered three generally accepted valuation approaches, namely market approach, cost approach and income approach, in conducting the valuation. We have further discussed with JLL team and given that the cost approach only considers the replacement cost or reproduction cost of an asset but not directly incorporate information about the economic benefits contributed by the subject businesses, and it is difficult to apply reliable, observable and justifiable input projections, which are subjection assumptions, for the business of the Incoming Group and that the valuation under income approach is highly sensitive, JLL considers, and we concur, that market approach, which considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative, is the most appropriate method in valuing the Incoming Group due to its simplicity, clarity, speed, and the need for few or no assumptions.

We concur with JLL on the valuation approaches that it has taken in valuing the Outgoing Group and Incoming Group.

5. Financial effects of the Equity Swap and Transfer

a. Earnings

Upon completion of the Equity Swap and Transfer, members of the Outgoing Group will cease to be subsidiaries of the Company and the results of the Outgoing Group will no longer be consolidated into the income statement of the Group, while the Incoming Group will become subsidiaries of the Company and the results thereof will be consolidated into the income statement of the Group. For instance, based on the financial information on the Outgoing Group and the Incoming Group as set out above, the Outgoing Group recorded net loss of approximately RMB166 million for the year ended 31 December 2018 while the Incoming Group recorded an aggregate net profit of approximately RMB36 million for the year ended 31 December 2018.

b. Net assets value attributable to the Company

As stated in the Letter from the Board, according to the Chinese Accounting Standards for Business Enterprises, the Company expects to record an increase in the owner's equity in the Group's unaudited financial statements for the Equity Swap and Transfer. The expected impact of the owner's equity in the unaudited financial statements was made with reference to the difference between the consideration transferred (the book value of the owner's equity of the Disposal and Transfer Subject Companies attributable to the Company as at 31 December 2018 plus cash consideration) and the acquired net assets (the book value of the owner's equity of HCG Garden Engineering attributable to Zhongming Zhiye after deducting the special dividend). The actual impact of the owner's equity in the unaudited financial statements will be determined based on the book value of the Subject Companies subsequent to the date of change of control.

c. Gearing

As at 31 December 2018, the gearing ratio of the Group, calculated based on the total interest-bearing liabilities divided by equity as at the relevant date and multiplied by 100%, was approximately 61.2%. As advised by the Company, the interest-bearing liabilities of the Group amounted to approximately RMB3,480 million as at 31 December 2018, among which approximately RMB1,378 million were attributable to the Outgoing Group, and the total equity of the Group amounted to approximately RMB5,688 million, and, on the other hand, the aggregate interest-bearing liabilities of the Incoming Group amounted to approximately RMB155 million as at 31 December 2018.

Assuming the Equity Swap and Transfer had completed on 31 December 2018, it is expected that gearing ratio would have been improved due to the decrease in interest-bearing liabilities as the interest-bearing liabilities level of the Outgoing Group was much higher than that of the Incoming Group.

d. Working capital

Based on the 2018 Annual Report, the Group had cash and cash equivalents of approximately RMB5,818 million as at 31 December 2018, among which approximately RMB406 million was attributable to the Outgoing Group.

Based on (i) the cash consideration payable by the Group in the Equity Swap and Transfer of approximately RMB10 million; (ii) the cash and cash equivalents of the Outgoing Group of approximately RMB406 million as at 31 December 2018; (iii) the cash and cash equivalents of the Incoming Group of approximately RMB193 million as at 31 December 2018; and (iv) the HCG Garden Special Dividend of RMB60 million, the cash level of the Group would have been reduced by approximately RMB283 million if the Equity Swap and Transfer had completed on 31 December 2018, while such reduction only represented approximately 4.9% of the Group's total cash and cash equivalents as at 31 December 2018 and we concur with the management of the Company that such impact is not significant to the Group.

6. Our view

Taking into account of the aforesaid, in particular,

(i) the Equity Swap and Transfer allows the Company to invest in landscape engineering business which is supported under the current government policies;

(ii) the financial performance of the Outgoing Group was relatively unstable and the business of the Outgoing Group was more capital intensive as compared to the Incoming Group;

(iii) the Outgoing Group recorded slight net assets attributable to the Group of approximately RMB7.4 million as at 31 December 2018 before taking into account of the valuation surplus and the relevant tax impacts as at 31 December 2018. If the relevant valuation surplus and tax impacts are being taken into account, the Adjusted P/B ratio of the Outgoing Group, as calculated based on the consideration of the Disposal Subject and the Equity Transfer Subject, will be 1.0 time, and shall represent a premium over the then average Adjusted P/B ratio of the Property Comparable Companies (excluding Sansheng);

(iv) the P/E ratio of the Green Engineering Group, as represented by the Consideration attributable to the Green Engineering Group, was approximately 7.6 times, which falls below the range of P/E ratio the Landscaping Comparable Companies;

(v) the total consideration of the Equity Swap and Transfer was derived based on the Outgoing Group Valuation Report and the Incoming Group Valuation Report as at 31 December 2018, and we are satisfied with the fair and reasonableness of the methodologies adopted;

(vi) the Company is expected to record improvement in gearing ratio as a result of the Equity Swap and Transfer while the reduction in working capital is not expected to be significant to the Group; and

(vii) the Equity Swap and Transfer, on one hand, will broaden the service scope of the Group, while, on the other hand, will facilitate the Group in focusing its resources to its core business,

we are of the view that the terms of the Equity Swap and Transfer Agreement is fair and reasonable and the entering in to the Equity Swap and Transfer Agreement is in the interests of the Company and the Independent Shareholders as a whole.

III. THE PROPOSED CONTINUING CONNECTED TRANSACTIONS

1. Background of the Construction Service

According to the 2018 Annual Report, the construction contracting customers of the Group mainly include universities, hospitals, civil aviation authorities, other government agencies and public institutions, state-owned enterprises and large property development companies in the PRC. Most of the large customers have cooperated with the Group for multiple times, and the Group's longest cooperation with existing customers has been over 30 years.

As advised by the management of the Company, the Remaining Group has been and will continue to provide construction services to Zhongming Zhiye and its branches and subsidiaries upon completion of the Equity Swap and Transfer. On 17 May 2019, the Company and Zhongming Zhiye entered into the Engineering Construction Service Framework Agreement in relation to the construction services to be provided by the Group to Zhongming Zhiye upon completion of the Equity Swap and Transfer. The term of the Engineering Construction Service Framework Agreement starts from the effective date until 31 December 2021 (inclusive), and can be renewed for another three years upon its expiry as agreed by the specific parties to the agreement.

2. Background and information of the Outgoing Group

The background and information of the Outgoing Group have been set out in the paragraph headed "Information on the Outgoing Group and the Incoming Group" under the section "Equity Swap and Transfer" above.

3. Reasons for entering into of the Engineering Construction Service Framework Agreement

As stated in the Letter from the Board, given that: (i) the Group has provided construction engineering services to Zhongming Zhiye and its branches and subsidiaries in the past, and the relevant services provided in the past have provided stable and substantial profits to the Group; (ii) the pricing of construction services provided by the Group to Zhongming Zhiye and its affiliated real estate companies is fair and on normal commercial terms; and (iii) Zhongming Zhiye and its affiliated real estate companies have made timely payments in the past without bad debts. In the future, Zhongming Zhiye and its affiliated real estate companies will also give priority to the payment of project funds to the Group. The Directors of the Company (including independent non-executive Directors) believe that it is in the interests of the Group for the Company to continue to provide construction services for Zhongming Zhiye and its subsidiaries and branches after the completion of the Equity Swap and Transfer.

We noted that according to the 2018 Annual Report, property developers are one of the customer groups of the construction contracting business of the Group, and approximately 2.0% of the revenue of the construction contracting segment of the Group was derived from the provision of services to other segments of the Group in 2018. Moreover, as advised by the Company and based on our analysis below, the terms of contracting services offered to Zhongming Zhiye and its associates were on normal commercial terms and comparable to the terms offered to third parties. Accordingly, we concur with the view of the Directors that the continuation of provision of contracting services to Zhongming Zhiye and its associates subsequent to the completion of the Equity Swap and Transfer is in the interests of the Company and the Independent Shareholders as a whole.

4. Principal terms of the Engineering Construction Service Framework Agreement

As set out in the Letter from the Board, the principal terms of the Engineering Construction Service Framework Agreement are set out below:

(1) Date

17 May 2019

(2) Parties

The Company (as the service provider); and
Zhongming Zhiye (as the service recipient).

(3) Principal terms

According to the Engineering Construction Service Framework Agreement, the Group provides construction services ("**Construction Service**"), including but not limited to engineering procurement construction, decoration and landscape engineering, to Zhongming Zhiye and its associates in the daily business process, and Zhongming Zhiye and its associates will pay service fees to the Group. The term of the Engineering Construction Service Framework Agreement will commence from the completion of the Equity Swap and Transfer until 31 December 2021 (inclusive), and can be renewed for another three years upon its expiry as agreed by the specific parties to the agreement, upon which the Group will continue to comply with the applicable requirements of the Listing Rules. Relevant subsidiaries or associated companies of both parties will separately enter into specific agreements and specify specific terms and conditions according to the principles stipulated in the Engineering Construction Service Framework Agreement.

(4) Pricing policy

According to the Engineering Construction Service Framework Agreement, the cost for the Group to provide construction services to Zhongming Zhiye and its associates will be determined based on arm's length negotiation with Zhongming Zhiye and its associates. The main reference factors include: (i) availability and cost of raw materials and equipment and machinery, labor and subcontractors; (ii) the local guiding prices of all kinds of raw materials as set out in the monthly cost information manual subscribed by the Company from the cost units under the local housing and urban-rural construction bureaus; (iii) the project schedule, the complexity and scale of the construction project, and the potential revision of the scope of work; (iv) the geographical location and environmental conditions of the project site; (v) the Group's estimate of competitive bidding; and (vi) contractual risks.

As further stated in the Letter from the Board, regarding the evaluation and analysis of competitive bidding, the Company has mainly formulated the following mechanisms: (i) the competitive quotation analysis mechanism, which is based on collecting bid opening records, network data, competitors' usual quotation methods and the importance attached to the project, which provides a comprehensive and overall analysis basis for quotation decision-making procedures; (ii) the bidding decision-making process mechanism led by the market operation department with the overall participation of each functional department (including but not limited to the production and technology department, the material procurement department and the finance department), where the bidding documents will be interpreted and the bidding strategic plan, division of responsibilities and specific timetable will be formulated through the pre-bidding meeting with the participation of the management of the above departments; and (iii) the final quotation decision-making team comprising the Company's general manager and market operation manager will determine the final quotation of the project with reference to the relevant information of competitors, the specific needs of the project and the impact on the Company's macro strategy.

In order to ensure that the fees charged by the Group for the provision of construction services are fair and reasonable and conform to market practices, the management of the Company has confirmed that the Group will closely follow the current level of market fees and market conditions and independent third party cost consultation institutions will review the pricing. In addition, the Group will also refer to the past fees charged for providing similar construction services to independent third party customers.

5. Pricing policies and internal control measures regarding price determination for the continuing connected transactions under the Publications Purchase Engineering Construction Service Framework Agreement

Based on our discussions with the management of the Company and as disclosed in the Letter from the Board, we understand that in addition to the pricing policies under the Engineering Construction Service Framework Agreement, the Group has adopted the following internal control measures (the "**Internal Control Measures**") and will apply these measures when determining the price of products in respect of the continuing connected transactions under the Engineering Construction Service Framework Agreement:

- The Company has adopted and implemented a set of connected transaction management system. According to the system, the Audit Committee of the Board is responsible for reviewing compliance with relevant laws, regulations, the Company's policies and the Listing Rules regarding continuing connected transactions. In addition, the Audit Committee of the Board, the office of the Board and various internal departments of the Company (including but not limited to the market operation department, the financial securities department, the finance management department and the legal department) are jointly responsible for evaluating the terms and service fees (including but not limited to identifying transactions with independent third parties to determine the market prices) under the Engineering Construction Service Framework Agreement, especially the pricing policy of the transaction; the market operation department, the production security department and the finance management department are responsible for the approval of the annual caps and its fairness under such transactions;

- The Audit Committee of the Board, the office of the Board and various internal departments of the Company will also regularly review the implementation of the Engineering Construction Service Framework Agreement and the progress of the transaction semi-annually and quarterly, respectively. In addition, the Board of the Company will regularly review the pricing policy of the Engineering Construction Service Framework Agreement on an annual basis; the Company's independent non-executive Directors and auditors will conduct annual reviews of the continuing connected transactions under the Engineering Construction Service Framework Agreement in accordance with the Listing Rules and provide annual confirmations to confirm that the transaction is conducted in accordance with the terms of the agreement and in accordance with normal commercial terms and pricing policy; and

- When considering the construction services provided by the Group to the above-mentioned connected persons, the finance management department of the Company will continue to regularly study the prevailing market conditions and practices on a semi-annual basis and refer to the pricing and terms of similar transactions concluded between the Group and Independent Third Parties to ensure that the pricing and terms provided by the above-mentioned connected persons through the bidding process or mutual commercial negotiation (as the case may be) are fair and reasonable, and not inferior to those provided to Independent Third Parties.

Furthermore, as set out in the management system on connected transactions adopted by the Company, the pricing of the connected transactions must be fair and with reference to the following principles that, among other things, except where the government pricing or the government-guided prices apply, if there is a comparable independent third party market price or charging standard, the transaction price may be determined with reference to such price or standard with priority; where there is no comparable independent third party market price, the transaction price may be determined with reference to the price of a non-related party transaction occurring between the related party and a third party independent of such related party; and if there is neither independent third party market price nor independent non-related party transaction price for reference, a reasonable price could be served as the pricing basis, the formed price is the reasonable cost plus the reasonable profit. For pricing of connected transactions are determined based on the abovementioned principles, different pricing methodology shall be adopted depending on the types and circumstances of connected transactions to be entered into, which includes cost-plus method, resale price method, comparable sales method, comparable net profit method and profit split method. In particular, for cost-plus method, the pricing is determined based on the relevant costs of the Group plus a gross profit margin which are determined with based on the gross profit margin of comparable transactions with Independent Third Parties.

In addition, we noted from the 2017 Annual Report and 2018 Annual Report that the auditors and the independent non-executive directors of the Company have reviewed the Group's continuing connected transactions and confirmed that, among other things, the relevant transactions carried out in the years ended 31 December 2017 and 2018 were carried out in the accordance with the terms of the relevant engineering construction service framework agreement. Moreover, as stated in the 2017 Annual Report and 2018 Annual Report, the auditors of the Company confirmed that, among other things, the relevant continuing connected transactions carried out in the years ended 31 December 2017 and 2018 were carried out in the accordance with the terms of the relevant engineering construction service framework agreement and the transactions were carried out in the years ended 31 December 2017 and 2018 were carried in accordance with the pricing policies of the Company.

Meanwhile, we have obtained and reviewed the list of construction contracting contracts with Zhongming Zhiye and its associates for the three years ending 31 December 2021 ("**Connected Contract List**") which contains the existing contracts with Zhongming Zhiye and its associates and the contracts expected to be entered into with Zhongming Zhiye and its associates in the three years ending 31 December 2021. We have randomly selected five existing contracts with transactions expected to cover each of the three years ending 31 December 2021 from the Connected Contract List, and obtained and reviewed the relevant supporting documents in relation to the contract sum and the planned cost of services (including but not limited to, the extract of construction contracts and the cost estimation work sheets prepared by the Group which contained the estimated cost of each item and the planned gross profit margin to be charged for the contract) (the "**Relevant Documents**") for these contracts. In addition, we have obtained and reviewed the list of construction contracting contracts between the Group and Independent Third Parties regarding nine residential property development contracts that are comparable to the contracts as set out in the Connected Contract List in terms of size, nature and location, and the transactions contemplated thereunder were expected to cover the three years ending 31 December 2021 (the "**Independent Contract List**"), together with the planned gross profit margin of the relevant projects. We noted from the Relevant Documents in relation to the samples selected from the Connected Contract List that the planned gross profit margins are comparable to those stated in the Independent Contract List. Meanwhile, we noted that the planned gross profit margin of the samples selected from the Connected Contract List exceeded the gross profit margin of residential construction business of the Group for each of the three years ended 31 December 2016 according to the Prospectus, and as further advised by the management of the Company, the gross profit margin of residential construction business of the Group was relatively stable during 2014 to 2018. We consider that our finding is in line with the pricing policy and management system on connected transactions adopted by the Company.

6. Rationale for determining the Annual Caps

Pursuant to Rule 14A.35 of the Listing Rules, the proposed provision of the Constructing Contracting Service is required to be subject to an Annual Caps for each financial year of the Company up to 31 December 2021.

The table below set out the historical transaction amounts between (i) the Remaining Group and Zhongming Zhiye and its associates (including the Outgoing Group) and (ii) HCG Garden Engineering and Zhongming Zhiye and its associates in respect of the Construction Service for each of the three years ended 31 December 2018 and the proposed Annual Caps for each of the three years ending 31 December 2021:

	Historical amount For the year ended 31 December		
	2016	**2017**	**2018**
	RMB'mil	*RMB'mil*	*RMB'mil*
Remaining Group	748.1	643.5	566.2
HCG Garden Engineering	6.2	2.8	0.7

	Proposed Annual Caps For the year ending 31 December		
	2019	**2020**	**2021**
	RMB'mil	*RMB'mil*	*RMB'mil*
	1,100	1,200	1,400

As stated in the Letter from the Board, the Annual Caps under the Engineering Construction Service Framework Agreement has been determined based on the following bases:

The proposed annual caps under the Engineering Construction Service Framework Agreement for the three years ended 31 December 2019, 2020 and 2021 are determined mainly with reference to: (i) the construction service fees previously paid to the Group by Zhongming Zhiye and its affiliated real estate companies; (ii) expected project contract amount and construction progress; (iii) the number of projects currently available to the Group that require construction services; (iv) new construction service projects in the next three years expected by the Group.

In particular,

(i) While that the historical amounts of the Group's related engineering construction services with Zhongming Zhiye and its associates recorded a declining trend in the past few years, the Company estimates an increase in the annual caps of engineering construction service fees charged to Zhongming Zhiye and its associates for the coming three years. On the one hand, the Company's project backlog for the next three years records a significant increase from historical level. During the period from 2016 to 2018, the Company completed six projects and it is expected that 13 projects will be conducted from 2019 to 2021. On the other hand, cost of construction contracting services has been on the rise in the past few years. According to the China Engineering Cost Network maintained by the Standardization Institute of the Ministry of Housing and Urban-Rural Development of China, from the first half of 2016 to the second half of 2018, the residential engineering cost index of high-rise residential properties in Beijing, Shanghai and Chongqing increased by approximately 38.1%, 20.3% and 15.8%, respectively. Therefore, the prospective increase in construction costs was also taken into account in the formulation of the relevant annual caps. In addition, an appropriate buffer has been added when formulating the annual caps to cope with potential new projects that cannot be confirmed at present.

(ii) Major considerations referred by the Company in estimating prospective project contract amount of the engineering construction service provided to Zhongming Zhiye and its associates include:

(a) the existing agreements entered into between the Group and Zhongming Zhiye and its associates, total contract amount of such agreements as well as the Company's estimation of cost according to the expected construction progress during the term of the Engineering Construction Service Framework Agreement; and

(b) the prospective agreements to be entered into between the Group and Zhongming Zhiye and its associates for the three years ending 31 December 2021, the prospective total contract value and the prospective project progress.

Of which, the total contract amount of the existing agreements and the total contract amount of the projects to be entered into are estimated based on the Company's cost budget for related projects with reference to the gross profit margin of similar projects with independent third parties. The prospective construction progress is estimated according to the Company's experience and construction schedule in previous similar projects.

(iii) As mentioned in (i) above, the Company expected that 13 projects will be conducted from 2019 to 2021. Of such 13 projects, six are under construction, three have been acquired but yet to be commenced and another four has not been acquired but are currently under the Company's active track, which is prospectively to be acquired in a high probability.

Our analysis on the proposed Annual Caps

To assess the fairness and reasonableness of the Annual Caps, we have discussed with the management of the Company and reviewed the calculation in relation thereto, including the projected transaction amounts for each existing projects and potential projects for each of the three years ending 31 December 2021. We are given to understand that the proposed annual cap for the year ending 31 December 2019 were principally determined based on the existing agreements, and we have obtained and reviewed the Relevant Documents of the five contracts and noted that it is consistent with the relevant calculation of the corresponding annual cap in the Connected Contract List, and the planned gross profit margin of these projects exceeded the gross profit margin of residential construction business of the Group for each of the three years ended 31 December 2016 according to the Prospectus. Meanwhile, we noted that the proposed annual cap under the Engineering Construction Service Framework Agreement for each of the year ending 31 December 2019, 2020 and 2021 only represented less than 3% of the total revenue generated by the construction contracting segment in 2018.

As stated in the Letter from the Board, the Annual Caps are principally attributable to the provision of Construction Services. We have discussed with the Company and understand that the projected transaction amounts for the Construction Services are determined by the Company based on the following principal factors:

(i) in respect of the existing agreements entered into by the Remaining Group with Zhongming Zhiye and its associates, the total contract value of such relevant agreements and the Company's estimation on the fee schedule based on the expected project progress over the duration of the Engineering Construction Service Framework Agreement; and

(ii) in respect of the prospective agreements expected to be entered into by the Remaining Group with Zhongming Zhiye and its associates in the three years ending 31 December 2021, the projected total contract value and the projected project progress.

We noted that the historical annual transaction amounts between the Remaining Group and the Outgoing Group in respect of the Construction Service ranged from approximately RMB566 million to RMB748 million for the three years ended 31 December 2018 and the proposed Annual Caps for the year ending 31 December 2019 represented a significant increase as compared to the transaction amount for the year ended 31 December 2018.

As advised by the management of the Company, the property development industry is cyclical with a relatively long development cycle. The construction development may span over years and will be affected by a number of factors including government environmental policies and the climate of the northern part of China during winter time, which may prolong the construction works.

The Annual Caps for the three years ending 31 December 2021 are mainly attributable to the existing project pipeline of Zhongming Zhiye and its affiliated real estate companies (including the Outgoing Group) and determined based on the assumption that there is no delay in the original construction development schedule. As further advised by the management of the Company, certain construction service projects completed during the three years ended 31 December 2018 for the Outgoing Group were obtained prior to 2014, and the relevant projects were delayed due to different reasons that are beyond the Group's control, including, inter alia, the implementation of different government environmental policies and measures that may require temporary suspension of work, and the prolonging of construction period due to weather conditions. Under the original construction development schedule, majority part of the construction service projects shall normally be completed within two years from their respective commencement.

As advised by the management of the Company, the Annual Caps were determined with reference to 14 construction service projects of Zhongming Zhiye and its affiliated real estate companies (including the Outgoing Group), amongst which, the construction of one of such projects had been completed with part of payment to be settled during the three years ending 31 December 2021 according to the relevant contract term, ten of them are currently expected to be completed during the three years ended 31 December 2021 and the construction of the remaining three projects are currently expected to commence in 2020 and completed in or after the year ending 31 December 2021. Therefore, the construction services of the projects are expected to be mainly conducted during the three years ending 31 December 2021.

On the other hand, we noted that the Annual Cap for the year ending 31 December 2021 represented an increase of approximately 74.5% of the amount of Construction Services provided by the Remaining Group to Zhongming Zhiye and its associates (including the Outgoing Group) for the year ended 31 December 2016. As advised by the management of the Company, the cost of Construction Services had been increasing over the past years. According to the China Engineering Cost Network as maintained by the Institute of Standardisation of the Ministry of Housing and Urban-Rural Development of the PRC, the residential project construction and installation cost index for high-rise residential properties in Beijing, Shanghai, Chongqing and Tianjin has increased by approximately 40.6%, 17.4%, 14.2% and 7.5% from the second half 2015 to the second half 2018, while the residential project cost index for high-rise residential properties in Shijiazhuang has increased by approximately 6.1% from the second half 2015 to the first half 2018. Furthermore, we noted that the residential project construction and installation cost index for high-rise residential properties in China has increased by approximately 17.6% from the second half 2015 to the second half 2018.

On the other hand, according to the Prospectus, raw material costs and labour costs of the Group accounted for over 50% and 20% of total costs of sales of the Group for each of the three years ended 31 December 2016 and six months ended 30 June 2017, and as further advised by the management of the Company, there had been no material change in such cost structure. As further stated in the Prospectus, concrete and steel are the two major raw materials used in the construction industry. According to the National Bureau of Statistics of China, the price index of steel has increased from approximately 86.8 in the first quarter of 2016 to approximately 109.4 in the fourth quarter of 2018, representing an increase of approximately 26.0% during the period, and the price index of concrete has increased from approximately 93.2 in the first quarter of 2016 to approximately 110.9 in the fourth quarter of 2018, representing an increase of approximately 19.0% during the period. Meanwhile, according to the National Bureau of Statistics of China, the average annual wage per worker in the construction industry in the urban area of China increased from approximately RMB48,886 in 2015 to approximately RMB55,568 in 2017, representing an increase of approximately 13.7% in two years.

Furthermore, given the planning of some projects under Connected Contract List had not been formally approved, the amount of Construction Services to be provided by the Remaining Group under such projects are determined with reference to the historical amount of construction services under similar projects in the past and further adjusted after taking into account of different factors. Meanwhile, we noted that a buffer of approximately RMB180 million and RMB277 million had been included in determining the Annual Caps for the two years ending 31 December 2021, respectively, to cater for potential new projects that cannot be reasonably ascertained currently, which representing approximately 15.0% and 19.8%, respectively, of the Annual Caps for the two years ending 31 December 2021. Taking into account the average amount of Construction Services for each project in the pipeline during each of the three years ending 31 December 2021 amounted to approximately RMB86 million to RMB134 million, the buffer adopted by the Company only represented one to two additional project obtained for each of the two years ending 31 December 2021.

Taking into account of the aforesaid and the fact that the proposed annual cap under the Engineering Construction Service Framework Agreement for each of the year ending 31 December 2019, 2020 and 2021 only represented approximately 2.4%, 2.6% and 3.0%, respectively, of the total revenue of the Group in 2018, we consider that the proposed Annual Caps are fair and reasonable.

7. Conclusion

Taking into account of the aforesaid, we concur with the view of the Directors that the provision of the Construction Service to Zhongming Zhiye and its associates and the Annual Caps are fair and reasonable and in the interests of the Company and the Independent Shareholders as a whole.

RECOMMENDATION

Having considered the factors and analyses above, we consider that (i) Equity Swap and Transfer is not part of the ordinary and usual course of business of the Group while it will broaden the revenue streaming of the Group; (ii) the provision of construction services under the Engineering Construction Service Framework Agreement is part of the ordinary and usual course of business of the Group; (iii) the terms of the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement are on normal commercial terms; (iv) the entering into of Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement, and the Annual Caps are fair and reasonable so far as the Company and the Independent Shareholders are concerned; and (v) the entering into of the Equity Swap and Transfer Agreement and the Engineering Construction Service Framework Agreement are in the interests of the Company and the Independent Shareholders as a whole.

Accordingly, we advise (i) the Independent Board Committee to recommend the Independent Shareholders and (ii) the Independent Shareholders to vote in favour of the ordinary resolutions to be proposed at the AGM to approve the Disposal and Transfer contemplated under the Equity Swap and Transfer Agreement, the Engineering Construction Service Framework Agreement and the Annual Caps.

Yours faithfully,
for and on behalf of
HALCYON CAPITAL LIMITED

Derek C.O. Chan	**Barton Lai**
Chairman	*Director*

Mr. Chan is a licensed person registered with the Securities and Futures Commission and a responsible officer of Halcyon Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities. Mr. Chan has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

Mr. Lai is a licensed person registered with the Securities and Futures Commission and a responsible officer of Halcyon Capital Limited, which is licensed under the SFO to carry out Type 6 (advising on corporate finance) regulated activities. Mr. Lai has participated in the provision of independent financial advisory services for various transactions involving companies listed on the Stock Exchange.

河北建設集團股份有限公司

HEBEI CONSTRUCTION GROUP CORPORATION LIMITED

(A joint stock company incorporated in the People's Republic of China with limited liability)

(Stock Code: 1727)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2018 annual general meeting (the "**AGM**") of Hebei Construction Group Corporation Limited (the "**Company**") will be held at Meeting Room, 3/F, No. 329, Wusi West Road, Jingxiu District, Baoding City, Hebei Province, the People's Republic of China (the "**PRC**") at 10 a.m. on Thursday, 20 June 2019 to consider and, if thought fit, approve, among others, the following resolutions (with or without modification).

ORDINARY RESOLUTIONS

1. 2018 Annual Report

2. 2018 Financial Report

3. Work Report of the Board for 2018

4. Work Report of the Board of Supervisors for 2018

5. Profit Distribution Proposal for 2018

6. Remuneration of Directors for 2018

7. Remuneration of Supervisors for 2018

8. Financing Plan for 2019

9. Guarantee Arrangement for 2019

10. Non-reappointment of Overseas Auditor and Appointment of Domestic Auditor for 2019 and Determination of its Remunerations

11. The Equity Swap and Transfer Agreement and the Disposal and Transfer Contemplated thereunder

12. The Engineering Construction Service Framework Agreement and the Transaction Contemplated thereunder and the Proposed Annual Caps for 2019, 2020 and 2021

13. Change of Business Scope of the Company

SPECIAL RESOLUTIONS

14. Issuance of Debt Financing Instruments in 2019

15. General Mandate to Issue Shares

16. Amendments to Articles of Association

Details of the above resolutions are set out in the circular issued by the Company in due course.

By order of the Board
Hebei Construction Group Corporation Limited
LI Baozhong
Chairman and Executive Director

Hebei, the PRC, 3 May 2019

Notes:

(1) The register of members of the Company will be closed from Tuesday, 21 May 2019 to Thursday, 20 June 2019 (both days inclusive), during which period no transfer of Shares of the Company will be registered. Shareholders whose names appear on the register of members of the Company on Thursday, 20 June 2019 will be eligible to attend the AGM. In order to qualify for attending and voting at the AGM, holders of H Shares of the Company shall deliver all duly completed and signed transfer documents together with the relevant share certificates to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong no later than 4:30 p.m. on Monday, 20 May 2019.

The register of members of the Company will be closed from Saturday, 29 June 2019 to Thursday, 4 July 2019 (both days inclusive), during which period no transfer of Shares of the Company will be effected. To be eligible to receive the proposed final dividend, all duly completed and signed share transfer documents together with relevant share certificates must be lodged with the Company's H Share Registrar, Tricor Investor Services Limited at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong for registration by holders of H Shares no later than 4:30 p.m. on Friday, 28 June 2019.

(2) Shareholders who intend to attend the AGM should complete the reply slip for the AGM and return the same by hand, fax or mail to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong, fax number: (852) 2861 1465 (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125, Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC, fax number: (86) 312 301 9434 (for holders of Domestic Shares of the Company), on or before Friday, 31 May 2019.

(3) Shareholder entitled to attend and vote at the AGM can complete the proxy form provided by the Company to appoint one or more person to attend and vote on his/her/its behalf at the AGM. A proxy need not be a Shareholder of the Company. For Shareholder who appoints more than one proxy, his/her/its proxies can only exercise their voting right in a poll.

(4) A Shareholder shall appoint his/her/its proxy by an instrument in writing under the hand of the Shareholder or of his/her/its attorney duly authorized in writing. If the Shareholder is a corporation, the instrument in writing shall be either under its common seal or under the hand of its authorized representative or an attorney duly authorized. If the instrument in writing is signed by an attorney of the Shareholder, the power of attorney authorizing the attorney to sign, or other authorization documents must be notarized.

(5) In order to be valid, the proxy form and the related notarized power of attorney (if any) and other authorization documents (if any) referred in note (4) above must be lodged to the Company's H Share Registrar, Tricor Investor Services Limited, at Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong (for holders of H Shares of the Company), or to the Company's registered office in the PRC at No. 125 Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC (for holders of Domestic Shares of the Company), not less than 24 hours before the time appointed for holding the AGM or any adjournment thereof (as the case may be) (i.e. no later than 10 a.m. on Wednesday, 19 June 2019). Completion and return of the form of proxy will not preclude you from attending and voting at the meeting in person should you so wish. If you attend and vote at the AGM, the authority of your proxy will be revoked.

(6) Shareholders or their proxy(ies) should produce his/her identification document when attending the AGM. If the Shareholder is a corporation, its authorized representative or the person authorized by its board of directors or other authorities shall produce the copy of the authorization documents appointing him/her to attend the meeting issued by the board of directors or other authorities of such corporate Shareholder.

(7) The AGM is expected to last for no more than half day. Shareholders who attend the AGM shall bear their own travelling and accommodation expenses.

(8) Contact information of the Board office is set out below:

Address: No. 125 Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC

Post code: 071000

Contact person: Li Wutie

Tel: (86) 312 331 1028

Fax: (86) 312 301 9434

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

31 May 2019

Hebei Construction Group Corporation Limited
No. 125 Lugang Road,
Jingxiu District, Baoding City,
Hebei Province, the PRC

Dear Sirs,

In accordance with the instructions from Hebei Construction Group Corporation Limited (河北建設集團有限公司, "**HCG**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited has undertaken a valuation exercise to express an independent opinion of the market value of the net assets values of Zhongcheng Real Estate Development Co., Ltd. (中誠房地產開發股份有限公司), Sanhe Jinshibang Real Estate Development Co., Ltd. (三河市金世邦房地產開發有限公司) and Baoding Tian'e Real Estate Development Co., Ltd. (保定天鵝房地產開發有限公司) ("**Zhongcheng Real Estate**", "**Jinshibang Real Estate**" and "**Baoding Tian'e Real Estate**" respectively, and jointly referred to as the "**Target Companies**") as at 31 December 2018 (the "**Valuation Date**"). The report which follows is dated 31 May 2019 (the "**Report Date**").

The purpose of this valuation is for public disclosure reference.

Our valuation was carried out on a market value basis. Market value is defined as "*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 conducted our valuation in accordance with the International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject assets. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

The conclusion of values is based on accepted valuation procedures and practices that rely substantially on our use of numerous assumptions and our consideration of various factors that are relevant to the operation of the Target Companies. We have also considered various risks and uncertainties that have potential impact on the Target Companies.

We do not intend to express any opinion in matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Target Companies over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

Based on the results of our investigations and analyses outlined in this report, we are of the opinion that the net assets values of the Target Companies as at the Valuation Date are as follow:

Target Companies	**Net Assets Value**
	(RMB'000)
Zhongcheng Real Estate Development Co., Ltd.	135,677
Sanhe Jinshibang Real Estate Development Co., Ltd.	11,000
Baoding Tian'e Real Estate Development Co., Ltd.	94,451

The following pages outline the factors considered, methodology and assumptions employed in formulating our opinions and conclusions. Any opinions are subject to the assumptions and limiting conditions contained therein.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Simon M.K. Chan
Executive Director

TABLE OF CONTENTS

INTRODUCTION

In accordance with the instructions from Hebei Construction Group Corporation Limited (河北建設集團有限公司, "**HCG**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited has undertaken a valuation exercise to express an independent opinion of the market value of the net assets values of Zhongcheng Real Estate Development Co., Ltd. (中誠房地產開發股份有限公司), Sanhe Jinshibang Real Estate Development Co., Ltd. (三河市金世邦房地產開發有限公司) and Baoding Tian'e Real Estate Development Co., Ltd. (保定天鵝房地產開發有限公司) ("**Zhongcheng Real Estate**", "**Jinshibang Real Estate**" and "**Baoding Tian'e Real Estate**" respectively, and jointly referred to as the "**Target Companies**") as at 31 December 2018 (the "**Valuation Date**"). The report which follows is dated 31 May 2019 (the "**Report Date**").

PURPOSE OF VALUATION

The purpose of this valuation is for public disclosure reference.

BASIS OF OPINION

Our valuation was carried out on a market value basis. Market value is defined as "*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 conducted our valuation in accordance with the International Valuation Standards issued by the International Valuation Standards Council. We planned and performed our valuation so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to express our opinion on the subject assets. We believe that the valuation procedures we employed provide a reasonable basis for our opinion.

BACKGROUND

Zhongcheng Real Estate Development Co., Ltd. is a limited liability company incorporated in the PRC in 1992, and primarily engaged in property development business. As of the Valuation Date, HCG directly and indirectly holds 100% shares in Zhongcheng Real Estate.

Sanhe Jinshibang Real Estate Development Co., Ltd. is a limited liability company incorporated in the PRC in 2018, and primarily engaged in property development business. HCG holds 55% shares in Jinshibang Real Estate. As of the Valuation Date, Jinshibang Real Estate did not obtain the land use right certificate and did not carry out real estate development business.

Baoding Tian'e Real Estate Development Co., Ltd. is a limited liability company incorporated in the PRC in 2016, and primarily engaged in property development business. HCG holds 66% shares in Baoding Tian'e Real Estate. As of the Valuation Date, Baoding Tian'e Real Estate did not carry out real estate development business.

The main information of the three companies is as follows:

Name	Place and date of incorporation/ registration and place of operations	Percentage of shares attributable to HCG	Principal activities
Zhongcheng Real Estate Development Co., Ltd.	The PRC/ Mainland China 1992	100%	Property Development
Sanhe Jinshibang Real Estate Development Co., Ltd.	The PRC/ Mainland China 2018	55%	Property Development
Baoding Tian'e Real Estate Development Co., Ltd.	The PRC/ Mainland China 2016	66%	Property Development

As at the Valuation Date, Zhongcheng Real Estate and its subsidiaries and associates hold 15 property development projects which were completed, under construction, or held for future development in Hebei, Sichuan, Shaanxi and Liaoning Provinces in the PRC. The summary of the property development projects are set out as below:

Property No.	Property Name	Address	Description of Property	Occupancy Status
1.	Project Hongshan Manor (紅山莊園)	No. 2197 Baoman Road Jingxiu District Baoding City Hebei Province The PRC	Project Hongshan Manor is a complex community with residential, car parking and ancillary components, which was completed in 2015. The property comprises the unsold residential unit and car parking spaces of Project Hongshan Manor, with a total gross floor area of approximately 25,197.31 sq.m. For details of the property, please refer to property no.1 in Appendix II of this report.	The property was vacant for sale as at the valuation date.
2.	Project Zhongcheng Jingdian (中誠晶典)	located at the west of Fujiang Street and the south of Tianyuan Road Jingxiu District Baoding City Hebei Province The PRC	Project Zhongcheng Jingdian will be developed into a residential and commercial development in two phases. Phase I of the project has been completed in May 2017, while Phase II is currently a bare land. The property comprises the unsold units of Phase I with a total gross floor area approximately 51,238.25 sq.m. and Phase II with a site area of approximately 876.00 sq.m. For details of the property, please refer to property no. 2 in Appendix II of this report.	The unsold units of Phase I was vacant for sale, while Phase II was bare land for future development as at the valuation date.

Property No.	Property Name	Address	Description of Property	Occupancy Status
3.	Project Hongyue Guoji (鴻悦國際)	located at the west of Tianwei Road and the east of Chaoyang Street Jingxiu District Baoding City Hebei Province The PRC	Project Hongyue Guoji is a commercial development which was completed in 2014. The property comprises the unsold retail units and car parking spaces of Project Hongyue Guoji with a total gross floor area of approximately 11,697.69 sq.m. For details of the property, please refer to property no. 3 in Appendix II of this report.	The property was vacant for sale as at the valuation date.
4.	Project Zhongcheng Mingjun (中誠明郡)	located at Zhangmugou Dongjie Residential Committee Zhongxing Road Luanping County Chengde City Hebei Province The PRC	Project Zhongcheng Mingjun is a complex community with residential, apartment, retail, car parking spaces and storage, which was completed in 2018. The property comprises the unsold units including residential, retail, car parking spaces and storages units of Project Zhongcheng Mingjun with a total gross floor area of approximately 43,479.27 sq.m. For details of the property, please refer to property no. 4 in Appendix II of this report.	The property was vacant for sale as at the valuation date.
5.	Project Zhongcheng Zuoan (中誠左岸)	located at the junction of Zhongzi Road and Xueyuan Road High-tech Industry Development Zone Chengde City Hebei Province The PRC	Project Zhongcheng Zuoan will be developed into a residential community with ancillary retail and car parking spaces in two phases. Phase I of the Project has been completed in 2017, while Phase II is currently a bare land and scheduled to be developed in 2019 and be completed in 2021. The property comprises 227 unsold car parking spaces of Phase I with a total gross floor area of approximately 6,526.94 sq.m. and the bare land of Phase II with a site area of approximately 8,133.07 sq.m. For details of the property, please refer to property no. 5 in Appendix II of this report.	The unsold car parking spaces of Phase I was vacant for sale, while Phase II was bare land for future development as at the valuation date.
6.	Project Zhongcheng Shuishiyuan (中誠水石源)	located at the west of West 2nd Ring Road Baoding Agro-ecological Park Jingxiu District Baoding City Hebei Province The PRC	The property occupies a parcel of land with a site area of approximately 46,730.00 sq.m., and will be developed into a complex community with apartment, car parking spaces and ancillary components, with a total planned gross floor area of approximately 93,472.99 sq.m., which is currently under construction and scheduled to be completed in December 2019. For details of the property, please refer to property no. 6 in Appendix II of this report.	The property was under construction as at the valuation date.

Property No.	Property Name	Address	Description of Property	Occupancy Status
7.	Project Langton Manor (蘭頓莊園)	located at the south of Fuqian East Street and the east of Changcheng North Road Shacheng Town Huailai County Zhangjiakou City Hebei Province The PRC	Project Langton Manor is a residential and commercial complex, which was completed in various stages between 2016 and 2018. The property comprises the unsold units of Project Langton Manor with a total gross floor area of approximately 71,121.62 sq.m. For details of the property, please refer to property no. 7 in Appendix II of this report.	The property was vacant for sale as at the valuation date.
8.	Project Bailu Tingzhou (白鹿汀州)	located at Zhangxie Village Huaxu Town Lantian County Xi'an City Shaanxi Province The PRC	The property occupies a parcel of land with a site area of approximately 66,659.10 sq.m., and will be developed into a residential community with a total planned gross floor area of approximately 133,324 sq.m., which is currently under construction and scheduled to be completed in November 2021. For details of the property, please refer to property no. 8 in Appendix II of this report.	The property was under construction as at the valuation date.
9.	Project Golden Sunshine (金色陽光)	located at the east of the Administrative Center Beishan New District Luanping County Chengde City Hebei Province The PRC	Project Golden Sunshine is a residential community with ancillary retail, car parking spaces and storage, which has been completed in the period between 2009 and 2018 except for the B2 Building, which is currently under construction and scheduled to be completed in 2019. The property comprises the unsold units of the completed portion of Project Golden Sunshine with a total gross floor area of approximately 21,463.14 sq.m., and the B2 building with the planned gross floor area of approximately 3,156.75 sq.m. For details of the property, please refer to property no. 9 in Appendix II of this report.	The unsold portion of the property was vacant for sale, while the B2 building was under construction as at the valuation date.
10.	Project Hongshan Quanyu (紅山泉語)	located at the north of North 2nd Ring Road and the west of West 2nd Ring Road Jingxiu District Baoding City Hebei Province The PRC	The property occupies a parcel of land with a site area of approximately 13,853.00 sq.m., and will be developed into a complex community with residential, car parking spaces and ancillary components, with a total planned gross floor area of approximately 60,978.38 sq.m., which is currently under construction and scheduled to be completed in June 2020. For details of the property, please refer to property no. 10 in Appendix II of this report.	The property was under construction as at the valuation date.

Property No.	Property Name	Address	Description of Property	Occupancy Status
11.	Project Langton Jingdian (蘭頓經典)	located at the northwest of Xiaoxinzhuang Village Shacheng Town Huailai County Zhangjiakou City Hebei Province The PRC	The property occupies 2 parcels of land with a total site area of approximately 70,977.06 sq.m. and will be developed into a complex community with residential, commercial, kindergarten, car parking spaces and ancillary components with a total planned gross area of approximately 236,113.26 sq.m. in two phases. Phase I of the project was under construction and scheduled to be completed in August 2020, while Phase II was a bare land and scheduled to be developed in 2019 and be completed in 2021 as at the valuation date. For details of the property, please refer to property no. 11 in Appendix II of this report.	Phase I of the property was under construction, while Phase II was bare land for future development as at the valuation date.
12.	Project Hebei Construction Business Center (河北建設商務中心)	No. 956 Jinxiu Street Jingxiu District Baoding City Hebei Province The PRC	The property occupies a parcel of land with a site area of approximately 35,197.00 sq.m., and will be developed into a complex community with apartment, office, car parking spaces and ancillary components, with a total planned gross floor area of approximately 236,395.72 sq.m., which is currently under construction and scheduled to be completed in October 2020. For details of the property, please refer to property no. 12 in Appendix II of this report.	The property was under construction as at the valuation date.
13.	Phase I of Project Wetland (威蘭德小鎮)	located at the junction of Shuangnan Street and Baihe Road Shuangliu District Chengdu City Sichuan Province The PRC	Phase I of Project Wetland is a residential and commercial development, which was completed in March 2017. The property comprises the unsold residential and retail units and car parking spaces of Phase I with a total gross floor area of approximately 36,037.67 sq.m. For details of the property, please refer to property no. 13 in Appendix II of this report.	The property was vacant for sale as at the valuation date.

Property No.	Property Name	Address	Description of Property	Occupancy Status
14.	Project Shanshui Yinxiang (山水印象)	located at the south of Huanchengbei Road Guangan District Guangan City Sichuan Province The PRC	Project Shanshui Yinxiang is a residential community with residential, retail, ancillary components and car parking spaces. Portions of Phase II (Buildings 1# to 6#) was completed in July 2018, and Phase I and Building 7# of the Phase II was under construction. The property comprises the unsold units of Buildings 1# to 6# of Phase II with a total gross floor area of approximately 18,011.54 sq.m., and Phase I and Building 7# of Phase II with a total planned gross floor area of approximately 77,001.49 sq.m. For details of the property, please refer to property no. 14 in Appendix II of this report.	Unsold units of Buildings 1# to 6# of Phase II of the property was vacant for sale, whilst Phase I and Building 7# of the Phase II was under construction as at the valuation date.
15.	Project Songlan Huating (松嵐華庭)	located at Songlan Residential Zone Jinzhou New District Dalian City Liaoning Province The PRC	The property comprises 2 parcels of land with a total site area of approximately 118,890 sq.m and will be developed into a residential development with a total planned gross floor area of approximately 289,839.76 sq.m. For details of the property, please refer to property no. 15 in Appendix II of this report.	The property was bare land for future development as at the valuation date.

ASSUMPTIONS

In determining the net assets values of the Target Companies, including the market values of the properties, the following key assumptions have been made:

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Target Companies;

- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;

- We have assumed that the facilities and systems proposed are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge;

- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value;

- We have assumed the accuracy of the financial and operational information provided to us by the Target Companies and relied to a considerable extent on such information in arriving at our opinion of value;

- We have assumed the capital structure of the Target Companies will not change; and

- We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

- In valuing the properties, our valuation has been made on the assumption that the seller sells the property interests on the market without the benefit of a deferred term contract, leaseback, joint venture, management agreement or any similar arrangement, which could serve to affect the values of the property interests.

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

- We have relied to a very considerable extent on the information given by the management and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy and all other relevant matters.

APPROACH AND METHODOLOGY

In arriving at our assessed value for the net assets, we have applied the summation method under cost approach in determining our opinion of value. In this report, we had considered the type of assets and liabilities and their conditions when arriving at their market values. We adopted appropriate valuation methodology for each different class of assets and liabilities.

Assets	Valuation Approach & Methodology
Cash and cash equivalents; Account receivable; Prepayment; Other receivables; Other current assets; Fixed Assets; Deferred tax assets;	Based on audited book values.

Assets	**Valuation Approach & Methodology**
Inventories	We have valued the properties held by Zhongcheng Real Estate and its subsidiaries and associates for sale and for future development by the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors. In valuing the property interests which were held under development by Zhongcheng Real Estate and its subsidiaries and associates as at the valuation date, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by Zhongcheng Real Estate and its subsidiaries and associates. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by Zhongcheng Real Estate and its subsidiaries and associates according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments. The details of the properties valuation are set out in the Appendix II “SUMMARY OF PROPERTY VALUATION” of this report.
Long-term investment	Long-term investment is estimated based on audited book value, adjusted by increase/decrease in value from book value of the properties to the appraised value after considering the proportion of shareholding and deferred tax liabilities.

Assets	**Valuation Approach & Methodology**
Construction in process	We have assumed that the property will be developed and completed in accordance with the latest development proposals provided to us by Zhongcheng Real Estate and its subsidiaries and associates. In arriving at our opinion of value, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by Zhongcheng Real Estate and its subsidiaries and associates according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

Liabilities	**Valuation Approach & Methodology**
Short-term loan; Accounts payable; Advance from customers; Accrued employee compensation; Tax payable; Other payables; Current portion of non-current liabilities; Long-term loan	Based on audited book values.
Deferred tax liability	Deferred tax liability is estimated based on increase in value from book value of the properties to the appraised value. 25% tax rate is applied in this exercise.

BOOK VALUES OF ASSETS AND LIABILITIES

The table below summarizes the book values of the assets and liabilities based on the audited numbers of Zhongcheng Real Estate Development Co., Ltd., Sanhe Jinshibang Real Estate Development Co., Ltd. and Baoding Tian'e Real Estate Development Co., Ltd. as at the Valuation Date.

Zhongcheng Real Estate Development Co., Ltd.	**Book Value** *(RMB'000)*
Total Assets	**3,452,983**
Cash and cash equivalents	206,936
Account receivable	111,830
Prepayment	44,194
Inventories	779,351
Other receivables	907,982
Other current assets	20,183
Long-term investment	1,124,864
Fixed assets-net value	7,439
Construction in process	219,124
Deferred tax assets	31,080
Total Liabilities	**3,580,535**
Short-term loan	632,000
Accounts payable	167,431
Advance from customers	430,948
Accrued employee compensation	5,686
Tax payable	50,293
Other payables	1,593,279
Current portion of non-current liabilities	898
Long-term loan	700,000
Net Liabilities	**(127,552)**

Note:

The difference of the numbers disclosed in the Letter from the Board of the circular of HCG dated 31 May 2019 and the Equity Valuation Report on the Disposal and Transfer Subject Companies is because the numbers disclosed in the Letter from the Board are from the audited consolidated balance sheet of Zhongcheng Real Estate, while the numbers in the Equity Valuation Report on the Disposal and Transfer Subject Companies are from Zhongcheng Real Estate's audited stand-alone balance sheet. The figures in the consolidated balance sheet include assets/liabilities of minority interests.

Sanhe Jinshibang Real Estate Development Co., Ltd.	**Book Value**
	(RMB'000)
Total Assets	**86,000**
Cash and cash equivalents	1,000
Other receivables	85,000
Total Liabilities	**75,000**
Other payables	75,000
Net Assets	**11,000**

Baoding Tian'e Real Estate Development Co., Ltd.	**Book Value**
	(RMB'000)
Total Assets	**95,576**
Cash and cash equivalents	8,982
Prepayment	80,000
Inventories	5,296
Other receivables	(4)
Other current assets	581
Fixed assets-net value	488
Long-term deferred assets	232
Total Liabilities	**1,124**
Accrued employee compensation	1,124
Tax payable	1
Net Assets	**94,451**

VALUATION COMMENTS

In general, we have undertaken the necessary and appropriate valuation procedures in the valuation of the subject items as at the Valuation date. The methodologies adopted are generally considered being suitable with regard to the nature of the relevant assets and liabilities. The user of the Valuation Report should be aware of the condition relating to the validity period of the report, which is one year as stated in the Valuation Report.

OPINION OF VALUE

Based on the results of our investigations and analyses outlined in this report, we are of the opinion that the net assets values of Zhongcheng Real Estate Development Co., Ltd., Sanhe Jinshibang Real Estate Development Co., Ltd. and Baoding Tian'e Real Estate Development Co., Ltd. as at the Valuation Date are as follows:

Zhongcheng Real Estate Development Co., Ltd.:

Zhongcheng Real Estate Development Co., Ltd.	**Market Value** *(RMB'000)*
Total Assets	**3,784,779**
Cash and cash equivalents	206,936
Account receivable	111,830
Prepayment	44,194
Inventories[1]	896,746
Other receivables	907,982
Other current assets	20,183
Long-term investment[2]	1,182,389
Fixed assets-net value	7,439
Construction in process[3]	376,000
Deferred tax assets	31,080
Total Liabilities	**3,649,102**
Short-term loan	632,000
Accounts payable	167,431
Advance from customers	430,948
Accrued employee compensation	5,686
Tax payable	50,293
Other payables	1,593,279
Deferred tax liability[4]	68,568
Current portion of non-current liabilities	898
Long-term loan	700,000
Net Assets	**135,677**

Notes:

1. The Inventories include properties nos. 1 to 5 in the Appendix II "SUMMARY OF PROPERTY VALUATION" of this report, and also include audited capitalized interest of RMB178,546,049.77, which is not included in properties' valuation results.

2. Zhongcheng Real Estate's long-term investment includes totally 15 companies' equity interests, these companies hold 9 property development projects. The market value of Zhongcheng Real Estate's long-term investment is the audited book values of these subsidiaries and associates, plus the difference between these properties' book values and appraised values after considering deferred tax liabilities. The details of long-term investment and properties held by Zhongcheng Real Estate's subsidiaries and associates are as follow:

Investee	Principal activities	Property name	Market value of property	Percentage of shares attributable to Zhongcheng Real Estate	Market value of property attributable to Zhongcheng Real Estate	Changes between book value and market value of the long-term investment	Remarks
Baoding Chengze Real Estate Development Co., Ltd.	Property Development		–	51%	–	57,525	Had no real estate development project as at the valuation date.
Yi County Shengji Real Estate Development Co., Ltd.	Property Development		–	51%	–		Had no real estate development project as at the valuation date.
Huailai Zhongcheng Real Estate Development Co., Ltd.	Property Development	Project Langton Manor	671,200	64%	429,568		Refer to property no. 7 in the Appendix II of this report.
Xi'an Zhongyuan Real Estate Development Co., Ltd.	Property Development	Project Bailu Tingzhou	91,000	80%	72,800		Refer to property no. 8 in the Appendix II of this report.
Luanping Zhongcheng Real Estate Development Co., Ltd.	Property Development	Project Golden Sunshine	99,100	51%	50,541		Refer to property no. 9 in the Appendix II of this report.
Baoding Taiji Real Estate Development Co., Ltd.	Property Development	Project Hongshan Quanyu	109,000	85%	92,650		Refer to property no. 10 in the Appendix II of this report.
Huailai Jingsheng Real Estate Development Co., Ltd.	Property Development	Project Langton Jingdian	376,000	51%	191,760		Refer to property no. 11 in the Appendix II of this report.
Baoding Zhucheng Real Estate Development Co., Ltd.	Property Development	Project Hebei Construction Business Center	562,000	51%	286,620		Refer to property no. 12 in the Appendix II of this report.
Chengdu New Era Tiancheng Properties Co., Ltd.	Property Development	Phase I of Project Wetland	324,600	30%	97,380		Refer to property no. 13 in the Appendix II of this report.
Guangan Zhongcheng Real Estate Development Co., Ltd.	Property Development	Phase I and Portion of Phase II of Project Shanshui Yinxiang	288,500	30%	86,550		Refer to property no. 14 in the Appendix II of this report.
Hebei Guangsha Property Management Co., Ltd.	Property Management Services		–	100%	–		Had no real estate development project as at the valuation date.
Rongcheng County Zhongbo Real Estate Development Co., Ltd.	Construction Services		–	60%	–		Had no real estate development project as at the valuation date.
Laiyuan Zhongcheng Construction Development Co., Ltd.	Property Development		–	61%	–		Had no real estate development project as at the valuation date.
Dalian Runtian Housing Development Co., Ltd.	Property Development	Project Songlan Huating	638,000	15%	95,700		Refer to property no. 15 in the Appendix II of this report.
Hebei Zitan Real Estate Development Co., Ltd.	Property Development			40%	–		Had no real estate development project as at the valuation date.

3. The market value of construction in process is with reference to property no. 6 in the Appendix II "SUMMARY OF PROPERTY VALUATION" of this report.

4. Deferred tax liability is estimated based on increase in value from audited book values of inventories and construction in process to appraised value. 25% Tax Rate is applied in this exercise.

5. A reconciliation of consolidated net assets to net assets at stand-alone level is shown as follow:

	(RMB'000)
Consolidated net assets (including non-controlling interest)	240,543
Less: Non Controlling interests	(301,556)
Consolidated net liabilities contributable to controlling shareholders	(61,013)
Less: Book value difference of assets accounted under consolidated financial statements compared with stand-alone financial statements	(66,538)
Net liabilities at stand-alone level	(127,552)
Add: Valuation adjustments	263,229
Market value	135,677

The market value have considered the book value difference of assets between stand-alone and consolidated financial statements.

Sanhe Jinshibang Real Estate Development Co., Ltd.:

Sanhe Jinshibang Real Estate Development Co., Ltd.	**Market Value** *(RMB'000)*
Total Assets	**86,000**
Cash and cash equivalents	1,000
Other receivables	85,000
Total Liabilities	**75,000**
Other payables	75,000
Net Assets	**11,000**

Baoding Tian'e Real Estate Development Co., Ltd.:

Baoding Tian'e Real Estate Development Co., Ltd.	**Market Value** *(RMB'000)*
Total Assets	**95,576**
Cash and cash equivalents	8,982
Prepayment	80,000
Inventories[1]	5,296
Other receivables	(4)
Other current assets	581
Fixed assets-net value	488
Long-term deferred assets	232
Total Liabilities	**1,124**
Accrued employee compensation	1,124
Tax payable	1
Net Assets	**94,451**

Note:

1. As of the Valuation Date, project of Tian'e is still in planning stage, no property asset is available for valuation. These are some expenses of preliminary planning that referenced to audited book value.

LIMITING CONDITIONS

This report and opinion of value are subject to our Limiting Conditions as attached.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited

Simon M.K. Chan
Executive Director

APPENDIX I – LIMITING CONDITIONS

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/engagement parties and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our reports were used as part of the Company's/engagement parties' analysis in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the subject property rests solely with the Company/engagement parties.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The management and the Board of the Company/engagement parties have reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the report is subject to the terms of engagement letter/proposal and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation/Reference Date. We cannot provide assurance on the achievability of the results forecasted by the Company/engagement parties because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This report has been prepared solely for internal use purpose. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any their party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This report is confidential to the client and the calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as of the Valuation/Reference Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Company/engagement parties and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Company/engagement parties and other sources. Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

17. The management or staff of the Company/engagement parties and/or its representatives have confirmed to us that the transaction or themselves or the parties involved in the pertained assets or transaction are independent to our firm and JLL in this valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independency in our work, the Company/engagement parties and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

18. We have assumed that the conditions of the properties are the same as at the time of our inspection and the valuation date.

19. Any necessary interpretations that we have been obliged to make of the relevant leases are informal and our own, and without any liability.

20. This report is for the use only of the party to whom it is addressed for the specific purposes to which it refers and no responsibility is accepted to any third party for use of or reliance on the whole or any part of its contents for any purpose.

21. Neither the whole nor any part of this report or any reference thereto may be included in any document, circular or statement without our prior written approval of the form and context in which it will appear, except for the purposes of disclosure of our valuation in the Company's annual reports and financial results in which the property is included.

22. Reliance on this valuation report is permitted only:

    (i) by a party expressly identified by the report as being permitted to rely on it;

    (ii) when the given party has received the report directly from JLL; and

    (iii) for a purpose expressly identified by the report as being a permitted use of the report.

APPENDIX II – SUMMARY OF PROPERTY VALUATION

Abbreviation:

GFA: Gross Floor Area

R: Residential

C: Commercial

A: Apartment

O: Office

V: Villa

CPS: Car Parking Space

K: Kindergarten

S: Storage

CIP: Construction in progress

Group I: Completed Properties held for sale in the PRC

Group II: Properties held under development by the Company in the PRC

Group III: Properties held for future development by the Company in the PRC

GDV: The gross development value (the market value of the project as if completed as at the valuation date)

"-": Not applicable or not available

Property interests held by Zhongcheng Real Estate and its subsidiaries and associates in the PRC as at the valuation date

Property No.	Name of Property	Province	Portions	Group	Site Area (sq.m.)	Usage	(Planned) GFA (sq.m.)	Number of Saleable CPS	Land Use Right Expiry Date	Estimated/Actual Completion Date	Total Saleable GFA Pre-Sold (sq.m.)	Total Estimated Construction Cost (for under construction portion only) (RMB)	Construction Cost incurred up to the valuation date (for under construction portion only) (RMB)	Market Value in existing state as at 31 December 2019 (RMB)	Interest Attributable to the Group (%)	Market Value Attributable to the Group as at 31 December 2019 (RMB)
1	Project Hongshan	Hebei	Unsold	Group I	–	R	13,298.75		10 May 2077	August 2015	13,005.64	–	–	199,400,000	100%	199,400,000
	Manor		portion			V	7,705.26		for residential use		6,537.09					
	(紅山莊園)		only			CPS	4,193.30	95			2,648.00					
		Sub-total:			**–**		**25,197.31**	**95**			**22,190.73**	**–**	**–**	**199,400,000**		**199,400,000**
2	Project Zhongcheng	Hebei	Phase I	Group I	–	R	17,181.51		1 September 2085	May 2017	17,163.37	–	–	131,400,000	100%	131,400,000
	Jingdian					K	1,964.45		for residential use		1,964.45					
	(中誠晶典)					CPS	32,092.29	879			15,224.67					
			Phase II	Group III	876	C	1,900.00		1 September 2055	–	–	–	–	4,000,000	100%	4,000,000
									for commercial use							
		Sub-total:			**876**		**53,138.25**	**879**			**34,352.49**	**–**	**–**	**135,400,000**		**135,400,000**
3	Project Hongyue Guoji	Hebei	Unsold	Group I	–	C	3,555.37 15		September 2046	November 2014	3,555.37	–	–	70,000,000	100%	70,000,000
	(鴻悦國際)		portion			CPS	8,142.32	137	for business and		179.61					
			only						financial use							
		Sub-total:			**–**		**11,697.69**	**137**			**3,734.98**	**–**	**–**	**70,000,000**		**70,000,000**
4	Project Zhongcheng	Hebei	Unsold	Group I	–	R	14,827.01		14 February 2056	August 2018	4,298.41	–	–	214,400,000	100%	214,400,000
	Mingjun		portion			A	3,642.79		for commercial use		3,438.64					
	(中誠明郡)		only			C	8,477.83		and 14 February 2086		4,477.52					
						S	13,606.64		for residential use							
						CPS	2,925.00	195								
		Sub-total:			**–**		**43,479.27**	**195**			**12,214.57**	**–**	**–**	**214,400,000**		**214,400,000**
5	Project Zhongcheng	Hebei	Phase I	Group I	–	CPS	6,526.94	227	12 December 2053	June 2017	–	–	–	24,700,000	100%	24,700,000
	Zuoan		Phase II	Group III	8,133.07	R	16,632.58		for commercial use	December	–	–	–	74,300,000	100%	74,300,000
	(中誠左岸)					C	2,663.86		and 12 December	2021						
						S	759.58		2083 for residential use							
						CPS	2,806.76	116								
		Sub-total:			**8,133.07**		**29,389.72**	**343**				**–**	**–**	**99,000,000**		**99,000,000**
6	Project Zhongcheng	Hebei	CIP	Group II	46,730.00	A	63,877.18	258	16 December 2053	December 2019	13,513.38	327,968,000	131,804,000	376,000,000	100%	376,000,000
	Shuishiyuan					CPS	19,612.96		for Hotel and							
	(中誠水石源)					Ancillary	9,982.85		restaurant use							
		Sub-total:			**46,730.00**		**93,472.99**	**258**			**13,513.38**	**327,968,000**	**131,804,000**	**376,000,000**		**376,000,000**
7	Project Langton Manor	Hebei	Unsold	Group I	–	R	23,676.41		19 May 2054	December 2016	18,138.84	–	–	671,200,000	64%	429,568,000
	(蘭頓莊園)		portion			A	8,233.27		for commercial use		5,483.99					
			only			C	21,786.37		and		4,487.63					
						C (Underground)	6,192.08		19 May 2084							
						S	1,385.60		for residential use							
						CPS	9,847.89	774			485.97					
		Sub-total:			**–**		**71,121.62**	**774**			**28,596.43**	**–**	**–**	**671,200,000**		**429,568,000**

Property No.	Name of Property	Province	Portions	Group	Site Area (sq.m.)	Usage	(Planned) GFA (sq.m.)	Number of Saleable CPS	Land Use Right Expiry Date	Estimated/Actual Completion Date	Total Saleable GFA Pre-Sold (sq.m.)	Total Estimated Construction Cost (for under construction portion only) (RMB)	Construction Cost incurred up to the valuation date (for under construction portion only) (RMB)	Market Value in existing state as at 31 December 2019 (RMB)	Interest Attributable to the Group (%)	Market Value Attributable to the Group as at 31 December 2019 (RMB)
8	Project Bailu Tingzhou	Shaanxi	CIP	Group II	66,659.10	A	10,557.00		13 January 2086	November 2021	–	552,000,000	40,000,000	91,000,000	80%	72,800,000
	(白鹿汀州)					R	78,109.00		for residential use							
						Public Facilities	4,238.00									
						CPS	40,420.00	764								
		Sub-total:			**66,659.10**		**133,324.00**	**764**				**552,000,000**	**40,000,000**	**91,000,000**		**72,800,000**
9	Project Golden Sunshine	Hebei	Unsold	Group I	–	R	3,870.75		28 April 2077 and	October 2017	1,669.71	–	–	98,100,000	51%	50,031,000
	(金色陽光)		portion			C	5,103.98		29 May 2077		458.70					
			except B2			S	8,489.31		for residential use		33.40					
						CPS	3,999.10	290			13.75					
			B2	Group II	–	R	1,999.98			2019		8,195,000	187,000	1,000,000	51%	510,000
						Ancillary	1,156.77	12								
		Sub-total:			**-**		**24,619.89**	**302**			**2,175.56**	**8,195,000**	**187,000**	**99,100,000**		**50,541,000**
10	Project Hongshan Quanyu	Hebei	CIP	Group II	13,853.00	R	37,985.21		11 March 2088	June 2020	–	235,324,000	30,695,000	109,000,000	85%	92,650,000
	(紅山泉語)					CPS	18,062.00	576	for residential use		–					
						Ancillary	4,931.17				–					
		Sub-total:			**13,853.00**		**60,978.38**	**576**				**235,324,000**	**30,695,000**	**109,000,000**		**92,650,000**
11	Project Langton Jingdian	Hebei	Phase I	Group II	34,726.91	R	81,465.94		10 September 2087	August 2020	10,770.31	385,330,000	135,277,000	249,000,000	51%	126,990,000
	(蘭頓經典)					CPS	20,545.06	566	for residential use		–					
						Ancillary	15,009.59				–					
			Phase II	Group III	36,250.15	R	82,877.02			June 2021	–	–	–	127,000,000	51%	64,770,000
						K	1,738.20				–					
						CPS	24,433.14	598			–					
						Ancillary	10,044.31									
		Sub-total:			**70,977.06**		**236,113.26**	**1,164**			**10,770.31**	**385,330,000**	**135,277,000**	**376,000,000**		**191,760,000**
12	Project Hebei Construction	Hebei	CIP	Group II	35,197.00	A	120,737.15		11 July 2057	October 2020	21,887.62	1,122,000,000	150,000,000	562,000,000	51%	286,620,000
	Business Center					O	46,657.03		for business and		–					
	(河北建設商務中心)					CPS	68,387.00	2016	financial use		–					
						Ancillary	614.54				–					
		Sub-total:			**35,197.00**		**236,395.72**	**2,016**			**21,887.62**	**1,122,000,000**	**150,000,000**	**562,000,000**		**286,620,000**
13	Phase I of Project Wetland	Sichuan	Unsold	Group I	–	R	1,122.12		28 November 2051	March 2017	1,122.12	–	–	324,600,000	30%	97,380,000
	(威蘭德小鎮)		portion			C	14,567.65		for commercial use		13,189.02					
			only			CPS	20,347.90	773	and 28 November		20,347.90					
		Sub-total:			**-**		**36,037.67**	**773**	2081 for residential use		**34,659.04**	**-**	**-**	**324,600,000**		**97,380,000**
14	Phase I and Portion of	Sichuan	Unsold	Group I	–	R	13,224.65		24 January 2054	July 2018	6,470.20			102,900,000	30%	30,870,000
	Phase II of Project		portion of			C	4,786.89		for commercial use		346.28					
	Shanshui Yinxiang		Phase II						and 24 January 2084							
	(山水印象)		except 7#						for residential use							
			CIP	Group II	15,733.00	R	30,677.78			October 2019	–	286,000,000	110,000,000	185,600,000	30%	55,680,000
						C	9,288.13				–					
						CPS	25,000.00	807			–					
						Ancillary	12,035.58				–					
		Sub-total:			**15,733.00**		**95,013.03**	**807**			**6,816.48**	**286,000,000**	**110,000,000**	**288,500,000**		**86,550,000**
15	Project Songlan Huating	Sichuan	Land	Group III	118,890.00	R	289,839.76		5 May 2061	–	–	–	–	638,000,000	15%	95,700,000
	(松嵐華庭)								for residential use							
		Sub-total:			**118,890.00**		**289,839.76**	**-**				**-**	**-**	**638,000,000**		**95,700,000**
		Grand-total:			**377,048.23**		**1,486,288.37**				**190,911.59**			**4,253,600,000**		**2,497,769,000**

Notes:

1. As advised by Zhongcheng Real Estate, portions of the properties with a total gross floor area of approximately 190,911.59 sq.m. have been pre-sold to various third parties at a total consideration of RMB1,715,779,719. Such portions of the properties have not been legally and virtually transferred and therefore we have included the units in our valuation. In arriving at our opinion on the market value of the properties, we have taken into account the contracted prices of such portions.

2. In valuing the properties, we have assumed that:

    a. Zhongcheng Real Estate has obtained the valid State-owned Land Use Rights Certificates for the properties, and all land premium payments and other costs such as resettlement and ancillary utilities services have been paid in full and there is no requirement for payment of further land premium or other onerous payments to the government;

    b. the design and construction of the properties are in compliance with the local planning regulations and have been approved by the relevant government authorities, and all necessary authorizations and permits have been obtained in respect of the actual development progress;

    c. Zhongcheng Real Estate has the rights to legally pre-sell portions of the properties according to the obtained Pre-sale Permits;

    d. Zhongcheng Real Estate have completed and passed final acceptance of construction for the portions of the properties held for sale, and there is no material legal barrier to obtain the building ownership certificates/real estate title certificates; and

    e. the properties can be freely transferred, leased or mortgaged by Zhongcheng Real Estate without payment of any further land premium or transfer fees.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

31 May 2019

Hebei Construction Group Corporation Limited
No. 125 Lugang Road,
Jingxiu District, Baoding City,
Hebei Province, the PRC

Dear Sirs,

In accordance with the instructions from Hebei Construction Group Corporation Limited ("**HCG**"), Jones Lang LaSalle Corporate Appraisal and Advisory Limited has undertaken a valuation exercise which requires us to express an independent opinion of the market value of the 100% equity interest in Hebei Construction Group Garden Engineering Co., Ltd. ("**HCG Garden Engineering**" or the "**Company**"), as at 31 December 2018 (the "**Valuation Date**").

The purpose of this valuation is for public disclosure reference.

Our valuation was 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*".

BACKGROUND OF THE COMPANY

Business Operation of Hebei Construction Group Garden Engineering Co., Ltd.

Hebei Construction Group Garden Engineering Co., Ltd. is a limited liability company incorporated in the PRC on 26 December 2006, and primarily engaged in landscape engineering design and engineering procurement construction as well as landscaping engineering construction. HCG Garden Engineering's registered address is No. 139 Wusi West Road, Baoding City, Hebei Province.

SOURCES OF INFORMATION

In conducting our valuation of the 100% equity interest in the Company, we have reviewed information from several sources, including, but not limited to:

- Background of the Company and relevant corporate information;
- Historical financial information of the Company;
- Business licenses of the Company;
- Other operation and market information in relation to the Company's business.

We have held discussions with management of the Company, conducted market research from public sources to assess the reasonableness and fairness of information provided. We assumed such information reliable and legitimate; and we have relied to a considerable extent on the information provided in arriving at our opinion of value.

BASIS OF OPINION

We have conducted our valuation in accordance with the International Valuation Standards issued by International Valuation Standards Council ("**IVSC**"). The valuation procedures employed include a review of legal status and economic condition of the Company and an assessment of key assumptions, estimates, and representations made by the proprietor or the operator of the Company. All matters we consider essential to the proper understanding of the valuation are disclosed in this valuation report.

The following factors form an integral part of our basis of opinion:

- The economic outlook in general;
- The nature of business and history of the operation concerned;
- The financial condition and projected financial performance of the Company;
- Market-driven investment returns of the Company engaged in similar lines of business;
- Financial and business risk of the business including continuity of income and the projected future results;
- Consideration and analysis on the micro and macro economy affecting the subject assets; and
- Assessment of the liquidity of the subject assets.

We planned and performed our valuation so as to obtain all the information and explanations that we considered necessary in order to provide us with sufficient evidence to express our opinion on the Company.

VALUATION METHODOLOGY

In arriving at our assessed value, we have considered three generally accepted approaches, namely market approach, cost approach and income approach.

Market Approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. Assets for which there is an established secondary market may be valued by this approach. Benefits of using this approach include its simplicity, clarity, speed and the need for few or no assumptions. It also introduces objectivity in application as publicly available inputs are used. However, one has to be wary of hidden assumptions in those inputs as there are inherent assumptions on the value of those comparable assets. It is also difficult to find comparable assets. Furthermore, this approach relies exclusively on the efficient market hypothesis.

Cost Approach considers the cost to reproduce or replace in new condition the assets appraised in accordance with current market prices for similar assets, with allowance for accrued depreciation or obsolescence present, whether arising from physical, functional or economic causes. The cost approach generally furnishes the most reliable indication of value for assets without a known secondary market. Despite the simplicity and transparency of this approach, it does not directly incorporate information about the economic benefits contributed by the subject assets.

Income Approach is the conversion of expected periodic benefits of ownership into an indication of value. It is based on the principle that an informed buyer would pay no more for the project than an amount equal to the present worth of anticipated future benefits (income) from the same of a substantially similar project with a similar risk profile. This approach allows for the prospective valuation of future profits and there are numerous empirical and theoretical justifications for the present value of expected future cash flows. However, this approach relies on numerous assumptions over a long time horizon and the result may be very sensitive to certain inputs. It also presents a single scenario only.

Given the unique characteristics of the asset, there are substantial limitations for the income approach and the cost approach for valuing the underlying asset. Firstly, the income approach requires subjective assumptions to which the valuation is highly sensitive and detailed operational information and long-term financial projections are also needed to arrive at an indication of value. Secondly, the cost approach does not directly incorporate information about the economic benefits contributed by the subject business.

In view of the above, we have adopted the market approach for the valuation due to its simplicity, clarity, speed, and the need for few or no assumptions. The market approach considers prices recently paid for similar assets, with adjustments made to market prices to reflect condition and utility of the appraised assets relative to the market comparative. It also introduces objectivity in application as publicly available inputs are used.

The market approach can be applied through two commonly used methods, namely guideline public company method and the comparable transaction method. The comparable transaction method utilizes information on transactions involving assets that are same or similar to the subject asset. However, for this particular valuation exercise, it is difficult to acquire sufficient and timely information of such kind of transaction. Therefore, in this valuation exercise, the market value of the 100% equity interest in the Company is developed through the guideline public company method.

This method requires the research of comparable companies' benchmark multiples and proper selection of a suitable multiple to derive the market value of the 100% equity interest in the Company. We applied the price-to-earnings ("**P/E**"), which is calculated by using comparable companies' market prices and financial statements, to determine the market value of the Company and then taken into account of market liquidity discount and control premium as the appropriate adjustment.

MAJOR ASSUMPTIONS

Assumptions considered to have significant sensitivity effects in this valuation have been evaluated in order to provide a more accurate and reasonable basis for arriving at our assessed value.

The following key assumptions in determining the market value of the equity interest have been made:

- We have assumed that there will be no material change in the existing political, legal, technological, fiscal or economic conditions, which might adversely affect the business of the Company;
- We have assumed that the operational and contractual terms stipulated in the relevant contracts and agreements will be honored;
- We have assumed that the facilities and systems proposed are sufficient for future expansion in order to realize the growth potential of the business and maintain a competitive edge;
- We have been provided with copies of the operating licenses and company incorporation documents. We have assumed such information to be reliable and legitimate. We have relied to a considerable extent on such information provided in arriving at our opinion of value;
- We have assumed the accuracy of the financial and operational information provided to us by the Company and relied to a considerable extent on such information in arriving at our opinion of value;
- We have assumed the capital structure of the Company will not change; and
- We have assumed that there are no hidden or unexpected conditions associated with the asset valued that might adversely affect the reported value. Further, we assume no responsibility for changes in market conditions after the Valuation Date.

SUMMARY OF MARKET APPROACH

In determining the financial multiple, a list of comparable companies was identified. The selection criteria include the followings:

- The comparable companies derive a considerable amount, if not all, of their revenues from the same or closely related industry of the Company;
- The comparable companies are searchable in Bloomberg;
- The comparable companies are publicly listed;
- P/E ratio as at the Valuation Date, of the comparable companies are available; and
- The comparable companies have been listed for at least one year prior to the Valuation Date.

We have selected comparable companies for the Company, based on similarity of business nature and profitability with each of them. The major business activities of HCG Garden Engineering include Landscape Engineering. The comparable companies satisfying the above criteria are:

Comparable Company A: LingNan Eco&Culture-Tourism Co., Ltd.
(嶺南股份)
Stock Code: 002717 CH Equity
Listing Date: 2/19/2014
Scope of Operation: Landscape services, including landscape planning, landscape designing, ecological environment treatment, soil ecological restoration, and other services in China.

Comparable Company B: Misho Ecology & Landscape Co., Ltd.
(美尚生態)
Stock Code: 300495 CH Equity
Listing Date: 12/22/2015
Scope of Operation: Landscape services, including ecological wetland restoration, ecological management, ecological environment improvement, and other services in China.

Comparable Company C: Dongzhu Ecological Environment Protection Co., Ltd.
(東珠景觀)
Stock Code: 603359 CH Equity
Listing Date: 9/1/2017
Scope of Operation: Landscape services, including ecological wetland development, landscape planning, landscape designing, garden construction, municipal engineering, green conservation, and other services in China.

Comparable Company D: Shenzhen Wenke Landscape Co., Ltd.
(文科園林)
Stock Code: 002775 CH Equity
Listing Date: 6/29/2015
Scope of Operation: Landscape services, including landscape design and construction, and other services in China.

Comparable Company E: Inner Mongolia M-Grass Ecology And Environment Group Co., Ltd.
(蒙草生態)
Stock Code: 300355 CH Equity
Listing Date: 9/27/2012
Scope of Operation: Landscape services, including seed industry technology development, indigenous plant acclimation and ecological restoration, and other services in China.

Comparable Company F: TianYu Eco-Environment Co., Ltd.
(天域生態)
Stock Code: 603717 CH Equity
Listing Date: 3/27/2017
Scope of Operation: Landscape services, including landscape engineering designing, river pollution abatement, soil pollution abatement, saline environmental protection technology development, and other services in China.

Comparable Company G: China Greenland Broad Greenstate Group Company Limited
(中國綠地博大綠澤)
Stock Code: 1253 HK Equity
Listing Date: 7/21/2014
Scope of Operation: Landscape services, including design and planning, design refinement, construction, seedling cultivation and maintenance services in China.

The P/E ratio of the comparable companies is further adjusted for their size difference with the Company, based on the following formula (James R. Hitchner, Financial Valuation: Applications and Models):

$$\text{Adjusted Multiple} = \frac{1}{\left(\frac{1}{\text{Multiple}}\right) + (\alpha\varepsilon\theta)}$$

Where:

Multiple is the P/E of a comparable company, closest to the Valuation Date;

α is 100% here, since we are not considering a revenue ratio;

ε is 100% here, since we are not considering an Enterprise Value ratio; and

θ is the difference between the size premiums of the Company and a comparable company. Size premium, as of December 31 2018 or the Valuation Date, is acquired from 2019 Valuation Handbook published by Duff & Phelps.

The adjusted P/E ratios of the comparable companies are summarized as below:

Comparable Company – Landscape	**Ticker**	**Adjusted P/E**
LingNan Eco&Culture-Tourism Co., Ltd.	002717 CH Equity	8.06
Misho Ecology & Landscape Co., Ltd.	300495 CH Equity	12.06
Dongzhu Ecological Environment Protection Co., Ltd.	603359 CH Equity	8.40
Shenzhen Wenke Landscape Co., Ltd.	002775 CH Equity	7.01
Inner Mongolia M-Grass Ecology And Environment Group Co., Ltd.	300355 CH Equity	4.46
TianYu Eco-Environment Co., Ltd.	603717 CH Equity	9.14
China Greenland Broad Greenstate Group Company Limited	1253 HK Equity	23.71
Median		**8.40**

Note: Adopted multiple is calculated as median multiple of comparable companies.

DISCOUNT FOR LACK OF MARKETABILITY (DLOM)

A factor to be considered in valuing closely held companies is the marketability of an interest in such businesses. Marketability is defined as the ability to convert the business interest into cash quickly, with minimum transaction and administrative costs, and with a high degree of certainty as to the amount of net proceeds. There is usually a cost and a time lag associated with locating interested and capable buyers of interests in privately-held companies, because there is no established market of readily-available buyers and sellers. All other factors being equal, an interest in a publicly traded company is worth more because it is readily marketable. Conversely, an interest in a private-held company is worth less because no established market exists.

As there is no specific disclosure requirement for transactions involving non-listed companies in China, no information of such kind is readily available from public filing or announcements and thus no direct analysis on the DLOM can be performed. This limitation on data regarding the non-listed company transactions is similar in other countries. Thus for the analysis of the DLOM, theoretical models and empirical studies are the two common methodologies widely relied on for determining the DLOM. Of the theoretical models, put option methodology is a commonly recognized method in determining the DLOM. Of the empirical studies, most of the DLOM studies focus on restricted stock transactions. Restricted stock, also known as letter stock or restricted securities, refers to stock of a company that is not fully transferable (from the stock-issuing company to the person receiving the stock award) until certain conditions (restrictions) have been met.

In this valuation exercise, we have assessed the DLOM using the empirical studies. We referred to a research paper titled "The Cost of Illiquidity" by Aswath Damodaran, which suggests a range of DLOM between 20% and 30%. Therefore, we acquired a DLOM of 25% as the average of the range indicated by the research, and apply it for the valuation of the Company.

CONTROL PREMIUM

Control Premium is an amount by which the pro rata value of a controlling interest exceeds the pro rata value of a non-controlling interest a business enterprise that reflects the power if a control. Both factors recognize that control owners have rights that minority owners do not and that the difference in those rights and, perhaps more importantly, how those rights are exercisable and do what economic benefits, cause a differential in the per-share value of a control ownership block versus a minority ownership block.

We have attempted to use an empirical study to assess the appropriate control premium for the 100% equity interest of the Company. We referred to a research paper published by FactSet Mergerstat, LLC in 2019 titled "FACTSET CONTROL PREMIUM STUDY 4TH QUARTER 2018", and acquired a Mergerstat Unaffected Control Premium (International) of 20%.

Applying the DLOM at 25% and the control premium at 20% to the P/E ratio of the Company, 8.40, results in effective 2018.12.31 P/E ratio at 7.56 (the "**Effective 2018.12.31 P/E Ratio**").

CALCULATION OF VALUATION RESULT

The calculation of the market value of 100% equity interest in the Company as at the Valuation Date is as follows:

Hebei Construction Group Garden Engineering Co., Ltd.
Valuation Date: 2018-12-31

1	**2018 Multiples**	**Adjusted P/E**
	Selected ListCo	**@20181231**
	002717 CH Equity	8.06
	300495 CH Equity	12.06
	603359 CH Equity	8.40
	002775 CH Equity	7.01
	300355 CH Equity	4.46
	603717 CH Equity	9.14
	1253 HK Equity	23.71
	Median	**8.40**
	DLOM	25%
	Control Premium	20%
	Applied Multiple	7.56
2	**Financial Data**	**@20181231**
	(RMB'000)	
	Net Income	**36,243**
3	**Result of Valuation**	
	(RMB'000)	
	100% Equity Value	**273,970**

VALUATION COMMENT

The conclusion of value is based on accepted valuation procedures and practices that rely substantially on the use of numerous assumptions and the consideration of many uncertainties, not all of which can be easily quantified or ascertained. Further, while the assumptions and other relevant factors are considered by us to be reasonable, they are inherent subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of the Company, HCG and Jones Lang LaSalle Corporate Appraisal and Advisory Limited.

We do not intend to express any opinion on matters which require legal or other specialized expertise or knowledge, beyond what is customarily employed by valuers. Our conclusions assume continuation of prudent management of the Company over whatever period of time that is reasonable and necessary to maintain the character and integrity of the assets valued.

This report is issued subject to our Limiting Conditions as attached.

CONCLUSION OF VALUE

Based on the results of our investigations and analysis, we are of the opinion that the market value of 100% equity interest in the Hebei Construction Group Garden Engineering Co., Ltd. as at the Valuation Date is reasonably stated at the amount of **RMB273.97 million**.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Simon M.K. Chan
Executive Director

Note: Mr. Simon M.K. Chan is a fellow (FCPA) of the Hong Kong Institute of Certified Public Accountants (HKICPA) and CPA Australia. He is also fellow of the Royal Institution of Chartered Surveyors (FRICS) where he now serves on their North Asia Valuation Practice Group. He is an International Certified Valuation Specialist (ICVS) and a Chartered Valuer and Appraiser (Singapore). He oversees the business valuation services of JLL and has over 20 years of accounting, auditing, corporate advisory and valuation experiences. He has provided a wide range of valuation services to numerous listed and listing companies of different industries in the PRC, Hong Kong, Singapore and the United States.

LIMITING CONDITIONS

1. In the preparation of our reports, we relied on the accuracy, completeness and reasonableness of the financial information, forecast, assumptions and other data provided to us by the Company/engagement parties and/or its representatives. We did not carry out any work in the nature of an audit and neither are we required to express an audit or viability opinion. We take no responsibility for the accuracy of such information. Our reports were used as part of the Company's/engagement parties' analysis in reaching their conclusion of value and due to the above reasons, the ultimate responsibility of the derived value of the subject property rests solely with the Company/engagement parties.

2. We have explained as part of our service engagement procedure that it is the director's responsibility to ensure proper books of accounts are maintained, and the financial information and forecast give a true and fair view and have been prepared in accordance with the relevant standards and companies ordinance.

3. Public information and industry and statistical information have been obtained from sources we deem to be reputable; however we make no representation as to the accuracy or completeness of such information, and have accepted the information without any verification.

4. The management and the Board of the Company/engagement parties have reviewed and agreed on the report and confirmed that the basis, assumptions, calculations and results are appropriate and reasonable.

5. Jones Lang LaSalle Corporate Appraisal and Advisory Limited shall not be required to give testimony or attendance in court or to any government agency by reason of this exercise, with reference to the project described herein. Should there be any kind of subsequent services required, the corresponding expenses and time costs will be reimbursed from you. Such kind of additional work may incur without prior notification to you.

6. No opinion is intended to be expressed for matters which require legal or other specialised expertise, which is out of valuers' capacity.

7. The use of and/or the validity of the report is subject to the terms of engagement letter/ proposal and the full settlement of the fees and all the expenses.

8. Our conclusions assume continuation of prudent and effective management policies over whatever period of time that is considered to be necessary in order to maintain the character and integrity of the assets valued.

9. We assume that there are no hidden or unexpected conditions associated with the subject matter under review that might adversely affect the reported review result. Further, we assume no responsibility for changes in market conditions, government policy or other conditions after the Valuation/Reference Date. We cannot provide assurance on the achievability of the results forecasted by the Company/engagement parties because events and circumstances frequently do not occur as expected; difference between actual and expected results may be material; and achievement of the forecasted results is dependent on actions, plans and assumptions of management.

10. This report has been prepared solely for internal use purpose. The report should not be otherwise referred to, in whole or in part, or quoted in any document, circular or statement in any manner, or distributed in whole or in part or copied to any their party without our prior written consent. Even with our prior written consent for such, we are not be liable to any third party except for our client for this report. Our client should remind of any third party who will receive this report and the client will need to undertake any consequences resulted from the use of this report by the third party. We shall not under any circumstances whatsoever be liable to any third party.

11. This report is confidential to the client and the calculation of values expressed herein is valid only for the purpose stated in the engagement letter/or proposal as of the Valuation/Reference Date. In accordance with our standard practice, we must state that this report and exercise is for the use only by the party to whom it is addressed to and no responsibility is accepted with respect to any third party for the whole or any part of its contents.

12. Where a distinct and definite representation has been made to us by party/parties interested in the assets valued, we are entitled to rely on that representation without further investigation into the veracity of the representation.

13. You agree to indemnify and hold us and our personnel harmless against and from any and all losses, claims, actions, damages, expenses or liabilities, including reasonable attorney's fees, to which we may become subjects in connection with this engagement. Our maximum liability relating to services rendered under this engagement (regardless of form of action, whether in contract, negligence or otherwise) shall be limited to the fee paid to us for the portion of its services or work products giving rise to liability. In no event shall we be liable for consequential, special, incidental or punitive loss, damage or expense (including without limitation, lost profits, opportunity costs, etc.), even if it has been advised of their possible existence.

14. We are not environmental, structural or engineering consultants or auditors, and we take no responsibility for any related actual or potential liabilities exist, and the effect on the value of the asset is encouraged to obtain a professional assessment. We do not conduct or provide such kind of assessments and have not considered the potential impact to the subject property.

15. This exercise is premised in part on the historical financial information and future forecast provided by the management of the Company/engagement parties and/or its representatives. We have assumed the accuracy and reasonableness of the information provided and relied to a considerable extent on such information in our calculation of value. Since projections relate to the future, there will usually be differences between projections and actual results and in some cases, those variances may be material. Accordingly, to the extent any of the above mentioned information requires adjustments, the resulting value may differ significantly.

16. This report and the conclusion of values arrived at herein are for the exclusive use of our client for the sole and specific purposes as noted herein. Furthermore, the report and conclusion of values are not intended by the author, and should not be construed by the reader, to be investment advice or as financing or transaction reference in any manner whatsoever. The conclusion of values represents the consideration based on the information furnished by the Company/engagement parties and other sources. Actual transactions involving the subject assets/business might be concluded at a higher or lower value, depending upon the circumstances of the transaction and the business, and the knowledge and motivation of the buyers and sellers at that time.

17. The management or staff of the Company/engagement parties and/or its representatives have confirmed to us that the transaction or themselves or the parties involved in the pertained assets or transaction are independent to our firm and JLL in this valuation or calculation exercise. Should there be any conflict of interest or potential independence issue that may affect our independency in our work, the Company/engagement parties and/or its representatives should inform us immediately and we may need to discontinue our work and we may charge our fee to the extent of our work performed or our manpower withheld or engaged.

The following is the text of a letter, summary of values and valuation certificates prepared for the purpose of incorporation in this circular received from Jones Lang LaSalle Corporate Appraisal and Advisory Limited, an independent valuer, in connection with its valuation as at 28 February 2019 of the property interests held by the Disposal Group.

JLL
仲量聯行

Jones Lang LaSalle Corporate Appraisal and Advisory Limited
7/F One Taikoo Place 979 King's Road Hong Kong
tel +852 2846 5000 fax +852 2169 6001
Licence No.: C-030171

The Board of Directors
Hebei Construction Group Corporation Limited
No. 125 Lugang Road
Jingxiu District
Baoding, Hebei Province
the PRC

31 May 2019

Dear Sirs,

Jones Lang LaSalle Corporate Appraisal and Advisory Limited ("**JLL**" or "**we**") is instructed by Hebei Construction Group Corporation Limited (the "**Company**") to provide valuation service on the properties in which Zhongcheng Real Estate Development Co., Ltd. ("**Zhongcheng Real Estate**", a wholly-owned subsidiary of the Company) and its subsidiaries, Baoding Tian'e Real Estate Development Co., Ltd. ("**Baoding Tian'e Real Estate**", a 66% owned subsidiary of the Company) and Sanhe Jinshibang Real Estate Development Co., Ltd. ("**Jinshibang Real Estate**", a 55% owned subsidiary of the Company) (three subsidiaries of the Company, hereinafter together referred as the "**Disposal Group**") have interests in the People's Republic of China (the "**PRC**") for disclosure purpose.

We confirm that we have carried out inspections, made relevant enquiries and searches and obtained such further information as we consider necessary for the purpose of providing you with our opinion on the market values of the property interests as of 28 February 2019 (the "**valuation date**"). As confirmed by the Company, Baoding Tian'e Real Estate has no real estate development project as at 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 wherein the parties had each acted knowledgeably, prudently and without compulsion" in accordance with the HKIS Valuation Standards.

We have valued the property interests in Group I which are held for sale by the Disposal Group and property interests in Group III which are held for future development by the Disposal Group by the comparison approach assuming sale of the property interests in their existing states with the benefit of immediate vacant possession and by making reference to comparable sales transactions as available in the market. This approach rests on the wide acceptance of the market transactions as the best indicator and pre-supposes that evidence of relevant transactions in the market place can be extrapolated to similar properties, subject to allowances for variable factors.

For the purpose of our valuation, real estate developments for sale are those the Construction Work Completion and Inspection Certificates/Tables or Building Ownership Certificates/Real Estate Title Certificates thereof are issued by the relevant local authorities or are in the process of application, this also includes those property interests which have been contracted to be sold, but the formal assignment procedures of which have not yet been completed; and real estate developments for future development are those the Construction Work Commencement Permits are not issued while the State-owned Land Use Rights Certificates/Real Estate Title Certificates have been obtained, this also includes those property interests which the State-owned Land Use Rights Grant Contract have been signed, but the State-owned Land Use Rights Certificates/Real Estate Title Certificates have not been issued.

In valuing the property interests in Group II which are held under development by the Disposal Group, we have assumed that they will be developed and completed in accordance with the latest development proposals provided to us by the Disposal Group. In arriving at our opinion of values, we have adopted the comparison approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the accrued construction cost and professional fees relevant to the stage of construction as at the valuation date and the remainder of the cost and fees expected to be incurred for completing the development. We have relied on the accrued construction cost and professional fees information provided by the Disposal Group according to the different stages of construction of the properties as at the valuation date, and we did not find any material inconsistency from those of other similar developments.

For the purpose of our valuation, real estate developments under development are those for which the Construction Works Commencement Permit(s) has(have) been issued while the Construction Works Completion and Inspection Certificate(s)/Table(s) of the building(s) have not been issued.

For the property interests in Group IV which are contracted to be acquired by the Disposal Group, the Disposal Group has entered into agreements with the relevant government authorities. Since the Disposal Group has not yet obtained the State-owned Land Use Rights Certificates/Real Estate Title Certificates and/or the payment of the land premium has not yet been fully settled as at the valuation date, we have attributed no commercial value to the property interests.

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 Disposal Group and have accepted advice given to us on such matters as tenure, planning approvals, statutory notices, easements, particulars of occupancy and all other relevant matters.

We have been shown copies of title documents including State-owned Land Use Rights Certificates, Real Estate Title Certificates and other official plans relating to the property interests and have made relevant enquiries. Where possible, we have examined the original documents to verify the existing title to the property interests in the PRC and any material encumbrance that might be attached to the property interests or any tenancy amendment. We have summarized the major certificates/approvals of the properties in the notes of each valuation certificate. In these summaries, we state "no" if the Disposal Group has not obtained such certificates/approvals which are required for the current construction stages, and we state "portion" if the Disposal Group has not yet obtained some of such certificates/approvals of the properties as these properties consist of different groups mentioned above or different construction stages (different certificates/approvals are required for different groups/construction stages). We have relied considerably on the advice given by the Company's PRC legal advisors – Jia Yuan Law Offices, concerning the validity of the property interests in the PRC.

We have had no reason to doubt the truth and accuracy of the information provided to us by the Disposal Group. We have also sought confirmation from the Disposal Group that no material factors have been omitted from the information supplied. We consider that we have been provided with sufficient information to arrive an informed view, and we have no reason to suspect that any material information has been withheld.

We have not carried out detailed measurements to verify the correctness of the areas in respect of the properties but have assumed that the areas shown on the title documents and official site plans handed to us are correct. All documents and contracts have been used as reference only and all dimensions, measurements and areas are approximations. No on-site measurement has been taken.

We have inspected the exterior and, where possible, the interior of the properties. However, we have not carried out investigation to determine the suitability of the ground conditions and services for any development thereon. Our valuation has been prepared on the assumption that these aspects are satisfactory and that no unexpected cost and delay will be incurred during construction. Moreover, no structural survey has been made, but in the course of our inspection, we did not note any serious defect. We are not, however, able to report whether the properties are free of rot, infestation or any other structural defect. No tests were carried out on any of the services.

Inspection of the properties was carried out in March 2019 by Ms. Ivy Zheng who has 11 years' experience in the property valuation in the PRC and Ms. Joey Fei who has 1 year's experience in the property valuation in the PRC.

Unless otherwise stated, all monetary figures stated in this report are in Renminbi (RMB).

Our summary of values and valuation certificates are attached below for your attention.

Yours faithfully,
For and on behalf of
Jones Lang LaSalle Corporate Appraisal and Advisory Limited
Eddie T. W. Yiu
MRICS MHKIS RPS (GP)
Senior Director

Note: Eddie T.W. Yiu is a Chartered Surveyor who has 25 years' experience in the valuation of properties in Hong Kong and the PRC as well as relevant experience in the Asia-Pacific region.

SUMMARY OF VALUES

Abbreviation:

Group I: Completed properties held for sale by the Disposal Group in the PRC
Group II: Properties held under development by the Disposal Group in the PRC
Group III: Properties held for future development by the Disposal Group in the PRC
Group IV: Properties contracted to be acquired by the Disposal Group in the PRC
"N/A": Not Available or Not Applicable

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	The total market value in existing state as at the valuation date RMB
1.	Project Hongshan Manor (紅山莊園) No. 2197 Baoman Road Jingxiu District Baoding City Hebei Province The PRC	199,400,000	N/A	N/A	N/A	199,400,000
2.	Project Zhongcheng Jingdian (中誠晶典) located at the western side of Fujiang Street and the southern side of Tianyuan Road Jingxiu District Baoding City Hebei Province The PRC	131,400,000	N/A	4,000,000	N/A	135,400,000

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	The total market value in existing state as at the valuation date RMB
3.	Project Hongyue Guoji (鴻悅國際) located at the western side of Tianwei Road and the eastern side of Chaoyang Street Jingxiu District Baoding City Hebei Province The PRC	70,000,000	N/A	N/A	N/A	70,000,000
4.	Project Zhongcheng Shuishiyuan (中誠水石源) located at the western side of West 2nd Ring Road Baoding Agro-ecological Park Jingxiu District Baoding City Hebei Province The PRC	N/A	376,000,000	N/A	N/A	376,000,000
5.	Project Hongshan Quanyu (紅山泉語) located at the northern side of North 2nd Ring Road and the western side of West 2nd Ring Road Jingxiu District Baoding City Hebei Province The PRC	N/A	110,000,000	N/A	N/A	110,000,000

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	The total market value in existing state as at the valuation date RMB
6.	Project Hebei Construction Business Center (河北建設商務中心) No. 956 Jinxiu Street Jingxiu District Baoding City Hebei Province The PRC	N/A	595,000,000	N/A	N/A	595,000,000
7.	Project Golden Sunshine (金色陽光) located at the eastern side of the Administrative Center Beishan New District Luanping County Chengde City Hebei Province The PRC	98,100,000	1,100,000	N/A	N/A	99,200,000
8.	Project Zhongcheng Mingjun (中誠明郡) located at Zhangmugou Dongjie Residential Committee Zhongxing Road Luanping County Chengde City Hebei Province The PRC	214,300,000	N/A	N/A	N/A	214,300,000

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	The total market value in existing state as at the valuation date RMB
9.	Project Zhongcheng Zuoan (中誠左岸) located at the junction of Zhongzi Road and Xueyuan Road High-tech Industry Development Zone Chengde City Hebei Province The PRC	24,600,000	N/A	74,300,000	N/A	98,900,000
10.	Project Langton Manor (蘭頓莊園) located at the southern side of Fuqian East Street and the eastern side of Changcheng North Road Shacheng Town Huailai County Zhangjiakou City Hebei Province The PRC	671,900,000	N/A	N/A	N/A	671,900,000
11.	Project Langton Jingdian (蘭頓經典) located at north-western part of Xiaoxinzhuang Village Shacheng Town Huailai County Zhangjiakou City Hebei Province The PRC	N/A	253,000,000	127,000,000	N/A	380,000,000

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	The total market value in existing state as at the valuation date RMB
12.	Project Bailu Tingzhou (白鹿汀州) located at Zhangxie Village Huaxu Town Lantian County Xi'an City Shaanxi Province The PRC	N/A	99,000,000	N/A	N/A	99,000,000
13.	Phase I of Project Wetland (威蘭德小鎮一期) located at the junction of Shuangnan Street and Baihe Road Shuangliu District Chengdu City Sichuan Province The PRC	324,600,000	N/A	N/A	N/A	324,600,000
14.	Project Shanshui Yinxiang (山水印象) located at the southern side of Huanchengbei Road Guangan District Guangan City Sichuan Province The PRC	103,800,000	199,900,000	N/A	N/A	303,700,000

No.	Property	Market value in existing state as at the valuation date RMB Group I:	Market value in existing state as at the valuation date RMB Group II:	Market value in existing state as at the valuation date RMB Group III:	Market value in existing state as at the valuation date RMB Group IV:	The total market value in existing state as at the valuation date RMB
15.	Project Songlan Huating (松嵐華庭) located at Songlan Residential Zone Jinzhou New District Dalian City Liaoning Province The PRC	N/A	N/A	638,000,000	N/A	638,000,000
16.	A parcel of land located at the eastern side of Yangao North Road and the southern side of Liushan Avenue Yanjiao District Sanhe City Hebei Province The PRC	N/A	N/A	N/A	No commercial value	Nil
	Total:	**1,838,100,000**	**1,634,000,000**	**843,300,000**	**Nil**	**4,315,400,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
1.	Project Hongshan Manor (紅山莊園) No. 2197 Baoman Road Jingxiu District Baoding City Hebei Province The PRC	Project Hongshan Manor is located at Baoman Road, Jingxiu District, Baoding City. The locality is newly developed where the public transportation network and public facilities nearby are still under development. It occupies a parcel of land with a site area of approximately 116,056.00 sq.m. which had been developed into a residential complex completed in 2015. The property comprises the unsold residential units, villas and car parking spaces of this project. Details of the gross floor area ("**GFA**") of the property are set out in note 6. The land use rights of the property have been granted for a term of 70 years expiring on 10 May 2077 for residential use.	As at the valuation date, the property was vacant for sale.	199,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Bao Ding Shi Guo Yong (2010) Di No. 13060005761, the land use rights of a parcel of land with a site area of approximately 116,056.00 sq.m. have been granted to Zhongcheng Real Estate for a term of 70 years expiring on 10 May 2077 for residential use.

2. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 130600201100034 in favour of Zhongcheng Real Estate, this project with a total planned GFA of approximately 162,532.30 sq.m. has been approved for construction.

3. Pursuant to a Construction Work Commencement Permit – 130601S110410001 in favour of Zhongcheng Real Estate, permissions by the relevant local authority were given to commence the construction of this project with a total planned GFA of approximately 162,532.30 sq.m.

4. Pursuant to 2 Pre-sale Permits – Bao Fang Yu Shou Zheng (2011) Di No. 034 and Bao Fang Yu Shou Zheng (2012) Di No. 035, Zhongcheng Real Estate is entitled to sell this project (representing a total GFA of approximately 126,868.11 sq.m.) to purchasers.

5. Pursuant to 44 Construction Work Completion and Inspection Reports in favour of Zhongcheng Real Estate, the construction of this project has been completed and passed the inspection acceptance.

6. According to the information provided by the Disposal Group, the GFA of the property is set out as below:

Project	**Status**	**Usage**	**GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Hongshan Manor (unsold portion only)	Completed	Residential	13,298.75	
		Villa	7,705.26	
		Car parking spaces	4,193.30	95
		Total:	**25,197.31**	**95**

7. As advised by the Disposal Group, various residential units, villas and car parking spaces with a total GFA of approximately 22,191.13 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB172,371,417. Such portions of the property have not been legally and virtually transferred and therefore we have included the residential units, villas and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

8. In our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB7,800 to RMB8,500 per sq.m. for residential units, RMB15,000 to RMB20,000 per sq.m. for villa and RMB100,000 to RMB130,000 per space for car parking space. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

9. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Zhongcheng Real Estate has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Zhongcheng Real Estate is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

   b. Zhongcheng Real Estate has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

10. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table/Report	Yes
g.	Building Ownership Certificate	N/A[1]

[1] The property is held for sale or will be sold to third parties, therefore the building ownership certificate is currently not necessary or available to the Disposal Group.

11. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	199,400,000
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**199,400,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
2.	Project Zhongcheng Jingdian (中誠晶典) located at the western side of Fujiang Street and the southern side of Tianyuan Road Jingxiu District Baoding City Hebei Province The PRC	Project Zhongcheng Jingdian is located at the western part of Baoding City, a newly developed area where the public transportation network and public facilities nearby are still under development. It occupies 2 parcels of land with a total site area of approximately 58,643.00 sq.m. which will be developed into a residential and commercial development in two phases. Phase I of this project has been completed in May 2017, while Phase II is currently a bare land. The property comprises the unsold units of Phase I with a total gross floor area ("**GFA**") of approximately 51,238.25 sq.m. and Phase II with a site area of approximately 876.00 sq.m. Details of the GFA or planned GFA of the property are set out in note 7. The land use rights of the property have been granted for terms of 40 years expiring on 1 September 2055 for commercial use and 70 years expiring on 1 September 2085 for residential use.	As at the valuation date, the unsold units of Phase I was vacant for sale, while Phase II was bare land for future development.	135,400,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 27 August 2015 and a Supplemental Agreement dated 29 September 2015, the land use rights of 2 parcels of land with a total site area of approximately 58,643.00 sq.m. were contracted to be granted to Zhongcheng Real Estate for terms of 40 years and 70 years for commercial and residential uses respectively. The total land premium was RMB246,310,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Bao Ding Shi Guo Yong (2015) Di Nos. 130600-006902 and 130600-006903, the land use rights of 2 parcels of land with a total site area of approximately 58,643.00 sq.m. have been granted to Zhongcheng Real Estate for terms expiring on 1 September 2055 for commercial use and expiring on 1 September 2085 for residential use.

3. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos. 130600201500091 and 130600201500092 in favour of Zhongcheng Real Estate, Phase I of this project with a total planned GFA of approximately 248,081.65 sq.m. has been approved for construction.

4. Pursuant to 3 Construction Work Commencement Permits – Nos. 130601201511040301, 130601201511040101 and 130601201511040201 in favour of Zhongcheng Real Estate, permissions by the relevant local authority were given to commence the construction of Phase I of this project with a total planned GFA of approximately 247,382.68 sq.m.

5. Pursuant to a Pre-sale Permit – (Bao) Fang Yu Shou Zheng (2015) Di No.051, Zhongcheng Real Estate is entitled to sell Phase I of this project (representing a total GFA of approximately 182,380.68 sq.m.) to purchasers.

6. Pursuant to 5 Construction Work Completion and Inspection Reports in favour of Zhongcheng Real Estate, the construction of Phase I of this project has been completed and passed the inspection acceptance.

7. According to the information provided by the Disposal Group, the GFA/planned GFA of the property are set out as below:

Project	**Phase**	**Status**	**Usage**	**GFA/ Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Zhongcheng Jingdian	Phase I (unsold portion only)	Completed	Residential	17,181.51	
			Kindergarten	1,964.45	
			Car parking spaces	32,092.29	879
			Sub-total:	**51,238.25**	
	Phase II	For future development	Retail (planned)	1,900.00	
			Sub-total:	**1,900.00**	
			Grand total:	**53,138.25**	**879**

8. As advised by the Disposal Group, the kindergarten, various residential units and various car parking spaces with a total GFA of approximately 34,425.51 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB96,852,621. Such portions of the property have not been legally and virtually transferred and therefore we have included the residential units, kindergarten and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. Our valuation has been made on the following basis and analysis:

   a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB1,500 to RMB1,600 per sq.m. for residential units and RMB70,000 to RMB90,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

   b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The site unit rate of these comparable land sites range from about RMB5,200 to RMB6,600 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

    a. Zhongcheng Real Estate has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificates; and Zhongcheng Real Estate is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcels of land; and

    b. Zhongcheng Real Estate has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit for Phase I	Yes
d.	Construction Work Commencement Permit for Phase I	Yes
e.	Pre-sale Permit for Phase I	Yes
f.	Construction Work Completion and Inspection Certificate/Table/Report for Phase I	Yes
g.	Building Ownership Certificate	N/A[1]

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	131,400,000
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	4,000,000
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**135,400,000**

(1) The property is held for sale or will be sold to third parties, therefore the building ownership certificate is currently not necessary or available to the Disposal Group.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
3.	Project Hongyue Guoji (鴻悅國際) located at the western side of Tianwei Road and the eastern side of Chaoyang Street Jingxiu District Baoding City Hebei Province The PRC	Project Hongyue Guoji is located at the central area of Baoding City. The locality is well served by public transportation and public facilities. It occupies a parcel of land with a site area of approximately 5,468.00 sq.m. which had been developed into a commercial development with a total gross floor area ("**GFA**") of approximately 65,609.43 sq.m. This project was completed in November 2014. The property comprises the unsold retail units and car parking spaces with a total GFA of approximately 11,697.69 sq.m. Details of the GFA of the property are set out in note 7. The land use rights of the property have been granted for a term of 40 years expiring on 15 September 2046 for commercial and financial uses.	As at the valuation date, the property was vacant for sale.	70,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Bao Ding Shi Guo Yong (2012) Di No. 130600005671, the land use rights of a parcel of land with a site area of approximately 5,468.00 sq.m. have been granted to Zhongcheng Real Estate for a term expiring on 15 September 2046 for commercial and financial uses.

2. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 130600201000035 in favour of Zhongcheng Real Estate, this project with a total planned GFA of approximately 60,605.66 sq.m. has been approved for construction.

3. Pursuant to a Construction Work Commencement Permit – No. 130601S120490001 in favour of Zhongcheng Real Estate, permissions by the relevant local authority were given to commence the construction of this project with a total planned GFA of approximately 60,605.66 sq.m.

4. Pursuant to a Pre-sale Permit – Bao Fang Yu Shou Zheng (2014) Di No. 014, Zhongcheng Real Estate is entitled to sell portions of this project (representing a total GFA of approximately 47,774.00 sq.m.) to purchasers.

5. Pursuant to a Construction Work Completion and Inspection Report in favour of Zhongcheng Real Estate, the construction of this project with a GFA of approximately 60,605.66 sq.m. has been completed and passed the inspection acceptance.

6. Pursuant to a Real Estate Title Certificate – Ji (2017) Bao Ding Shi Bu Dong Chan Quan Di No. 0025859, this project with a total GFA of approximately 45,962.72 sq.m. (excluding underground portions with a total GFA of approximately 19,646.71 sq.m.) is owned by Zhongcheng Real Estate. The relevant land use rights of this project with a site area of approximately 5,468.00 sq.m. have been granted to Zhongcheng Real Estate for a term expiring on 15 September 2046 for commercial and financial uses.

7. According to the information provided by the Disposal Group, the GFA of the property is set out as below:

Project	**Status**	**Usage**	**GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Hongyue Guoji	Completed	Retail	3,555.37	
(unsold portion only)		Car parking spaces	8,142.32	137
		Total:	11,697.69	137

8. As advised by the Disposal Group, all retail units and various car parking spaces with a total GFA of approximately 3,734.98 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB57,839,859. Such portions of the property have not been legally and virtually transferred and therefore we have included the retail units and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. In our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB90,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

    a. Zhongcheng Real Estate has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Zhongcheng Real Estate is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

    b. Zhongcheng Real Estate has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Work Planning Permit	Yes
c.	Construction Work Commencement Permit	Yes
d.	Pre-sale Permit	Yes
e.	Construction Work Completion and Inspection Certificate/Table/Report	Yes
f.	Real Estate Title Certificate	Yes

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	70,000,000
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**70,000,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
4.	Project Zhongcheng Shuishiyuan (中誠水石源) located at the western side of West 2nd Ring Road Baoding Agro-ecological Park Jingxiu District Baoding City Hebei Province The PRC	The property, known as Project Zhongcheng Shuishiyuan, is located at the south-western part of Baoding City. There are several residential projects nearby, however, neighbouring public transportation and amenities facilities are under further improvement. The property occupies a parcel of land with a site area of approximately 46,730.00 sq.m., and will be developed into an apartment complex with a total planned gross floor area ("**GFA**") of approximately 93,472.99 sq.m. Details of the planned GFA of the property are set out in note 6. The property is currently under construction and scheduled to be completed in December 2019. As advised by the Disposal Group, the total construction cost of the property is estimated to be approximately RMB327,968,000, of which approximately RMB131,804,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term of 40 years expiring on 16 December 2053 for hotel and restaurant uses.	As at the valuation date, the property was under construction.	376,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Certificate – Bao Ding Shi Guo Yong (2014) Di No. 130600-006551, the land use rights of a parcel of land with a site area of approximately 46,730.00 sq.m. have been granted to Zhongcheng Real Estate for a term of 40 years expiring on 16 December 2053 for hotel and restaurant uses.

2. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 130600201600053 in favour of Zhongcheng Real Estate, the property with a total planned GFA of approximately 97,119.85 sq.m. has been approved for construction.

3. Pursuant to a Construction Work Commencement Permit – No. 130601201608020101 in favour of Zhongcheng Real Estate, permissions by the relevant local authority were given to commence the construction of the property with a total planned GFA of approximately 93,472.99 sq.m.

4. The market value of the property as if completed as at the valuation date was estimated to be RMB732,000,000.

5. In our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB1,300 to RMB1,900 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

6. According to the information provided by the Disposal Group, the planned GFA of the property is set out as below:

Project	**Status**	**Usage**	**Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Zhongcheng Shuishiyuan	Under construction	Apartment	63,877.18	
		Car parking spaces	19,612.96	258
		Ancillary	9,982.85	
		Total:	**93,472.99**	**258**

7. As advised by the Disposal Group, the house use rights of various apartment units with a total GFA of approximately 14,633.22 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB189,146,476. Such portions of the property have not been legally and virtually transferred and therefore we have included the apartment units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Zhongcheng Real Estate has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Zhongcheng Real Estate is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

   b. Zhongcheng Real Estate has obtained the requisite approvals in respect of the actual development and construction of the property and the approvals are legal and valid.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Certificate	Yes
b.	Construction Work Planning Permit	Yes
c.	Construction Work Commencement Permit	Yes
d.	Pre-sale Permit	N/A
e.	Construction Work Completion and Inspection Certificate/Table/Report	N/A
f.	Building Ownership Certificate	N/A

10. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	N/A
Group II – Held under development by the Disposal Group	376,000,000
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**376,000,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
5.	Project Hongshan Quanyu (紅山泉語) located at the northern side of North 2nd Ring Road and the western side of West 2nd Ring Road Jingxiu District Baoding City Hebei Province The PRC	The property, known as Project Hongshan Quanyu, is located at the north-western part of Baoding City. The locality is newly developed and the public transportation network and public facilities nearby are in process of developing. The property occupies a parcel of land with a site area of approximately 13,853.00 sq.m., and will be developed into a residential complex with a total planned gross floor area ("**GFA**") of approximately 60,978.38 sq.m. Details of the planned GFA of the property are set out in note 6. The property is currently under construction and scheduled to be completed in June 2020. As advised by the Disposal Group, the total construction cost of the property is estimated to be approximately RMB235,324,000, of which approximately RMB31,223,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 11 March 2088 for residential use.	As at the valuation date, the property was under construction.	110,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 1306002018020, the land use rights of a parcel of land with a site area of approximately 13,853.00 sq.m. were contracted to be granted to Baoding Taiji Real Estate Development Co., Ltd. (保定市泰基房地產開發有限公司, "**Baoding Taiji**", an 85% owned subsidiary of Zhongcheng Real Estate) for a term of 70 years for residential use. The total land premium was RMB77,050,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to a Real Estate Title Certificate – Ji (2018) Bao Ding Shi Bu Dong Chan Quan Di No. 0010968, the land use rights of a parcel of land with a site area of approximately 13,853.00 sq.m. have been granted to Baoding Taiji for a term of 70 years expiring on 11 March 2088 for residential use.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 130601201800018 in favour of Baoding Taiji, the property with a total planned GFA of approximately 60,978.38 sq.m. have been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – No. 130605201811300101 in favour of Baoding Taiji, permissions by the relevant local authority were given to commence the construction of the property with a total planned GFA of approximately 60,115.86 sq.m.

5. In our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB2,300 to RMB2,700 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

6. According to the information provided by the Disposal Group, the planned GFA of the property is set out as below:

Project	**Status**	**Usage**	**Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Hongshan Quanyu	Under construction	Residential	37,985.21	
		Car parking spaces (underground)	18,062.00	576
		Ancillary	783.84	
		Basement (storage)	4,147.33	
		Total:	**60,978.38**	**576**

7. The market value of the property as if completed as at the valuation date was estimated to be RMB365,000,000.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Baoding Taiji has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Baoding Taiji is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

   b. Baoding Taiji has obtained the requisite approvals in respect of the actual development and construction of the property and the approvals are legal and valid.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate (for land only)	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	N/A
f.	Construction Work Completion and Inspection Certificate/Table/Report	N/A
g.	Building Ownership Certificate	N/A

10. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	N/A
Group II – Held under development by the Disposal Group	110,000,000
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**110,000,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
6.	Project Hebei Construction Business Center (河北建設商務中心) No. 956 Jinxiu Street Jingxiu District Baoding City Hebei Province The PRC	The property, known as Project Hebei Construction Business Center, is located at High-tech Development Zone in the central area of Baoding City. The locality is well served by public transportation and public facilities. The property occupies a parcel of land with a site area of approximately 35,197.00 sq.m., and will be developed into an apartment and office complex with a total planned gross floor area ("**GFA**") of approximately 236,395.72 sq.m. Details of planned GFA of the property are set out in note 8. The property is currently under construction and scheduled to be completed in October 2020. As advised by the Disposal Group, the total construction cost of the property is estimated to be approximately RMB1,121,505,000, of which approximately RMB171,322,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term of 40 years expiring on 11 July 2057 for commercial and financial uses.	As at the valuation date, the property was under construction.	595,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 1306002017019, the land use rights of a parcel of land with a site area of approximately 35,197.00 sq.m. were contracted to be granted to Baoding Zhucheng Real Estate Development Co., Ltd. (保定築城房地產開發有限公司, "**Baoding Zhucheng**", a 51% owned subsidiary of Zhongcheng Real Estate) for a term of 40 years for commercial and financial uses. The total land premium was RMB256,800,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to a Real Estate Title Certificate – Ji (2017) Bao Ding Shi Bu Dong Chan Quan Di No. 0017012, the land use rights of a parcel of land with a site area of approximately 35,197.00 sq.m. have been granted to Baoding Zhucheng for a term of 40 years expiring on 11 July 2057 for commercial and financial uses.

3. Pursuant to 3 Construction Work Planning Permits – Jian Zi Di Nos. 130601201800002, 130601201800003 and 130601201800008 in favour of Baoding Zhucheng, the property with a total planned GFA of approximately 236,395.72 sq.m. have been approved for construction.

4. Pursuant to 3 Construction Work Commencement Permits – Nos. 130605201802280101, 130605201807160101 and 130605201807160201 in favour of Baoding Zhucheng, permissions by the relevant local authority were given to commence the construction of the property with a total planned GFA of approximately 236,395.72 sq.m.

5. Pursuant to 3 Pre-sale Permits – Bao Fang Yu Shou Zheng (2018) Di Nos. 011, 016 and 017, Baoding Zhucheng is entitled to sell portions of the property (representing a total GFA of approximately 138,620.42 sq.m.) to purchasers.

6. The market value of the property as if completed as at the valuation date was estimated to be RMB2,060,000,000.

7. In our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB1,500 to RMB2,000 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

8. According to the information provided by the Disposal Group, the planned GFA of the property is set out as below:

Project	**Status**	**Usage**	**Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Hebei Construction Business Center	Under construction	Apartment	120,737.15	
		Office	46,657.03	2,016
		Car parking spaces	68,387.00	
		Ancillary	614.54	
		Total:	**236,395.72**	**2,016**

9. As advised by the Disposal Group, various apartment units with a total GFA of approximately 24,140.52 sq.m. and various car parking spaces of the property have been pre-sold to various third parties at a total consideration of RMB315,186,513. Such portions of the property have not been legally and virtually transferred and therefore we have included the apartment units and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

    a. Baoding Zhucheng has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Baoding Zhucheng is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

    b. Baoding Zhucheng has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate (for land only)	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Portion[(1)]
f.	Construction Work Completion and Inspection Certificate/Table/Report	N/A
g.	Building Ownership Certificate	N/A

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	N/A
Group II – Held under development by the Disposal Group	595,000,000
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**595,000,000**

(1) the Pre-sale Permit of No. 5 Apartment Building is in the process of application and related Pre-sale Permits for the other portions of the property have been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
7.	Project Golden Sunshine (金色陽光) located at the eastern side of the Administrative Center Beishan New District Luanping County Chengde City Hebei Province The PRC	Project Golden Sunshine is located at the eastern side of the Administrative Center of Beishan New District, Luanping County, Chengde City. The locality is well served by public transportation and there are some public facilities nearby. It occupies 3 parcels of land with a total site area of approximately 216,487 sq.m. and will be developed into a residential and commercial complex. This project has been completed in the period between 2009 and 2018 (the "**completed portion**") except for No. B2 Building, which is currently under construction and scheduled to be completed in 2019 (the "**CIP**"). As advised by the Disposal Group, the total construction cost of the CIP is estimated to be approximately RMB8,195,000, of which approximately RMB187,000 had been incurred up to the valuation date. The property comprises the unsold units including residential, retail and storage units and car parking spaces of the completed portion and the CIP of this project. Details of the gross floor area ("**GFA**") or planned GFA are set out in note 7. The land use rights of the property have been granted for terms of 70 years expiring on 28 April 2077 and 29 May 2077 for residential use.	As at the valuation date, the unsold portion of the property was vacant for sale, while the CIP was under construction.	99,200,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 30 August 2007, the land use rights of a parcel of land with a site area of approximately 216,487 sq.m. were contracted to be granted to Hebei Construction Group Guangsha Real Estate Development Co., Ltd. (河北省建設集團廣廈房地產開發有限公司, "**Guangsha Real Estate**") for terms of 40 years and 70 years for commercial and residential uses respectively. The total land premium was RMB89,500,000. As advised by the Disposal Group, the land premium has been fully paid.

   As advised by the Disposal Group, Guangsha Real Estate is the predecessor of Luanping Zhongcheng Real Estate Development Co., Ltd. (灤平中誠房地產開發有限公司, "**Luanping Zhongcheng**", a 51% owned subsidiary of Zhongcheng Real Estate).

2. Pursuant to 3 State-owned Land Use Rights Certificates – Luan Guo Yong 2009 Di Nos. 0031, 0032 and 0034, the land use rights of 3 parcels of land with a total site area of approximately 216,487 sq.m. have been granted to Luanping Zhongcheng for terms expiring on 28 April 2077 and 29 May 2077 for residential use.

3. Pursuant to 5 Construction Work Planning Permits – No. 2007-040 and Jian Zi Di Nos. 130824201000046, 130824201300004, 130824201400029 and 130824201500003 in favour of Guangsha Real Estate or Luanping Zhongcheng, this project with a total planned GFA of approximately 374,663 sq.m. has been approved for construction.

4. Pursuant to 18 Construction Work Commencement Permits in favour of Guangsha Real Estate or Luanping Zhongcheng, permissions by the relevant local authority were given to commence the construction of this project with a total planned GFA of approximately 348,894.59 sq.m.

5. Pursuant to 16 Pre-sale Permits in favour of Luanping Zhongcheng, the Disposal Group is entitled to sell this project (representing a total GFA of approximately 315,619.23 sq.m.) to purchasers.

6. Pursuant to 71 Construction Work Completion and Inspection Tables in favour of Luanping Zhongcheng, the construction of this project (except B2 Building) with a GFA of approximately 341,711.03 sq.m. has been completed and passed the inspection acceptance.

7. According to the information provided by the Disposal Group, the GFA/planned GFA of the property are set out as below:

Project	**Portion**	**Status**	**Usage**	**GFA/ Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Golden Sunshine	Completed portion (unsold portion only)	Completed	Residential	3,870.75	
			Retail	5,103.98	
			Storage	8,489.31	
			Car parking spaces	3,999.10	290
			Sub-total:	**21,463.14**	**290**
	CIP	Under construction	Residential	1,999.98	
			Car parking spaces	1,156.77	12
			Sub-total:	**3,156.75**	**12**
			Grand total:	**24,619.89**	**302**

8. As advised by the Disposal Group, various residential, retail and storage units and car parking spaces with a total GFA of approximately 2,175.56 sq.m. of the property have been pre-sold to various third parties at a total consideration of approximately RMB11,511,450. Such portions of the property have not been legally and virtually transferred and therefore we have included the residential, retail and storage units and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of the CIP of the property as if completed as at the valuation date was estimated to be RMB13,014,000.

10. In our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB5,600 to RMB7,200 per sq.m. for residential units, RMB7,200 to RMB11,000 per sq.m. for retail units, RMB1,700 per sq.m. for storage units and RMB50,000 to RMB55,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

    a. Luanping Zhongcheng has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificates; and Luanping Zhongcheng is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcels of land; and

    b. Luanping Zhongcheng has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table (for completed portion only)	Yes
g.	Building Ownership Certificate	N/A[1]

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	98,100,000
Group II – Held under development by the Disposal Group	1,100,000
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**99,200,000**

[1] The property is held for sale or will be sold to third parties, therefore the building ownership certificate is currently not necessary or available to the Disposal Group.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
8.	Project Zhongcheng Mingjun (中誠明郡) located at Zhangmugou Dongjie Residential Committee Zhongxing Road Luanping County Chengde City Hebei Province The PRC	Project Zhongcheng Mingjun is located at Zhangmugou, Dongjie Residential Committee, Zhongxing Road, Luanping County, Chengde City. The locality is well served by public transportation and there are some public facilities nearby. It occupies a parcel of land with a site area of approximately 64,117 sq.m. and has been developed into a residential complex completed in 2018. The property comprises the unsold units including residential, retail and storage units and car parking spaces and this project. Details of the gross floor area ("**GFA**") are set out in note 7. The land use rights of the property have been granted for terms of 40 years expiring on 14 February 2056 for commercial use and 70 years expiring on 14 February 2086 for residential use.	As at the valuation date, the property was vacant for sale.	214,300,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 14 Feburary 2016, the land use rights of a parcel of land with a site area of approximately 64,117 sq.m. were contracted to be granted to Zhongcheng Real Estate for terms of 40 years and 70 years for commercial and residential uses respectively. The total land premium was RMB113,980,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to a State-owned Land Use Rights Certificate – Luan Guo Yong (2016) Di No. 00019, the land use rights of a parcel of land with a site area of approximately 64,117 sq.m. have been granted to Zhongcheng Real Estate for terms expiring on 14 February 2056 for commercial use and expiring on 14 February 2086 for residential use.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 130824201600011 in favour of Zhongcheng Real Estate, this project with a total planned GFA of approximately 159,545 sq.m. has been approved for construction.

4. Pursuant to 3 Construction Work Commencement Permits – Nos. 130824201607080101, 130824201607080201 and 130824201607250101 in favour of Zhongcheng Real Estate, permissions by the relevant local authority were given to commence the construction of this project with a total planned GFA of approximately 159,545 sq.m.

5. Pursuant to 5 Pre-sale Permits – (Luan) Fang Yu Shou Zheng Di Nos. 20160027, 20160034 and 2017006, (Luan Shen) Fang Yu Shou Zheng Zi Nos. 2017005 and 2018001, Zhongcheng Real Estate is entitled to sell this project (representing a total GFA of approximately 130,280.78 sq.m.) to purchasers.

6. Pursuant to 19 Construction Work Completion and Inspection Reports in favour of Zhongcheng Real Estate, the construction of this project has been completed and passed the inspection acceptance.

7. According to the information provided by the Disposal Group, the GFA of the property is set out as below:

Project	**Status**	**Usage**	**GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Zhongcheng Mingjun (unsold portion only)	Completed	Residential	14,827.01	
		Apartment	3,642.79	
		Retail	8,477.83	
		Basement (storage)	13,606.64	
		Car parking spaces	2,925.00	195
		Total:	**43,479.27**	**195**

8. As advised by the Disposal Group, various residential, apartment, retail and storage units with a total GFA of approximately 12,635.27 sq.m. of the property have been pre-sold to various third parties at a total consideration of approximately RMB77,633,646. Such portions of the property have not been legally and virtually transferred and therefore we have included the residential, apartment, retail and storage units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. In our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB4,700 to RMB7,800 per sq.m. for residential units, RMB4,700 to RMB4,900 per sq.m. for apartment units, RMB5,400 to RMB8,600 per sq.m. for retail units, RMB1,800 per sq.m. for storage units and RMB72,000 to RMB81,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

    a. Zhongcheng Real Estate has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Zhongcheng Real Estate is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

    b. Zhongcheng Real Estate has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table/Report	Yes
g.	Building Ownership Certificate	N/A[(1)]

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	214,300,000
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**214,300,000**

(1) The property is held for sale or will be sold to third parties, therefore the building ownership certificate is currently not necessary or available to the Disposal Group.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
9.	Project Zhongcheng Zuoan (中誠左岸) located at the junction of Zhongzi Road and Xueyuan Road High-tech Industry Development Zone Chengde City Hebei Province The PRC	Project Zhongcheng Zuoan is located at the junction of Zhongzi Road and Xueyuan Road, High-tech Industry Development Zone, Chengde City. The locality is well served with public transportation and there are also some public facilities nearby. It occupies a parcel of land with a site area of approximately 32,532.27 sq.m. and will be developed into a residential community with ancillary retail units and car parking spaces in two phases. Phase I of this project has been completed in 2017, while Phase II is bare land with a site area of approximately 8,133.07 sq.m. and scheduled to be developed in 2019 and be completed in 2021. The property comprises 226 unsold car parking spaces, which include 34 above ground open car parking spaces and 192 underground car parking spaces of Phase I and the bare land of Phase II of this project. Details of the total gross floor area ("**GFA**") or planned GFA of the property are set out in note 6. The land use rights of the property have been granted for terms of 40 years expiring on 12 December 2053 for commercial use and 70 years expiring on 12 December 2083 for residential use.	As at the valuation date, the 226 unsold car parking spaces of Phase I were vacant for sale, while Phase II was bare land for future development.	98,900,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 13 December 2013, the land use rights of a parcel of land with a site area of approximately 32,532.27 sq.m. were contracted to be granted to Zhongcheng Real Estate for a term of 70 years for residential use. The total land premium was RMB107,490,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to a State-owned Land Use Rights Certificate – Cheng Shi Kai Guo Yong (2014) Di No. 5, the land use rights of a parcel of land with a site area of approximately 32,532.27 sq.m. have been granted to Zhongcheng Real Estate for terms expiring on 12 December 2053 for commercial use and expiring on 12 December 2083 for residential use.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 130801201500003 in favour of Zhongcheng Real Estate, this project with a planned GFA of approximately 82,157.10 sq.m. has been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – No. K130801201508120101 in favour of Zhongcheng Real Estate, permissions by the relevant local authority were given to commence the construction of this project with a planned GFA of approximately 82,157.10 sq.m.

5. Pursuant to 2 Pre-sale Permits – (Cheng) Fang Yu Shou Zheng Di Nos. 2015036 and 2016012 in favour of Zhongcheng Real Estate, the Disposal Group is entitled to sell Phase I of this project (representing a total GFA of approximately 44,540.81 sq.m.) to purchasers.

6. According to the information provided by the Disposal Group, the GFA/planned GFA of the property are set out as below:

Project	**Phase**	**Status**	**Usage**	**GFA/ Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Zhongcheng Zuoan	Phase I (Unsold portion only)	Completed	Car parking spaces	6,513.44	226
	Phase II	For future development	Residential	16,632.58	
			Retail	2,663.86	
			Storage	759.58	
			Car parking spaces	2,806.76	116
			Ancillary	1,164.95	
		Total:		**30,541.17**	**342**

7. Our valuation has been made on the following basis and analysis:

   a. we have identified and analyzed various relevant sales evidences of car parking spaces in the locality which have similar characteristics as the property. The unit price of these comparable car parking spaces ranges from RMB60,000 to RMB65,000 per space for above ground open car parking spaces and RMB118,800 to RMB130,000 per space for underground car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

   b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB3,500 to RMB4,400 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Zhongcheng Real Estate has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Zhongcheng Real Estate is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

   b. Zhongcheng Real Estate has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table for Phase I	N/A
g.	Building Ownership Certificate	N/A

10. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	24,600,000
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	74,300,000
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**98,900,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
10.	Project Langton Manor (蘭頓莊園) located at the southern side of Fuqian East Street and the eastern side of Changcheng North Road Shacheng Town Huailai County Zhangjiakou City Hebei Province The PRC	Project Langton Manor is located at the central area of Shacheng Town in the south-eastern part of Zhangjiakou City, and is well-served by public transportation. It occupies 2 parcels of land with a total site area of approximately 78,333.92 sq.m. which has been developed into a residential and commercial complex. This project was completed in various stages between 2016 and 2018. The property comprises the unsold units of this project, the gross floor area ("**GFA**") of which is set out in note 7. The land use rights of the property have been granted for terms expiring on 19 May 2054 for commercial use and 19 May 2084 for residential use.	As at the valuation date, the property was vacant for sale.	671,900,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 18 April 2014, the land use rights of 2 parcels of land with a total site area of approximately 78,333.92 sq.m. were contracted to be granted to Huailai Zhongcheng Real Estate Development Co., Ltd. (懷來中誠房地產開發有限公司, "**Huailai Zhongcheng**", a 64% owned subsidiary of Zhongcheng Real Estate for terms of 40 years for commercial use and 70 years for residential use. The total land premium was RMB235,000,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Huai Guo Yong (2014) Di Nos. 18 and 19, the land use rights of 2 parcels of land with a total site area of approximately 78,333.92 sq.m. have been granted to Huailai Zhongcheng for terms expiring on 19 May 2054 for commercial use and 19 May 2084 for residential use.

3. Pursuant to 5 Construction Work Planning Permits – Jian Zi Di Nos. 13073020140028, 13073020150001, 13073020150003, 13073020160007 and 13073020160010 in favour of Huailai Zhongcheng, this project with a total planned GFA of approximately 321,114.46 sq.m. has been approved for construction.

4. Pursuant to 5 Construction Work Commencement Permits – Nos. 130730X14035, 130730X15007, 130730X15012, 130730X16012 and 130730X16014 in favour of Huailai Zhongcheng, permissions by the relevant local authority were given to commence the construction of this project with a total planned GFA of approximately 321,114.46 sq.m.

5. Pursuant to 3 Construction Work Completion and Inspection Acceptance Certificates/Tables, Residential Buildings 7 to 11 and Retail Buildings S1 and S2 of this project have been completed and passed the acceptance inspection. As advised by the Disposal Group, the Construction Work Completion and Inspection Certificates/Tables of Section for other buildings of this project were in the process of application as at the valuation date.

6. Pursuant to 11 Pre-sales Permits – (2014 Huai) Fang Yu Shou Zheng Di No. 037, (2015 Huai) Fang Yu Shou Zheng Di Nos. 032 and 041, (2016 Huai) Fang Yu Shou Zheng Di Nos. 008, 022 and 078, (2017 Huai) Fang Yu Shou Zheng Di Nos. 003, 022, 066 and 067, and (2019 Huai) Fang Yu Shou Zheng Di No. 002, in favour of Huailai Zhongcheng, the Disposal Group is entitled to sell this project (excluding Residential Building 3) with a total GFA of approximately 277,023.80 sq.m. to purchasers.

7. According to the information provided by the Disposal Group, the GFA of the property is set out as below:

Project	**Status**	**Usage**	**GFA** *(sq.m.)*	**Nos. of Car parking**
Project Langton Manor (unsold portion only)	Completed	Residential	23,676.41	
		Apartment	8,233.27	
		Above-ground retail	21,786.37	
		Underground retail	6,192.08	
		Basement (storage)	1,385.60	
		Underground car parking spaces	9,847.89	774
		Total	**71,121.62**	**774**

8. As advised by the Disposal Group, various residential, apartment and retail units (comprising a total GFA of approximately 29,442.75 sq.m.) and 40 underground car parking spaces of the property have been pre-sold to various third parties at a total consideration of RMB251,239,923. Such portions of the property have not been legally and virtually transferred and therefore we have included the units and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. In our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,000 to RMB11,000 per sq.m. for residential units, RMB8,000 to RMB9,500 per sq.m.for apartment units, RMB22,000 to RMB32,000 per sq.m. for retail units on the first floor, RMB2,300 to RMB3,000 per sq.m. for basement storage and RMB80,000 to RMB100,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

    a. Huailai Zhongcheng has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificates; and Huailai Zhongcheng is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcels of land; and

    b. Huailai Zhongcheng has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Portion[1]
f.	Construction Work Completion and Inspection Certificate/Table	Portion[2]
g.	Building Ownership Certificates	N/A[3]

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – held for sale by the Disposal Group	671,900,000
Group II – held under development by the Disposal Group	N/A
Group III – held for future development by the Disposal Group	N/A
Group VI – Contracted to be acquired by the Disposal Group	N/A
Total:	**671,900,000**

(1) The Pre-sale Permit of the Residential Building 3 is in the process of application and related Pre-sale Permits for the other portions of this project have been obtained.

(2) Please refer to note 5.

(3) The property is held for sale or will be sold third parties, therefore the building ownership certificate is currently not necessary or available to the Disposal Group.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
11.	Project Langton Jingdian (蘭頓經典) located at the north-western part of Xiaoxinzhuang Village Shacheng Town Huailai County Zhangjiakou City Hebei Province The PRC	The property, known as Project Langton Jingdian, is located at the north-western part of Xiaoxinzhuang Village, Shacheng Town, Huailai County, Zhangjiakou City. The locality is newly developed and the public transportation network and public facilities nearby are still under development. The property occupies 2 parcels of land with a total site area of approximately 70,977.06 sq.m. and will be developed into a residential community with ancillary kindergarten and car parking spaces in two phases. Phase I of the property is currently under construction and scheduled to be completed in August 2020, while Phase II is currently a bare land and scheduled to be developed in 2019 and be completed in June 2021. Details of the total planned gross floor area ("**GFA**") of the property are set out in note 6. As advised by the Disposal Group, the total construction cost of Phase I is estimated to be approximately RMB385,330,000, of which approximately RMB135,277,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 10 September 2087 for residential use.	As at the valuation date, Phase I was under construction, while Phase II was bare land for future development.	380,000,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 5 September 2017, the land use rights of 2 parcels of land with a total site area of approximately 70,977.06 sq.m. were contracted to be granted to Huailai Jingsheng Real Estate Development Co., Ltd. (懷來縣京盛房地產開發有限公司, "**Huailai Jingsheng**", a 51% owned subsidiary of Zhongcheng Real Estate) for a term of 70 years for residential use. The total land prmium was RMB154,390,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to 2 Real Estate Title Certificates – (Ji 2017) Huai Lai Xian Bu Dong Chan Quan Nos. 0000420 and 0000421, the land use rights of 2 parcels of land with a total site area of approximately 70,977.06 sq.m. have been granted to Huailai Jingsheng for a term of 70 years expiring on 10 September 2087 for residential use.

3. Pursuant to 4 Construction Work Planning Permits – Jian Zi Di Nos. 13073020180022, 13073020180044, 13073020180053 and 13073020180054 in favour of Huailai Jingsheng, the property with a total planned GFA of approximately 236,113.26 sq.m. has been approved for construction.

4. Pursuant to 4 Construction Work Commencement Permits – Nos. 130730201806140101, 130730201808310201, 130730201811210101 and 130730201811220101 in favour of Huailai Jingsheng, permissions by the relevant local authority were given to commence the construction of the property with a total planned GFA of approximately 236,113.26 sq.m.

5. Pursuant to 2 Pre-sale Permits – (2018 Huai) Fang Yu Shou Zheng Di Nos.048 and 056 in favour of Huailai Jingsheng, the Disposal Group is entitled to sell portions of Phase I of the property (representing a total GFA of approximately 34,548.41 sq.m.) to purchasers.

6. According to the information provided by the Disposal Group, the GFA/planned GFA of the property are set out as below:

Project	**Phase**	**Status**	**Usage**	**GFA/ Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Langton Jingdian	Phase I	Under construction	Residential	81,465.94	
			Car parking spaces	20,545.06	566
			Ancillary	15,009.59	
			Sub-total:	**117,020.59**	**566**
	Phase II	For future development	Residential	82,877.02	
			Kindergarten	1,738.20	
			Car parking spaces (underground)	24,433.14	598
			Ancillary	10,044.31	
			Sub-total:	**119,092.67**	**598**
			Grand total:	**236,113.26**	**1,164**

7. As advised by the Disposal Group, various residential units with a total GFA of approximately 14,285.74 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB134,011,444. Such portions of the property have not been legally and virtually transferred and therefore we have included the residential units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

8. The market value of Phase I of the property as if completed as at the valuation date was estimated to be RMB734,000,000.

9. Our valuation has been made on the following basis and analysis:

   a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB9,300 to RMB11,700 per sq.m. for residential units, RMB60,000 to RMB80,000 per space for car parking spaces. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

   b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB1,400 to RMB1,500 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

10. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Huailai Jingsheng has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificates; and Huailai Jingsheng is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcels of land; and

   b. Huailai Jingsheng has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

11. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	Real Estate Title Certificate (for land only)	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit for Phase I	Portion[(1)]
f.	Construction Work Completion and Inspection Certificate/Table	N/A
g.	Building Ownership Certificate	N/A

12. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	N/A
Group II – Held under development by the Disposal Group	253,000,000
Group III – Held for future development by the Disposal Group	127,000,000
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**380,000,000**

(1) Please refer to note 5.

VALUATION CERTIFICATE

No.	**Property**	**Description and tenure**	**Particulars of occupancy**	**Market value in existing state as at the valuation date** *RMB*
12.	Project Bailu Tingzhou (白鹿汀州) located at Zhangxie Village Huaxu Town Lantian County Xi'an City Shaanxi Province The PRC	The property, known as Project Bailu Tingzhou, is located at Zhangxie Village, Huaxu Town, Lantian County, Xi'an City. Neighboring public transportation and amentities facilities of the property are under further improvement. The property occupies a parcel of land with a site area of approximately 66,659.10 sq.m., and will be developed into a residential complex with a total planned gross floor area ("**GFA**") of approximately 133,324 sq.m. Details of planned GFA of the property are set out in note 5. The property is currently under construction and scheduled to be completed in November 2021. As advised by the Disposal Group, the total construction cost of the property is estimated to be approximately RMB552,000,000, of which approximately RMB45,490,000 had been incurred up to the valuation date. The land use rights of the property have been granted for a term of 70 years expiring on 13 January 2086 for residential use.	As at the valuation date, the property was under construction.	99,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – Lan Guo Rang Zi (2016) No. 012, the land use rights of a parcel of land with a site area of approximately 66,666.75 sq.m. were contracted to be granted to Xi'an Zhongyuan Real Estate Development Co., Ltd. (西安中遠房地產開發有限公司, "**Xi'an Zhongyuan**", an 80% owned subsidiary of Zhongcheng Real Estate) for a term of 70 years for residential use. The total land premium was RMB20,000,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to a State-owned Land Use Rights Certificate – Lan Guo Yong (2016) Zi Di No. 1763, the land use rights of a parcel of land with a site area of approximately 66,659.10 sq.m. have been granted to Xi'an Zhongyuan for a term of 70 years expiring on 13 January 2086 for residential use.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di Lan No.201902 in favour of Xi'an Zhongyuan, the property with a total planned GFA of approximately 133,324 sq.m. have been approved for construction.

4. Pursuant to 2 Construction Work Commencement Permits – Nos. 61012220190401(04)01 and 61012220190412(05)01 in favour of Xi'an Zhongyuan, permissions by the relevant local authority were given to commence the construction of portions of the property with a total planned GFA of approximately 97,879.72 sq.m.

5. According to the information provided by the Disposal Group, the planned GFA of the property is set out as below:

Project	**Status**	**Usage**	**Planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Bailu Tingzhou	Under construction	Expert Apartments	10,557.00	
		Residential	78,109.00	
		Ancillary	4,238.00	
		Underground spaces	40,420.00	764
		Total:	**133,324.00**	**764**

6. In our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB240 to RMB450 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

7. The market value of the property as if completed as at the valuation date was estimated to be approximately RMB584,000,000.

8. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Xi'an Zhongyuan has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Xi'an Zhongyuan is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

   b. Xi'an Zhongyuan has obtained the requisite approvals in respect of the actual development and construction of the property and the approvals are legal and valid.

9. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Portion
e.	Pre-sale Permit	N/A
f.	Construction Work Completion and Inspection Certificate/Table	N/A
g.	Building Ownership Certificate	N/A

10. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	N/A
Group II – Held under development by the Disposal Group	99,000,000
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**99,000,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
13.	Phase I of Project Wetland (威蘭德小鎮) located at the junction of Shuangnan Street and Baihe Road Shuangliu District Chengdu City Sichuan Province The PRC	Phase I of Project Wetland is located at the south-western part of Chengdu City, a newly developed area where public facilities around and public transportation network are being improved. Phase I of Project Wetland occupies a parcel of land with a site area of approximately 32,896.79 sq.m. and has been developed into a residential and commercial development, which was completed in March 2017. The property comprises the unsold units of Phase I of Project Wetland with a total gross floor area ("**GFA**") of approximately 36,037.67 sq.m. Details of the GFA of the property are set out in note 8. The land use rights of the property have been granted for terms of 40 years expiring on 28 November 2051 for commercial use and 70 years expiring on 28 November 2081 for residential use.	As at the valuation date, the property was vacant for sale.	324,600,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract – No. 510106-2011-C-042 (Shuang) dated 26 December 2011, the land use rights of 4 parcels of land with a total site area of approximately 132,021.34 sq.m. (including the land on which the property is located) were contracted to be granted to Chengdu New Era Tiancheng Properties Co., Ltd. (成都新時代天誠置業有限公司, "**Chengdu New Era**", a 30% owned subsidiary of Zhongcheng Real Estate) for terms of 40 years and 70 years for commercial and residential uses respectively. The total land premium was RMB356,457,600. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to a State-owned Land Use Rights Certificate – Shuang Guo Yong (2013) Di No. 19454, the land use rights of a parcel of land with a site area of approximately 32,896.79 sq.m. have been granted to Chengdu New Era for terms of 40 years expiring on 28 November 2051 for commercial use and 70 years expiring on 28 November 2081 for residential use.

   As advised by the Disposal Group, the land use rights of other 3 parcels of land mentioned in note 1 are currently not held by the Disposal Group in fact.

3. Pursuant to a Construction Work Planning Permit – Jian Zi Di No. 510122201431008 in favour of Chengdu New Era, Phase I of Project Wetland with a total planned GFA of approximately 136,378.75 sq.m. has been approved for construction.

4. Pursuant to a Construction Work Commencement Permit – Shuang Shi (2014) No. 053 in favour of Chengdu New Era, permissions by the relevant local authority were given to commence the construction of Phase I of Project Wetland with a total GFA of approximately 136,378.75 sq.m.

5. Pursuant to 5 Pre-sold Permits – Cheng Fang Yu Shou Shuang Zi Di Nos. 13327, 13455, 13540, 13614 and 13629, Chengdu New Era is entitled to sell residential and commercial buildings of Phase I of Project Wetland (representing a total GFA of approximately 105,781.61sq.m.) to purchasers.

6. Pursuant to 12 Construction Work Completion and Inspection Acceptance Certificates/Tables – Nos. 2017-146 to 2017-157, Phase I of Project Wetland with a total GFA of approximately 136,925.03 sq.m. has been completed and passed the inspection acceptance.

7. Pursuant to 12 Building Ownership Certificates – Chuan (2017) Shuang Liu Qu Bu Dong Chan Quan Di Nos. 0074957, 0074959, 0074962, 0074964, 0074970, 0074973, 0074976, 0074978, 0074981, 0074982, 0074984 and 0074993, Phase I of Project Wetland with a total GFA of approximately 122,591.69 sq.m. are owned by Chengdu New Era.

8. According to the information provided by the Disposal Group, the GFA of the property is set out as below:

Project	**Status**	**Usage**	**GFA**	**No. of Car Parking Space**
			(sq.m.)	
Phase I of Project Wetland (unsold portion only)	Completed	Residential	1,122.12	
		Retail	14,567.65	
		Car parking spaces	20,347.90	773
		Total:	**36,037.67**	**773**

9. As advised by the Disposal Group, all residential units, all car parking spaces and various retail units with a total GFA of approximately 34,659.04 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB300,418,515. Such portions of the property have not been legally and virtually transferred and therefore we have included the residential and retail units and car parking spaces in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

10. In our valuation, we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB15,000 to RMB30,000 per sq.m. for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

    a. Chengdu New Era has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificate; and Chengdu New Era is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land; and

    b. Chengdu New Era has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Yes
f.	Construction Work Completion and Inspection Certificate/Table	Yes
g.	Building Ownership Certificate	Yes

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	324,600,000
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**324,600,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
14.	Project Shanshui Yinxiang (山水印象) located at the southern side of Huanchengbei Road Guangan District Guangan City Sichuan Province The PRC	Project Shanshui Yinxiang is located at the southern side of Huanchengbei Road, Guangan District, Guangan City. The locality is well served by public transportation and public facilities. It occupies 2 parcels of land with a total site area of approximately 52,466 sq.m., and will be developed into a residential complex. This project was developed into two parts ("**Part A**" and "**Part B**"). ***Part A:*** Part A of this project comprises Buildings 1 to 6 of Phase II of this project, which was completed in July 2018. ***Part B:*** Part B of this project comprises Phase I and Building 7 of Phase II of this project, which are currently under construction and scheduled to be completed in October 2019. The property comprises the unsold units of Part A with a total gross floor area ("**GFA**") of approximately 18,011.54 sq.m., and Part B with a total planned GFA of approximately 77,001.49 sq.m. Details of the GFA or planned GFA are set out in note 7. As advised by the Disposal Group, the total construction cost of Part B is estimated to be approximately RMB344,439,000, of which approximately RMB122,083,000 had been incurred up to the valuation date. The land use rights of the property have been granted for terms of 40 years expiring on 24 January 2054 for commercial use and 70 years expiring on 24 January 2084 for residential use.	As at the valuation date, the unsold units of Part A of the property were vacant for sale, whilst Part B was under construction.	303,700,000

Notes:

1. Pursuant to 2 State-owned Land Use Rights Grant Contracts dated 24 January 2014, the land use rights of 2 parcels of land with a total site area of approximately 52,466 sq.m. were contracted to be granted to Guangan Zhongcheng Real Estate Development Co., Ltd (廣安中誠房地產開發有限公司, "**Guangan Zhongcheng**", a 30% owned subsidiary of Zhongcheng Real Estate) for terms of 40 years and 70 years for commercial and residential uses respectively. The total land premium was RMB138,590,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Guang Shi Guo Yong (2005) Di No. 09060 and Guang Shi Guo Yong (2014) Di No. 05706, the land use rights of 2 parcels of land with a total site area of approximately 52,466 sq.m. have been granted to Guangan Zhongcheng for terms of 40 years expiring on 24 January 2054 for commercial use and 70 years expiring on 24 January 2084 for residential use.

3. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Guang Qu (2016) Nos. 006 and 007 in favour of Guangan Zhongcheng, this project with a total planned GFA of approximately 125,421.03 sq.m. has been approved for construction.

4. Pursuant to 2 Construction Work Commencement Permits – Nos. 512925201606080101 and 512925201606080102 in favour of Guangan Zhongcheng, permissions by the relevant local authority were given to commence the construction of this project with a total planned GFA of approximately 125,421.03 sq.m.

5. Pursuant to 6 Pre-sale Permits – (2016) Fang Yu Shou Zheng Di Nos. 015 and 018, 2017 Fang Yu Shou Zheng Di Nos. 019, 028 and 029, and (2018) Fang Yu Shou Zheng Di No. 003, Guangan Zhongcheng is entitled to sell portions of this project (representing a total GFA of approximately 88,337.28 sq.m.) to purchasers.

6. Pursuant to 6 Construction Work Completion and Inspection Reports in favour of Guangan Zhongcheng, the construction of Part A of this project has been completed and passed the inspection acceptance.

7. According to the information provided by the Disposal Group, the GFA/planned GFA of the property are set out as below:

Project	**Portion**	**Status**	**Usage**	**GFA/ planned GFA** *(sq.m.)*	**No. of Car Parking Space**
Project Shanshui Yinxiang	Part A (unsold portion only)	Completed	Residential	13,224.65	
			Retail	4,786.89	
			Sub-total:	**18,011.54**	
	Part B	Under Construction	Residential	30,677.78	
			Retail	9,288.13	
			Car parking spaces	25,000.00	807
			Ancillary	12,035.58	
			Sub-total:	**77,001.49**	**807**
			Grand total:	**95,013.03**	**807**

8. As advised by the Disposal Group, various residential units and retail units with a total GFA of approximately 36,530.43 sq.m. of the property have been pre-sold to various third parties at a total consideration of RMB166,328,572. Such portions of the property have not been legally and virtually transferred and therefore we have included the residential and retail units in our valuation. In arriving at our opinion on the market value of the property, we have taken into account the contracted prices of such portions of the property.

9. The market value of Part B of the property as if completed as at the valuation date was estimated to be approximately RMB268,000,000.

10. Our valuation has been made on the following basis and analysis:

a. we have identified and analyzed various relevant sales evidences in the locality which have similar characteristics as the property. The unit price of these comparable properties ranges from RMB3,500 to RMB5,000 per sq.m. for residential units, RMB10,000 to RMB12,000 per sq.m. for retail units on the first floor. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at an assumed unit rate for the property; and

b. we have also made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB1,400 to RMB1,600 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

11. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

a. Guangan Zhongcheng has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificates; and Guangan Zhongcheng is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcels of land; and

b. Guangan Zhongcheng has obtained the requisite approvals in respect of the actual development, construction and sale of the property and the approvals are legal and valid.

12. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	Yes
e.	Pre-sale Permit	Portion[(1)]
f.	Construction Work Completion and Inspection Certificate/Table/Report	N/A
g.	Building Ownership Certificate	N/A

13. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	103,800,000
Group II – Held under development by the Disposal Group	199,900,000
Group III – Held for future development by the Disposal Group	N/A
Group VI – Contracted to be acquired by the Disposal Group	N/A
Total:	**303,700,000**

(1) The Pre-sale Permits of the Building 1# to 6#, and 9# of Phase I and Building 1# to 7# of Phase II of this project have been obtained.

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
15.	Project Songlan Huating (松嵐華庭) located at Songlan Residential Zone Jinzhou New District Dalian City Liaoning Province The PRC	Project Songlan Huating is located at Songlan Residential Zone, Jinzhou New District, Dalian City. The locality is well served by public transportation and there are also some public facilities nearby. The property comprises 2 parcels of land in Project Songlan Huating with a total site area of approximately 118,890.00 sq.m., which will be developed into a residential complex with a total planned gross floor area ("**GFA**") of approximately 289,839.76 sq.m. The land use rights of the property have been granted for a term of 50 years expiring on 5 May 2061 for residential use.	As at the valuation date, the property was bare land for future development.	638,000,000

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 24 December 2010, the land use rights of 4 parcels of land with a total site area of approximately 177,234 sq.m. (including the property) were contracted to be granted to Dalian Runtian Housing Development Co., Ltd. (大連潤天房屋開發有限公司, "**Dalian Runtian**", a 15% owned subsidiary of Zhongcheng Real Estate) for terms of 40 years and 50 years for commercial and residential uses respectively. The total land premium was RMB510,000,000. As advised by the Disposal Group, the land premium has been fully paid.

2. Pursuant to 2 State-owned Land Use Rights Certificates – Da Kai Guo Yong (2011) Zi Di Nos. 0300 and 0301, the land use rights of 2 parcels of land with a total site area of approximately 118,890.00 sq.m. have been granted to Dalian Runtian for a term expiring on 5 May 2061 for residential use.

   As advised by the Disposal Group, the land use rights of other 2 parcels of land mentioned in note 1 are currently not held by the Disposal Group in fact.

3. Pursuant to 2 Construction Work Planning Permits – Jian Zi Di Nos.210213201110216 and 210213201110220, in favour of Dalian Runtian, the property with a total planned GFA of approximately 289,839.76 sq.m. has been approved for construction.

4. In our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation value of these comparable land sites range from about RMB2,400 to RMB2,800 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

5. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Dalian Runtian has paid the land premium in respect of this project in full and obtained the valid State-owned Land Use Rights Certificates; and Dalian Runtian is entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcels of land; and

   b. Dalian Runtian has obtained the requisite approvals in respect of the actual development and construction of the property and the approvals are legal and valid.

6. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	Yes
c.	Construction Work Planning Permit	Yes
d.	Construction Work Commencement Permit	N/A
e.	Pre-sale Permit	N/A
f.	Construction Work Completion and Inspection Certificate/Table	N/A
g.	Building Ownership Certificate	N/A

7. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	N/A
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	638,000,000
Group IV – Contracted to be acquired by the Disposal Group	N/A
Total:	**638,000,000**

VALUATION CERTIFICATE

No.	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at the valuation date *RMB*
16.	A parcel of land located at the eastern side of Yangao North Road and the southern side of Liushan Avenue Yanjiao District Sanhe City Hebei Province The PRC	The property is located at Yanjiao District, Sanhe City. The locality is well served by public transportation and public facilities. The property occupies a parcel of land with a site area of approximately 16,666.7 sq.m. The property is bare land and held for future development. The land use rights of the property have been granted for a term of 40 years commencing from 30 June 2019 for commercial use.	As at the valuation date, the property was bare land for future development.	No commercial value

Notes:

1. Pursuant to a State-owned Land Use Rights Grant Contract dated 8 January 2019, the land use rights of a parcel of land with a site area of approximately 16,666.7 sq.m. were contracted to be granted to Jinshibang Real Estate, for a term of 40 years for commercial use. The total land premium was RMB85,000,000. As advised by the Disposal Group, the land premium has been fully paid.

2. In our valuation, we have made reference to sales prices of land within the locality which have the similar characteristics comparable to the property. The accommodation date of these comparable land sites range from about RMB1,700 to RMB2,300 per sq.m. Appropriate adjustments and analysis are considered to the differences in location, size and other characters between the comparable properties and the property to arrive at our assumed unit rate.

3. We have been provided with a legal opinion regarding the property interest by the Company's PRC legal advisors, which contains, inter alia, the following:

   a. Jinshibang Real Estate has paid the land premium in respect of the property in full; and

   b. after obtaining the valid State-owned Land Use Rights Certificate, Jinshibang Real Estate will be entitled to occupy, use, transfer, lease, mortgage and otherwise dispose of the parcel of land.

4. In the valuation of this property, we have relied on the aforesaid legal opinion and attributed no commercial value to the property as title certificate of the property had not been obtained. However, for reference purpose, we are of the opinion that the market value of the property on clear and vacant site status as at the valuation date would be RMB85,600,000 assuming all relevant title certificate has been obtained and the property could be freely transferred as a clear and vacant site.

5. A summary of major certificates/approvals is shown as follows:

a.	State-owned Land Use Rights Grant Contract	Yes
b.	State-owned Land Use Rights Certificate	N/A
c.	Construction Work Planning Permit	N/A
d.	Construction Work Commencement Permit	N/A
e.	Pre-sale Permit	N/A
f.	Construction Work Completion and Inspection Certificate/Table	N/A
g.	Building Ownership Certificate	N/A

6. For the purpose of this report, the property is classified into the following groups according to the purpose for which it is held, we are of the opinion that the market value of each group as at the valuation date in its existing state is set out as below:

Group	**Market value in existing state as at the valuation date** *(RMB)*
Group I – Held for sale by the Disposal Group	N/A
Group II – Held under development by the Disposal Group	N/A
Group III – Held for future development by the Disposal Group	N/A
Group IV – Contracted to be acquired by the Disposal Group	No commercial value[1]
Total:	**Nil**

[1] please refer to note 4

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, SUPERVISORS AND CHIEF EXECUTIVES IN THE SHARES, UNDERLYING SHARES OR DEBENTURES OF THE COMPANY AND ITS ASSOCIATED CORPORATIONS

As at the Latest Practicable Date, the interests and short positions of the Directors, the Supervisors and chief executives of the Company in the Shares, underlying Shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code are as follows:

(1) Interests and Short Positions of Directors, Supervisors and Chief Executives in the Shares of the Company

Name of the Directors, Supervisors and Chief Executives	Capacity	Number of Shares interested	Class of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares as at the Latest Practicable Date	Approximate percentage of shareholding in the total issued share capital of the Company as at the Latest Practicable Date
Mr. Li Baoyuan[1,2]	Interest in controlled corporation	1,300,000,000	Domestic Shares	Long position	100%	73.8%

Notes:

1. As at the Latest Practicable Date, Qianbao Investment directly holds 7.5% of the equity interests in the Company and 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at the shareholders' general meetings of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Qianbao Investment is deemed to be interested in 100% of the equity interests in Zhongru Investment and thus be interested in the 1,202,500,000 Shares held by Zhongru Investment for the purpose of Part XV of the SFO.

2. As at the Latest Practicable Date, Mr. Li Baoyuan directly holds 90% of the equity interests in Qianbao Investment, which directly and indirectly holds 100% of the equity interests in Zhongru Investment and directly holds 7.5% of the equity interests in the Company. Therefore, Mr. Li Baoyuan is deemed to be interested in 100% of the equity interests, or 231,000,000 Shares, in Zhongru Investment and thus be interested in the 1,300,000,000 Shares directly or indirectly held by Qianbao Investment for the purpose of Part XV of the SFO.

(2) Interests and Short Positions of Directors, Supervisors and Chief Executives in the Shares of Associated Corporations of the Company

Name of the Directors, Supervisors and Chief Executives	Name of associated corporation	Capacity	Number and class of shares interested	Nature of interest	Approximate percentage of issued share capital of associated corporation as at the Latest Practicable Date
Mr. Li Baoyuan[1]	Qianbao Investment[2]	Beneficial owner	45,000,000 shares	Long position	90.00%
	Zhongru Investment[3]	Interest in controlled corporation	231,000,000 shares	Long position	100.00%
Mr. Li Baozhong	Qianbao Investment[2]	Beneficial owner	5,000,000 shares	Long position	10.00%
Mr. Cao Qingshe	Zhongru Investment[3]	Beneficial owner	5,000,000 shares	Long position	2.16%
Mr. Shang Jinfeng	Zhongru Investment[3]	Beneficial owner	1,000,000 shares	Long position	0.43%
Mr. Zhao Wensheng	Zhongru Investment[3]	Beneficial owner	1,000,000 shares	Long position	0.43%
Mr. Liu Yongjian	Zhongru Investment[3]	Beneficial owner	2,000,000 shares	Long position	0.86%
Mr. Yu Xuefeng	Zhongru Investment[3]	Beneficial owner	1,000,000 shares	Long position	0.43%
Mr. Liu Jingqiao	Zhongru Investment[3]	Beneficial owner	498,960 shares	Long position	0.22%
Mr. Yue Jianming	Zhongru Investment[3]	Beneficial owner	498,960 shares	Long position	0.22%

Notes:

1. As at the Latest Practicable Date, Mr. Li Baoyuan directly held 90% of the equity interests in Qianbao Investment, which directly holds 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment have respectively undertaken that they have followed since the establishment of Zhongru Investment or when they became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at the shareholders' general meetings of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Mr. Li Baoyuan, through Qianbao Investment, is deemed to be interested in 100% of the equity interests, or 231,000,000 shares, in Zhongru Investment.

2. As at the Latest Practicable Date, the total share capital of Qianbao Investment is 50,000,000 shares.

3. As at the Latest Practicable Date, the total share capital of Zhongru Investment is 231,000,000 shares.

Save as disclosed above, so far as any Directors, Supervisors or chief executives of the Company are aware, as at the Latest Practicable Date, none of the Directors, Supervisors or chief executives of the Company had any interests or short positions in the shares, underlying shares or debentures of the Company or its associated corporations (as defined in Part XV of the SFO) which were (i) required to be notified to the Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which they are taken or deemed to have under such provisions of the SFO); or (ii) recorded in the register kept under Section 352 of the SFO; or (iii) required to be notified to the Company and the Stock Exchange pursuant to the Model Code.

3. COMPETING INTERESTS

As at the Latest Practicable Date, so far as the Directors were aware of, none of the Directors and their respective associates had any interest in a business which competes or is likely to compete with the business of the Group.

4. INTERESTS OF DIRECTORS

(i) As of the Latest Practicable Date, the following Directors held directorship or were employees of another company which had interests or short positions in the Shares and underlying Shares of the Company which fell to be disclosable in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO.

Name	**Position in the entity which fell to be disclosable in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO**
Li Baoyuan	Chairman of Zhongru Investment, executive director and general manager of Qianbao Investment
Li Baozhong	Director of Zhongru Investment and supervisor of Qianbao Investment
Cao Qingshe	Director and general manager of Zhongru Investment

(ii) As of the Latest Practicable Date, none of the Directors held material interests in any contracts or arrangements entered into with the Group that were still in existence and material to the Group.

(iii) Save as disclosed above, as of the Last Practicable Date, none of the Directors had any direct or indirect interest in any assets acquired or sold or leased or proposed to by any member of the Group since 31 December 2018 (i.e. the settlement date of the latest audited consolidated financial statements issued by the Group).

5. MATERIAL LITIGATIONS

As of the Last Practicable Date, the Company and any member of the Group had not involved in any material litigation or claims. To the knowledge of the Directors, no member of the Group had any pending or threatened material litigation or claims.

6. MATERIAL CONTRACTS

During the two years prior to the date of this circular, none of the Group's members had entered into any material contracts (except those entered into in the Group's daily business).

7. INTERESTS AND SHORT POSITIONS OF SUBSTANTIAL SHAREHOLDERS IN THE SHARES AND UNDERLYING SHARES OF THE COMPANY

As at the Latest Practicable Date, the following persons (not being the Directors, Supervisors or chief executives of the Company) had interests or short positions in the Shares or underlying Shares of the Company which, to the knowledge of any Director, fell to be disclosable in accordance with the provisions of Divisions 2 and 3 of Part XV of the SFO:

Name of Shareholder	Capacity	Number of Shares interested	Class of Shares	Nature of interest	Approximate percentage of shareholding in the relevant class of Shares	Approximate percentage of shareholding in total issued share capital of the Company
Zhongru Investment	Beneficial owner	1,202,500,000	Domestic Shares	Long position	92.50%	68.27%
Qianbao Investment[1]	Interest in controlled corporation	1,202,500,000	Domestic Shares	Long position	92.50%	68.27%
	Beneficial owner	97,500,000	Domestic Shares	Long position	7.50%	5.53%
Hwabao Trust Co., Ltd	Trustee	79,294,500	H Shares	Long position	17.18%	4.50%
Juli Group	Beneficial owner	68,107,000	H Shares	Long position	14.76%	3.86%
King Pak Fu[2]	Interest in controlled corporation	36,608,000	H Shares	Long position	7.93%	2.07%

Notes:

1. As at the Latest Practicable Date, Qianbao Investment directly holds 7.5% of the equity interests in the Company and 43.63% of the equity interests in Zhongru Investment. In addition, each of the 119 individuals holding in aggregate the remaining 56.37% of the equity interests in Zhongru Investment has respectively undertaken that they have followed since the establishment of Zhongru Investment or when each of them became a shareholder of Zhongru Investment, and will continue to follow Qianbao Investment in exercising their voting powers at the shareholders' general meetings of Zhongru Investment and all other rights of shareholders of Zhongru Investment. Therefore, Qianbao Investment is deemed to be interested in 100% of the equity interests in Zhongru Investment and thus be interested in the 1,202,500,000 Domestic Shares held by Zhongru Investment for the purpose of Part XV of the SFO.

2. According to the disclosure of interest notice submitted by Mr. King Pak Fu for filing on 13 March 2018, Mr. King Pak Fu holds the equity interests in an aggregate of 36,608,000 H shares through its controlled corporation, including: (i) 23,167,000 shares held through Sino Wealthy in which he is deemed to indirectly hold 100% of the equity interests; and (ii) 13,441,000 held through Swift Fortune Investments Limited in which he is deemed to indirectly hold 100% of the equity interests.

Saved as disclosed above, as at the Latest Practicable Date, to the best knowledge of the Directors, there were no other persons who had interests or short positions in the Shares or underlying Shares of the Company, which were required to be notified to the Company pursuant to Divisions 2 and 3 of Part XV of the SFO and recorded in the register required to be kept by the Company pursuant to section 336 of the SFO.

8. SERVICE CONTRACTS

As at the Latest Practicable Date, none of the Directors had entered into or was proposing to enter into any service contracts with the Company or any of its subsidiaries, excluding contracts expiring or terminable within one year without payment of compensation other than statutory compensation.

9. EXPERTS' DISCLOSURE OF INTEREST AND CONSENTS

The following are the qualifications of the experts who have given opinion or advice which is contained in this circular:

Name	Qualification
Halcyon Capital Limited	a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
Jones Lang LaSalle Corporate Appraisal and Advisory Limited	independent professional and qualified valuer

(1) As at the Latest Practicable Date, each of the above experts did not have any direct or indirect shareholding in any member of the Group or any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the Group.

(2) As at the Latest Practicable Date, each of the above experts did not have any direct or indirect interests in any assets which have been acquired or disposed of or leased to or which were proposed to be acquired or disposed of by or leased to by any member of the Group since 31 December 2018, being the date to which the latest published audited consolidated accounts of the Company were made up.

(3) Halcyon Capital Limited issued a letter dated 31 May 2019 for the purpose of incorporation in this circular in connection with its recommendation to the Independent Board Committee and the Independent Shareholders.

(4) Jones Lang LaSalle Corporate Appraisal and Advisory Limited issued the Equity Valuation Report on the Disposal and Transfer Subject Companies dated 31 May 2019, the Equity Valuation Report on the Acquisition Subject Company dated 31 May 2019 and the Property Valuation Report dated 31 May 2019 for the purpose of incorporation in this circular.

(5) Each of the above experts has given and has not withdrawn its written consent to the issue of this circular with the inclusion of their experts' opinions and reference to its name in the form and context in which they appear.

10. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection during normal business hours on any working day (public holidays excepted) at the Company's principal place of business in Hong Kong at 40th Floor, Sunlight Tower, 248 Queen's Road East, Wanchai, Hong Kong from the date of this circular up to and including the date of the AGM:

(1) The Equity Swap and Transfer Agreement;

(2) The Engineering Construction Service Framework Agreement;

(3) the letter from the Independent Board Committee to the Independent Shareholders as set out on pages 51 to 52 of this circular;

(4) the letter from Halcyon Capital Limited to the Independent Board Committee and the Independent Shareholders as set out on pages 53 to 94 of this circular;

(5) the Equity Valuation Report on the Disposal and Transfer Subject Companies;

(6) the Equity Valuation Report on the Acquisition Subject Company;

(7) The Property Valuation Report;

(8) the written consents referred to in paragraph 9 of this appendix; and

(9) this circular.

11. GENERAL

(1) As at the Latest Practicable Date, the Directors were not aware of any material adverse change in the Group's financial or trading position since 31 December 2018, being the date on which the latest published audited consolidated accounts of the Company were made up.

(2) The registered office of the Company is No. 125 Lugang Road, Jingxiu District, Baoding City, Hebei Province, the PRC and the postal code is 071000.

(3) The H Share Registrar of the Company is Tricor Investor Services Limited of Level 22, Hopewell Centre, 183 Queen's Road East, Hong Kong.

(4) The joint company secretaries of the Company are Mr. Li Wutie and Ms. Wong Wai Ling. Ms. Wong Wai Ling is a member of the Hong Kong Institute of Chartered Secretaries and the Institute of Chartered Secretaries and Administrators in the United Kingdom.

(5) If there is any discrepancy between the English text and Chinese text of this circular, the English text shall prevail.