滄海
CHANHIGH

滄海控股有限公司
Chanhigh Holdings Limited

(Incorporated in the Cayman Islands with limited liability)
Stock Code: 2017

GLOBAL OFFERING

Sole Sponsor

安信國際
ESSENCE INTERNATIONAL

Essence Corporate Finance
(Hong Kong) Limited

Sole Global Coordinator, Sole Bookrunner
and Sole Lead Manager

安信國際
ESSENCE INTERNATIONAL

Essence International Securities
(Hong Kong) Limited

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

滄海
CHANHIGH

Chanhigh Holdings Limited
滄海控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares under the Global Offering :	**150,000,000 Shares (subject to the Over-allotment Option)**
Number of Hong Kong Offer Shares :	**15,000,000 Shares (subject to adjustment)**
Number of International Placing Shares :	**135,000,000 Shares (subject to adjustment and the Over-allotment Option)**
Offer Price :	**Not more than HK$2.38 per Offer Share (payable in full on application in Hong Kong dollars, subject to refund, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) and expected to be not less than HK$1.88 per Offer Share**
Nominal Value :	**HK$0.01 per Share**
Stock Code :	**2017**

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

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

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company on the Price Determination Date. The Price Determination Date is expected to be on or around Friday, 24 March 2017 and, in any event, not later than Wednesday, 29 March 2017. The Offer Price will be not more than HK$2.38 per Offer Share and is currently expected to be not less than HK$1.88 per Offer Share, unless otherwise announced. If, for any reason, the Offer Price is not agreed on or before Wednesday, 29 March 2017 between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company, the Global Offering will not proceed and will lapse.

The Sole Global Coordinator (for itself and on behalf of the other Underwriters) may, with our consent, reduce the number of Offer Shares in the Global Offering and/or the indicative Offer Price range below that stated in this prospectus (which is HK$1.88 to HK$2.38 per Offer Share) at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering. In such a case, notice(s) of the reduction in the number of Offer Shares in the Global Offering and/or the indicative Offer Price range will be published on the website of our Company at **www.chanhigh.com.hk** and on the website of the Stock Exchange at **www.hkexnews.hk**. Further details are set out in the sections headed "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus.

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

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

The Offer Shares have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States, and may not be offered, sold, pledged or transferred in the United States, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in accordance with any applicable state securities laws in the United States. The Offer Shares are being offered and sold only outside of the United States as offshore transactions in reliance on Regulation S.

21 March 2017

*If there is any change in the following expected timetable of the Hong Kong Public Offering, we will issue an announcement on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.chanhigh.com.hk**[6].*

Latest time to complete electronic applications under **White Form eIPO** service through the designated website at **www.eipo.com.hk**[2]	11:30 a.m. on Friday, 24 March 2017
Application lists of the Hong Kong Public Offering open[3]	11:45 a.m. on Friday, 24 March 2017
Latest time to lodge **WHITE** and **YELLOW** Application Forms	12:00 noon on Friday, 24 March 2017
Latest time to give **electronic application instructions** to HKSCC[4]	12:00 noon on Friday, 24 March 2017
Latest time to complete payment of **White Form eIPO** applications by effecting internet banking transfer(s) or PPS payment transfer(s)	12:00 noon on Friday, 24 March 2017
Application lists of the Hong Kong Public Offering close	12:00 noon on Friday, 24 March 2017
Expected Price Determination Date[5]	Friday, 24 March 2017

(1) Announcement of:

- the final Offer Price;
- an indication of the level of interest in the International Placing;
- the level of applications in the Hong Kong Public Offering; and
- the basis of allocation of the Hong Kong Offer Shares to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.chanhigh.com.hk**[6] on or before . . . . . . Thursday, 30 March 2017

(2) Announcement of results of allocations in the Hong Kong Public Offering (including successful applicants' identification document numbers, where appropriate) to be available through a variety of channels including the websites of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.chanhigh.com.hk**[6] (please refer to the section headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus) from .... Thursday, 30 March 2017

(3) A full announcement of the Hong Kong Public Offering containing (1) and (2) above to be published on the website of the Stock Exchange at **www.hkexnews.hk** and our Company's website at **www.chanhigh.com.hk**[6] from .... Thursday, 30 March 2017

Results of allocations for the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function .... Thursday, 30 March 2017

Despatch of Share certificates in respect of wholly or partially successful applications pursuant to the Hong Kong Public Offering on or before[7] .... Thursday, 30 March 2017

Despatch of White Form e-Refund payment instructions/refund cheques on or before[8]...................... Thursday, 30 March 2017

Dealings in Shares on the Stock Exchange to commence at............. Friday, 31 March 2017

Notes:

(1) All times and dates refer to Hong Kong local time and date, except as otherwise stated.

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

(3) If there is a tropical cyclone warning signal number 8 or above, or a "black" rainstorm warning at any time between 9:00 a.m. and 12:00 noon on Friday, 24 March 2017, the application lists will not open or close on that day. Please refer to the section headed "How to Apply for Hong Kong Offer Shares —10. Effect of Bad Weather on the Opening of the Application Lists" in this prospectus.

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

(5) The Price Determination Date is expected to be on or around Friday, 24 March 2017 and, in any event, not later than Wednesday, 29 March 2017. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and our Company on or before Wednesday, 29 March 2017, the Global Offering will not proceed and will lapse.

(6) None of the website or any of the information contained on the website forms part of this prospectus.

(7) Share certificates are expected to be issued on Thursday, 30 March 2017 but will only become valid provided that the Global Offering has become unconditional in all respects and neither of the Underwriting Agreements has been terminated in accordance with its terms, which is scheduled to be at around 8:00 a.m. on Friday, 31 March 2017. Investors who trade Shares on the basis of publicly available allocation details before the receipt of Share certificates and before they become valid do so entirely of their own risk.

(8) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of wholly or partially successful applications if the Offer Price is less than the price per Offer Share payable on application.

You should read carefully the sections headed "Underwriting", "Structure of the Global Offering" and "How to Apply for Hong Kong Offer Shares" in this prospectus for details relating to the structure of the Global Offering, procedures on the applications for Hong Kong Offer Shares and the expected timetable, including conditions, effect of bad weather and the despatch of refund cheques and Share certificates.

CONTENTS

IMPORTANT NOTICE TO INVESTORS

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

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

CONTENTS

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

OVERVIEW

We are one of the prominent municipal landscape and municipal works construction service providers in Zhejiang Province, with footprint covering 12 provinces, three municipalities and two autonomous regions in China. As the landscaping and public works market in the PRC is highly fragmented and regionalised, we stand out as one of the prominent service providers in this sector in Zhejiang Province through leveraging our industry reputation, rich experience in undertaking landscaping and municipal works projects and the extensive qualifications we have possessed. We were the recipient of Top 100 Landscaping Enterprise in the PRC in terms of Comprehensive Competitive Strength (中國園林綠化綜合競爭力百强企業) for the years 2013 and 2014, Top 50 Urban Landscaping Enterprise in the PRC (全國城市園林綠化企業50強) for three consecutive years from 2013 to 2015 and the Landscaping Enterprise with Credit Grade AAA in the PRC in 2016. We have proven track record of over 10 years in undertaking a wide range of landscaping and municipal works in different parts of the PRC with the Yangtze River Delta (including Zhejiang Province) being our core focus. According to Frost & Sullivan, as of June 2016, we were one of the few construction service providers in the PRC possessing five first-grade qualifications with respect to landscape and municipal works constructions and were the only company in Zhejiang Province possessing all of such five first-grade qualifications.

Service offering

In each project, we, as a contractor, undertake to complete the works awarded to us, arrange the required labour to work on-site, lease major equipment and machineries, procure raw materials and monitor the work progress of the project from commencement to post-completion maintenance. Landscape and municipal works constructions are our core business segments. The following sets forth our main service offering:

- **Landscape construction**: We generate revenue from a variety of municipal and private landscaping projects whose service scope includes planting of trees, modifying the layout of land, carrying out foundation work for landscape construction as well as building and construction of parks.

- **Municipal works construction**: We generate revenue from municipal works construction including municipal or local government works such as municipal road construction as well as water and lighting works.

- **Building works construction**: We generate revenue from building works segment mainly from the construction of gas stations, auto repair shops, office buildings and temporary warehouses.

- **Other works**: We generate revenue from other works including the maintenance services, heritage restoration services as well as renovation works.

Our wide array of service offering is backed by our professional qualifications. Among these qualifications, we currently hold the First-Grade Urban Landscape Construction Enterprises Qualification Certificate (城市園林綠化企業資質證書壹級), the First-Grade General Contractor for Municipal Public Works (市政公用工程施工總承包壹級), the First-Grade Professional Contractor for

Urban and Street Lighting Projects (城市及道路照明工程專業承包壹級), the First-Grade Professional Contractor for Building Renovation Projects (建築裝修裝飾工程專業承包壹級) and the First-Grade Professional Contractor for Historic Building Projects (園林古建築工程專業承包壹級). As advised by our PRC Legal Advisers, enterprises applying for the first-grade qualification are subject to more stringent assessment criteria such as net value of fixed assets, value of the construction contracts completed, professional and technical personnel requirements, etc., than enterprises applying for lower-grade qualifications. Compared to enterprises holding lower-grade qualifications which are subject to more restrictions in terms of the authorised work scope, enterprises holding first-grade qualifications generally are allowed to undertake projects of any scale and/or type in the PRC. Given that we are one of the few construction service providers in the PRC possessing all of these five first-grade qualifications, we believe that the first-grade qualifications held by us reflect our integrated strengths as well as technical capability, which will place our Group in an advantageous position to capture business opportunities arising from the varying scale of landscaping and municipal works in our target market.

For FY2013, FY2014 and FY2015, our total revenue amounted to RMB554.9 million, RMB659.3 million and RMB1,006.3 million, respectively, representing a CAGR of 34.7% over the same period, and our profit (including other income and gains derived from inter-company lending) for FY2013, FY2014 and FY2015 amounted to RMB26.8 million, RMB51.9 million and RMB95.2 million, respectively, representing a CAGR of 88.5% over the same period. For the ten months ended 31 October 2015 and 2016, our revenue amounted to RMB767.8 million and RMB1,285.0 million, respectively, representing a growth rate of 67.4% over the same period, while our profit (including other income and gains derived from inter-company lending) for the same period amounted to RMB76.5 million and RMB96.2 million, respectively, representing a growth rate of 25.6% over the same period.

Payment terms

We secure projects mainly by way of tendering. We enter into a construction contract with our customers if our bid is successful. The contract price contained in the construction contract is usually fixed at the time when we submit the tender document, and is either expressed in a total amount for undertaking the project or in unit price for each piece or quantity of work with a total volume of such work agreed to be undertaken by us. After commencement of the project, subject to the terms of the contracts, we normally submit progress reports to our customers on a monthly basis to certify the value or volume of work we have performed. Upon meeting an agreed project milestone(s), we are entitled under the contract to claim for progress payment (usually measured by reference to a prescribed percentage of the certified value or volume of work completed), which is fixed in the construction contract signed with the relevant customer.

Projects undertaken by us

During the Track Record Period, we have completed a total of 421 projects in the PRC and as at 31 October 2016, we had a total of 115 projects in progress. The following table sets forth the breakdown of revenue and number of projects by project status for the periods indicated:

	For the years ended/As at 31 December						For the ten months ended/As at 31 October	
	2013		2014		2015		2016	
	Revenue recognised for the year (RMB'000)	No. of projects completed or in progress	Revenue recognised for the year (RMB'000)	No. of projects completed or in progress	Revenue recognised for the year (RMB'000)	No. of projects completed or in progress	Revenue recognised for the period (RMB'000)	No. of projects completed or in progress
Completed	315,613	79	311,031	99	404,153	143	504,354	100
In progress	239,289	64	348,293	93	602,186	84	780,661	115
Total	**554,902**	**143**	**659,324**	**192**	**1,006,339**	**227**	**1,285,015**	**215**

Projects in progress

As at 31 December 2013, 2014 and 2015 and 31 October 2016, we had a total of 64, 93, 84 and 115 projects in progress, respectively. These projects in aggregate contributed 43.1%, 52.8%, 59.8% and 60.8%, respectively, of our total revenue recognised for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016. In respect of our 10 largest projects in progress (in terms of revenue recognised during the Track Record Period) as at 31 October 2016, based on the status of the project, the estimated completion time ranged from March 2017 to December 2018. For further details, please refer to the section headed "Business — Works Undertaken by Us — Projects in progress" in this prospectus.

Subsequent to 31 October 2016 and up to 31 January 2017, we had secured 21 new projects with a total contract value of RMB158.3 million. As at 31 January 2017, we had commenced work on nine of these projects.

Backlog

As at 31 December 2013, 2014 and 2015 and 31 October 2016, the closing value of our backlog (being the estimated total contract value of our works that remains to be completed) amounted to RMB541.4 million, RMB798.1 million, RMB1,339.2 million and RMB1,519.5 million, respectively. Assuming that there will be no subsequent variation orders or change in project period, and based on the term of the relevant contracts and our Directors' estimation, the expected completion dates of most of the projects (excluding those projects which were completed during November 2016 to December 2016) to which the closing value of the backlog as at 31 October 2016 is related ranged from 2017 to 2018, with a substantial number of them to be completed during 2017 and contributed to our revenue for the year ending 31 December 2017. For further details, please refer to the section headed "Business — Works Undertaken by Us — Our project backlog" in this prospectus.

Tenders success rate

For FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, the number of bids submitted by us was 778, 1,133, 1,362 and 1,145, respectively, and during the same period, we recorded the tender success rate of 6.7%, 8.7%, 6.0% and 5.8%, respectively.

OUR MAJOR CUSTOMERS

Our major customers comprise mainly state-invested enterprises and local governments, which are the key stakeholders in landscaping and public works sectors in China. For FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, we had 107, 142, 177 and 286 customers, of which 94, 112, 131 and 216 were state-invested enterprises or local governments. During the same period, projects awarded by these customers in aggregate contributed 85.2%, 89.7%, 81.1% and 80.7% of our total revenue, respectively. During the Track Record Period, revenue contributed by our largest customer accounted for 10.7%, 9.1%, 9.4% and 6.2%, respectively, of our total revenue, and during the same period, revenue contributed by our five largest customers, in aggregate, accounted for 43.8%, 25.1%, 25.9% and 21.4%, respectively, of our total revenue. Except for CHHG, our five largest customers during the Track Record Period were Independent Third Parties. Please refer to the section headed "Business — Our Major Customers" in this prospectus for further information on our major customers.

OUR MAJOR SUPPLIERS

For FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, we made procurement from 338, 354, 603 and 736 suppliers across the PRC. We primarily source plants and saplings, construction materials and lease equipment and machineries from our suppliers in the PRC. Our five largest suppliers during the Track Record Period were corporate entities situated in Zhejiang, Shandong, Anhui and Jiangsu, engaging in the supply or trading of plants, saplings, steel and pipe, concrete and/or leasing of equipment in the PRC. Our largest supplier accounted for 9.4%, 6.4%, 4.9% and 3.5%, respectively, of our total cost of services rendered for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, respectively, and our five largest suppliers, in aggregate, accounted for 25.6%, 25.2%, 16.3% and 14.0%, respectively, of our total cost of services rendered for the same periods. Our five largest suppliers during the Track Record Period were Independent Third Parties. Please refer to the section headed "Business — Our Procurement and Major Suppliers" in this prospectus for further information on our major suppliers.

COMPETITIVE STRENGTHS

We believe the following strengths contribute to our success and differentiate us from our competitors:

- We are a prominent landscape and municipal works construction service provider with word-of-mouth reputation in the industry.
- We are well positioned to capture opportunities from the continuing urbanisation and increasing awareness of environmental conservation in China.
- We pride ourselves in our strong service capability, which allows us to undertake a diverse range of landscaping, municipal and building works in China.
- We have proven track record in landscape and municipal works constructions.
- We have a dynamic and seasoned senior management team.
- We have developed a professional and dedicated workforce with systematic project management.

BUSINESS STRATEGIES

We plan to implement the following strategies:

- Continuing to enhance our core competitive strengths through (i) horizontal integration with local landscape construction companies to expand our business coverage; and (ii) vertical integration through selective acquisitions of and investments in architectural design firm(s) to enrich our service capability.
- Increasing marketing efforts in private sector and enhancing cooperation with stakeholders in public sector to enlarge our customer base through (i) increasing cooperation with developers and contractors in private sectors; and (ii) exploring different forms of cooperation with local government.
- Continuing to retain and attract, motivate and develop high-calibre and experienced staff.
- Continuing to enhance project execution efficiency and work quality.

SHAREHOLDER INFORMATION

Immediately following the completion of the Capitalisation Issue and Global Offering (without taking into account any Shares which may be issued upon the exercise of Over-allotment Option), based on the Acting-in-Concert Confirmation, the Peng Family, Vast Base and TEUR will be entitled to control the exercise of the voting rights of 75% of the Shares eligible to vote in the general meetings of our Company. Thus, the Peng Family together with Vast Base and TEUR will become our Controlling Shareholders upon Listing.

Continuing connected transaction

We have entered into a transaction that will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon Listing with Canghu. Please refer to the section headed "Continuing Connected Transactions — Non-exempt continuing connected transaction" in this prospectus for further information. Please also refer to the section headed "Continuing Connected Transactions — Exempt Continuing Connected Transactions" in this prospectus for further information on our exempt continuing connected transactions.

SUMMARY OF SELECTED FINANCIAL AND OPERATING INFORMATION

The following tables present our summary of selected consolidated financial information for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016. We have derived the summary from our audited consolidated financial statements set forth in the Accountants' Report in Appendix I to this prospectus. You should read this summary in conjunction with those financial statements and accompanying notes and the information set forth in the section headed "Financial Information" in this prospectus.

Consolidated statement of profit or loss information

	Year ended 31 December			CAGR	Ten months ended 31 October		Period-to-period growth
	2013	2014	2015	2013-2015	2015	2016	
	RMB'000	RMB'000	RMB'000	%	RMB'000 (unaudited)	RMB'000	%
Revenue	554,902	659,324	1,006,339	34.7	767,835	1,285,015	67.4
Gross profit	46,561	76,568	132,535	68.7	103,602	166,815	61.0
Profit before tax	37,870	69,738	127,218	83.3	102,247	132,874	30.0
Profit for the year	26,791	51,939	95,179	88.5	76,523	96,150	25.6
Adjusted net profit (Non-IFRS Measure)(1)	13,533	35,699	77,784	139.7	61,567	92,247	49.8

Note:

(1) Adjusted net profit represents profit for the year/period excluding the interest income arising from amount due from related parties. Adjusted net profit is not a measure of performance under IFRS. As a non-IFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of interest income on our net profit. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year/period. Please refer to the section headed "Financial Information — Non-IFRS Measure" in this prospectus for details.

For FY2013, FY2014, FY2015 and the ten months ended 31 October 2015 and 2016, our Group recorded interest income on amounts due from related parties of RMB18.7 million, RMB22.9 million, RMB24.6 million, RMB21.1 million and RMB5.5 million, respectively. Our amounts due from related parties were advances to related parties for financing purpose of non-trade nature, which were unsecured, with interests charged at 0.4% - 1.0% per month and had no fixed terms of repayment, and such amounts had been fully settled as at 31 October 2016. The following table set forth the reconciliation of profit without interest income on amounts due from related parties during the Track Record Period:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	26,791	51,939	95,179	76,523	96,150
Less: Interest income from inter-company lending	(18,726)	(22,937)	(24,569)	(21,124)	(5,513)
Add: Business tax and auxiliary charges arose from the interest income from inter-company lending	1,049	1,284	1,376	1,183	309
Add: Income tax charged for the net interest income from inter-company lending	4,419	5,413	5,798	4,985	1,301
Adjusted net profit (Non-IFRS measure)	13,533	35,699	77,784	61,567	92,247

Note:

(1) Adjusted net profit represents profit for the year/period excluding the interest income arising from amount due from related parties. Adjusted net profit is not a measure of performance under IFRS. As a non-IFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of interest income on our net profit. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year/period. Please refer to the section headed "Financial Information — Non-IFRS Measure" in this prospectus for details.

For FY2013, our Group recorded fair value change on biological assets of RMB5.8 million from other income and gains. The related biological assets belonged to the then subsidiary of Chanhigh Landscape, Ningbo Chanhigh Agricultural Development Limited, which was disposed of by our Group on 13 November 2013. As a result, there was no fair value change on biological assets during FY2014, FY2015 and the ten months ended 31 October 2016 as our Group did not own any biological assets after 13 November 2013.

Consolidated statement of financial position information

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Current assets	1,111,882	1,271,330	1,467,380	1,440,366
Current liabilities	921,384	1,041,932	1,142,780	1,194,141
Net current assets	190,498	229,398	324,600	246,225
Net assets	192,890	231,556	326,735	248,733

Net current assets

Our Group's net current assets increased by RMB95.2 million from RMB229.4 million as at 31 December 2014 to RMB324.6 million as at 31 December 2015 primarily due to (i) the increase in our trade and bills receivables by RMB86.2 million which is in line with our revenue growth; (ii) the increase in amounts due from related companies by RMB67.7 million mainly due to the increase in advances to related companies for capital financing purposes; (iii) increase in deposits, prepayments and other receivables by RMB61.0 million mainly due to the increase in construction contract performances guarantees, deposit for tenders and retention receivables; and partially offset by (i) the increase in trade payables by RMB65.8 million which in generally in line with our materials consumed; and (ii) decrease in bank and cash balances by RMB56.5 million mainly due to the cash used in operations.

Our Group's net current assets decreased from RMB324.6 million as at 31 December 2015 to RMB246.2 million as at 31 October 2016. The decrease was primarily due to (i) the decrease in amounts due from related companies by RMB330.7 million mainly resulting from the settlements of our related companies balances; (ii) the increase in amount due to a director by RMB159.9 million mainly resulting from the advance from Mr. Peng YH for reorganisation purpose; and (iii) the increase in trade payables by RMB139.1 million mainly resulting from increase in our costs of materials consumed; and was partially offset by (i) the decrease in bank borrowings by RMB245.1 million mainly resulting from the repayments of bank borrowings with guarantees; and (ii) the increase in gross amount due from customers for contract work by RMB270.2 million mainly resulting from the increase in number of projects undertaken by us.

Consolidated statements of cash flow information

	For the year ended 31 December			For the ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash (used in)/generated from operating activities	(12,090)	(62,536)	(7,497)	39,216	(50,072)
Net cash (used in)/generated from investing activities	(147,498)	51,307	45,519	(450)	333,724
Net cash generated from/(used in) financing activities	158,300	11,227	(8,300)	(22,350)	(273,320)
Net (decrease)/increase in cash and cash equivalents	(1,288)	(2)	29,722	16,416	10,332
Cash and cash equivalents at beginning of year/period	33,050	31,762	31,760	31,760	61,482
Cash and cash equivalents at end of year/period	31,762	31,760	61,482	48,176	71,814

Net cash used in investing activities decreased from RMB0.5 million for the ten months ended 31 October 2015 to net cash generated from investing activities of RMB333.7 million for the ten months ended 31 October 2016 primarily due to repayment from related companies of RMB330.7 million and interest income received from related companies and on bank deposits of RMB5.7 million.

Net cash generated from financing activities decreased from RMB22.4 million for the ten months ended 31 October 2015 to net cash used in financing activities of RMB273.3 million for the ten months ended 31 October 2016 primarily due to the repayment of bank borrowings of RMB436.1 million and the repurchase of equity interests of Chanhigh Landscape by Chanhigh Hong Kong Limited of RMB159.4 million which was partially offset by the bank borrowings raised of RMB191.0 million and the advance from a director of RMB159.9 million for the ten months ended 31 October 2016.

We recognised net decrease in cash and cash equivalents of RMB1.3 million for FY2013, resulting from (i) net cash used in investing activities of RMB147.5 million mainly due to the advance to related companies; and (ii) net cash used in operating activities of RMB12.1 million mainly due to the payment of direct costs; which was offset by the net cash generated from financing activities of RMB158.3 million mainly due to bank borrowing raised by us.

We recognised net decrease in cash and cash equivalents of RMB2,000 for FY2014, resulting from net cash used in operating activities of RMB62.5 million mainly due to the payment of purchases from suppliers as the expansion of our business; which was offset by (i) net cash generated from investing activities of RMB51.3 million mainly due to the repayment from related companies; and (ii) net cash generated from financing activities of RMB11.2 million mainly due to advance from a director.

We recognised net increase in cash and cash equivalents of RMB29.7 million for FY2015, resulting from (i) net cash generated from investing activities of RMB45.5 million mainly due to the withdrawal of fixed deposits; and (ii) net cash used in operating activities of RMB7.5 million mainly due to our operational proceeds; which was offset by the net cash used in financing activities of RMB8.3 million mainly due to repayment to a director.

We recognised net increase in cash and cash equivalents of RMB10.3 million for the ten months ended 31 October 2016, resulting from net cash generated from investing activities of RMB333.7 million mainly due to the repayment from related companies; which was offset by (i) net cash used in operating activities of RMB50.1 million mainly due to the payment of purchases from suppliers as the expansion of our business; and (ii) net cash used in financing activities of RMB273.3 million mainly due to the repayment of bank borrowing by us.

Key financial ratios

	For the year ended 31 December/As at 31 December			For the ten months ended 31 October/As at 31 October
	2013	2014	2015	2016
Gross profit margin (%) *(Note1)*	8.4	11.6	13.2	13.0
Net profit margin (%) *(Note 1)*	4.8	7.9	9.5	7.5
Return on equity (%) *(Note 1)*	13.9	22.4	29.1	N/A
Return on total assets (%) *(Note 1)*	2.4	4.1	6.5	N/A
Current ratio *(Note 1)*	1.2	1.2	1.3	1.2
Gearing ratio *(Note 2)*	1.6	1.3	0.9	0.2
Net debt to equity ratio *(Note 1)*	1.4	1.2	0.7	Net cash

Notes:

1. For further information, please refer to the section headed "Financial Information — Key Financial Ratios" in this prospectus.

2. The gearing ratios as at 31 December 2013, 2014 and 2015 and 31 October 2016 are arrived at by dividing total debt by total equity as at the respective year ends/period end.

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

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Landscape construction	232,930	42.0	386,024	58.5	410,230	40.8	310,278	40.4	520,248	40.5
Municipal works construction	227,848	41.1	224,135	34.0	528,746	52.5	409,137	53.3	622,454	48.4
Building works	73,363	13.2	33,207	5.0	51,261	5.1	36,731	4.8	109,712	8.5
Others	20,761	3.7	15,958	2.5	16,102	1.6	11,689	1.5	32,601	2.6
Total	**554,902**	**100.0**	**659,324**	**100.0**	**1,006,339**	**100.0**	**767,835**	**100.0**	**1,285,015**	**100.0**

Our revenue recorded an increasing trend primarily due to the growth of revenue generated from our landscape construction segment and municipal works construction segment, which in turn was mainly attributed to (i) the increase in total number of landscape construction projects undertaken by us and the increase in average contract sums of our landscape construction projects newly commenced in each year during the Track Record Period; and (ii) the recognition of a significant portion of revenue in respect of a large-size road, lighting and water works project in Zhejiang Province and the increase in average newly commenced municipal works construction projects for FY2015.

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

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Landscape construction	19,917	8.6	48,366	12.5	63,645	15.5	47,787	15.4	79,424	15.3
Municipal works construction	18,930	8.3	23,657	10.6	62,656	11.8	50,914	12.4	76,221	12.2
Building works	5,660	7.7	2,037	6.1	3,598	7.0	2,793	7.6	7,828	7.1
Others	2,054	9.9	2,508	15.7	2,636	16.4	2,108	18.0	3,342	10.3
Total/Average	46,561	8.4	76,568	11.6	132,535	13.2	103,602	13.5	166,815	13.0

We recorded a continuous growth of our gross profit during the Track Record Period, which was primarily contributed by the growth of gross profit in landscape and municipal works construction segments. Our gross profit margin from the landscape construction segment rose steadily during

FY2013 to FY2015 mainly due to: (i) we targeted to undertake landscape construction projects with more complicated designs that enabled us to add higher value to our services provided which was reflected from the increases in average contract sum of projects newly commenced in each year; and (ii) we enjoyed economies of scale to reduce certain direct cost incurred from undertaking larger scale of landscape construction projects during the same period. Our gross profit margin from landscape construction segment slightly decreased for the ten months ended 31 October 2016, mainly due to the reason that we undertook several projects from state-invested enterprises and local governments by way of public tenders and we slightly lowered our bid prices in order to secure the relevant contracts, which led to a slight decline in gross profit margin from the landscape construction segment for the latter period. Our gross profit margin from municipal works construction segment increased during the Track Record Period mainly attributed to the economies of scale that we enjoyed to reduce certain direct cost incurred during the same period.

The following table sets forth a breakdown of our revenue, gross profit and gross profit margin by provinces for the periods indicated:

	For the year ended 31 December								
	2013			2014			2015		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB in millions		%	RMB in millions		%	RMB in millions		%
Zhejiang	362.4	31.6	8.7	369.9	41.3	11.2	732.3	95.5	13.0
Jiangsu	57.0	3.7	6.4	105.1	13.8	13.1	71.0	9.0	12.7
Shandong	96.9	8.8	9.1	22.9	4.0	17.2	55.9	8.5	15.1
Anhui	10.5	0.8	7.6	40.5	4.7	11.7	7.1	0.8	11.0
Chongqing	1.2	0.1	8.5	31.4	3.3	10.6	48.9	6.5	13.2
Hubei	—	—	0.0	29.1	3.4	11.5	23.8	3.4	14.4
Others	27.0	1.5	5.7	60.4	6.2	10.2	67.3	8.8	13.1
Total/Average	**555.0**	**46.5**	**8.4**	**659.3**	**76.7**	**11.6**	**1,006.3**	**132.5**	**13.2**

	For the ten months ended 31 October					
	2015			2016		
	Revenue	Gross profit	Gross profit margin	Revenue	Gross profit	Gross profit margin
	RMB in millions		%	RMB in millions		%
	(unaudited)					
Zhejiang	568.0	95.6	16.8	796.0	111.2	14.0
Jiangsu	48.4	8.6	17.9	127.7	19.8	15.5
Shandong	30.4	6.0	19.7	30.9	8.7	28.1
Anhui	6.1	0.9	14.2	82.5	11.0	13.3
Chongqing	43.9	7.2	16.4	55.9	6.6	11.8
Hubei	22.8	4.0	17.5	35.8	3.9	11.0
Others	48.2	8.4	17.5	156.2	28.5	18.3
Total/Average	**767.8**	**130.7**	**17.0**	**1,285.0**	**189.7**	**14.8**

RECENT DEVELOPMENTS

Our business remained stable subsequent to the Track Record Period. We recorded an increase in total revenue for the three months ended 31 January 2017, compared to the same period in 2016, primarily due to an increase in the total number of landscape and municipal works construction projects and projects newly commenced with higher contract value during that period, leading to an increase in the amount of revenue recognised during the same period. As at 31 January 2017, our gross amount due from customers for contract work and our trade and bills receivables increased slightly compared to that as at 31 January 2016. Such increases were generally in line with the continuous growth of our business. As at 31 January 2017, 47.5% of our total trade and bills receivables as at 31 October 2016 had been settled. We have prepared unaudited preliminary financial information for our Group as at and for the year ended 31 December 2016, which is set forth in Appendix III to this prospectus.

On 23 March 2016, the Ministry of Finance of the PRC and the State Administration of Taxation jointly released the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (關於全面推開營業稅改徵增值稅試點的通知) (the "**Tax Reform**"). For the construction contracts commenced before 1 May 2016, the revenue derived from these projects after 1 May 2016 is now subject to 3% VAT calculated using the simplified VAT method (i.e. VAT payable = Taxable sales amount (excluding VAT and net of any subcontracting fee paid to other parties) x VAT levy rate at 3%) in substitution for business tax at 3% (i.e. Business tax payable = Taxable sales amount (net of any subcontracting fee paid to other parties) x Business tax rate at 3%). According to the accounting standards, VAT is deducted from revenue and business tax is recognised as cost of services. Such change will result in a decrease in our revenue generated from those construction contracts commenced before 1 May 2016 but also will result in a decrease in our cost of services with respect to such contracts. Therefore, the net impact of the Tax Reform on our gross profit and net profit from these contracts is not material. For the construction contracts commenced or to be commenced on or after 1 May 2016, the revenue derived from these projects is subject to the VAT of 11% (for construction projects) or 6% (for maintenance service contracts). The effect of any such VAT will be taken into account when our potential customers invite a tender and when we prepare a tender bid. Further, according to the accounting standards, the VAT received from customers is excluded from the revenue generated and therefore there is no net impact on our gross profit and net profit. On that basis, and having considered that our results of operations remained stable since the introduction of the Tax Reform and that all construction companies in the PRC are subject to the same VAT tax regime, our Directors are of the view that, assuming there is no further law or regulation to change the current tax position, the Tax Reform does not have a material impact on our business and results of operations.

The central and local government of the PRC has recently promulgated measures to curtail the overheating of the real estate market, such as imposing restrictions on the purchases of residential properties, in order to reduce market risk and discourage speculation. Such development may adversely affect construction activities for new residential properties and indirectly reduce the demand for landscaping works for new residential properties in private sector in the future. As our Group's core business focus has been on the municipal landscaping and municipal works which are sourced mainly from the state-invested enterprises or local government, and based on our Directors' experience, the demand for landscaping and municipal works is more driven by the government's investments in public works and the urbanisation rate, which are not closely linked to the government's policy on the real estate market, such restrictive measures and possible downturn of the real estate market in the PRC which may result are not expected to have a material adverse impact on our business operation and prospects. Nevertheless, despite the recent implementation of government's restrictions to curb the overheated real estate market in the PRC, given the market size of this segment, we will continue to explore cooperation opportunities with stakeholders along the value chain of our industry such as developers and contractors in private sector to diversify revenue source and to capture business opportunity during different stages of the economic cycle, thereby balancing our growth and optimising return from our business.

Our Directors confirm that, up to the date of this prospectus, there has been no material adverse change in our financial or trading position or prospect since 31 October 2016, being the date of our latest audited financial statements, and there is no event since 31 October 2016 which would materially affect the information shown in our consolidated financial statements included in the Accountants' Report set out in Appendix I to this prospectus.

USE OF PROCEEDS

We estimate that the aggregate net proceeds from the Global Offering (after deducting underwriting fees and estimated expenses paid or payable by us in connection with the Global Offering), assuming an Offer Price of HK$2.13 per Offer Share, being the mid-point of the indicative Offer Price range, will be HK$271.2 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the net proceeds of the Global Offering in the following manner:

- 62.1%, or HK$168.5 million will be used to fund the potential acquisition or establishment through joint ventures of local landscape construction companies;
- 29.0% or HK$78.7 million will be used to fund the potential acquisition of or strategic investment in architectural design firm(s) located in Yangtze River Delta possessing first-grade qualification in architectural design;
- 2.5% or HK$6.7 million will be used to fund the potential acquisition or establishment of a new inspection centre; and
- 6.4% or HK$17.3 million, will be used as working capital and other general corporate purposes.

For details, please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus.

OFFER STATISTICS OF THE GLOBAL OFFERING

The following table sets forth certain statistics of the Global Offering, assuming that the Global Offering has been completed and 600,000,000 Shares are in issue.

	Based on an Offer Price of HK$1.88 per Offer Share	**Based on an Offer Price of HK$2.38 per Offer Share**
Market capitalisation of the Shares(1)	HK$1,128 million	HK$1,428 million
Unaudited pro forma adjusted consolidated net tangible assets per Share(2)	RMB0.80	RMB0.90

(1) The calculation of market capitalisation is based on 600,000,000 Shares expected to be in issue immediately following the completion of the Global Offering.

(2) The unaudited pro forma adjusted consolidated net tangible assets per share is arrived at after the adjustments referred to in the section headed "Unaudited Pro Forma Financial Information" in Appendix II to this prospectus. The unaudited pro forma adjusted consolidated net tangible assets do not take into account our financial results or other transactions after 31 October 2016.

DIVIDEND

During the Track Record Period, no dividend had been paid or declared by our Company. The dividends declared and paid by Chanhigh Landscape to its then shareholders was nil, RMB13.3 million, nil and RMB14.8 million for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, respectively. During the Track Record Period, we did not have any dividend policy in place and we do not expect to formulate any specific dividend policy in the near future. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account a number of factors, such as our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, etc. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors. For further details, please refer to the section headed "Financial Information — Dividend" in this prospectus.

RISK FACTORS

There are a number of risks involved in our operations and in connection with the Global Offering, many of which are beyond our control. These risks can be categorised into (i) risks relating to our business, (ii) risks relating to conducting business in China; and (iii) risks relating to the Global Offering. We believe that the following are some of the major risks that may have a material adverse effect on us:

- Our future operations, working capital and cashflow position may be adversely affected if our customers fail or delay to settle our payment due to us, and there is no assurance that our unbilled work will be collected in full.

- Our failure to obtain or renew the qualifications and certificates necessary for our business operations would materially and adversely affect our ability to conduct or expand our business.

- We do not have long-term commitments with our major customers and we generate our revenue mainly on project-basis which is not recurring in nature.

- We rely on the stable supply of major raw materials at competitive price and any significant increase in our cost of materials consumed may adversely affect our business and our profitability.

- We do not have prior experience in managing acquisition of new business and there is no assurance that we will be successful in identifying a suitable acquisition or investment target or our acquisition plan will be successful and smoothly implemented as we originally expected. If we cannot successfully implement our expansion plans, our business and growth prospects may be adversely affected.

LEGAL COMPLIANCE AND LITIGATION

There were certain deficiencies in our legal compliance in the PRC during the Track Record Period, namely (i) non-compliance in respect of social insurance and housing provident fund contributions; (ii) non-compliance related to inter-company lending activities; and (iii) our breach of the Tender and Bidding Law and the Tender and Bidding Law Implementation Regulations due to the inclusion of certain false credentials in an application for a pre-qualification of bidder. In addition, as at the Latest Practicable Date, we were involved in one ongoing legal proceeding of material nature relating to a claim involving an agreement for an outstanding contract sum of RMB2.8 million. Please refer to the paragraph headed "Business — Legal Compliance and Litigation" in this prospectus for further information.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy and Stock Exchange trading fee and other fees incurred in connection with the Global Offering and the Listing. The estimated total listing expenses (based on the mid-point of our indicative Offer Price range and assuming that the Over-Allotment Option is not exercised) for the Global Offering are RMB43.5 million. During the Track Record Period, listing expenses of RMB13.0 million was recognized as expenses and RMB4.4 million was recorded as prepayment. We expect to incur additional listing expenses of RMB26.1 million, of which RMB0.4 million and RMB12.5 million will be charged to equity, and RMB5.2 million and RMB8.0 million will be charged to our consolidated statements of comprehensive income for the two months ended 31 December 2016 and the year ending 31 December 2017, respectively.

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

"Acting-in-Concert Confirmation"	an acting-in-concert confirmation dated 20 March 2011 executed by Mr. Peng YH, Mr. Peng TB, Mr. Peng DS and Ms. Wang SF whereby the Peng Family confirmed that, inter alia, it has a common control and influence on the management, operations and voting rights of Chanhigh Landscape and its subsidiaries, particulars of which are set out in the section headed "Relationship with Controlling Shareholders" in this prospectus
"Application Form(s)"	the **WHITE** Application Form(s), **YELLOW** Application Form(s) and **GREEN** Application Form(s) or, where the context so requires, any of them
"Articles of Association" or "Articles"	the articles of association of our Company conditionally adopted on 15 March 2017 and will come into effect upon Listing, a summary of which is set out in Appendix IV to this prospectus
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"Board of Directors" or "Board"	the board of Directors of our Company
"Business Day" or "business day"	a day (other than a Saturday, Sunday or public holiday) on which banks in Hong Kong are generally open for business
"BVI"	the British Virgin Islands
"Canghu"	Huzhou Canghu Construction Investment Company Limited (湖州滄湖建設投資有限公司), a limited liability company established in the PRC which is, as at the Latest Practicable Date, indirectly owned as to 72.7% by CHHG, 20% by Huzhou Nantaihu Municipal Construction Company Limited (湖州南太湖市政建設有限公司) (an Independent Third Party) and 7.3% by Mr. Peng TB and his spouse
"Capitalisation Issue"	the issue of Shares to be made upon capitalisation of certain sum standing to the credit of the share premium account of our Company as referred to in the section headed "A. Further Information About our Company — 4. Resolutions in writing passed by our Shareholders passed on 15 March 2017" in Appendix V to this prospectus
"Cayman Islands Companies Law" or "Companies Law"	the Companies Law, Cap. 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands
"CCASS"	the Central Clearing and Settlement System established and operated by HKSCC

"CCASS Clearing Participant"	a person admitted to participate in CCASS as a direct clearing participant or general clearing participant
"CCASS Custodian Participant"	a person admitted to participate in CCASS as a custodian participant
"CCASS Investor Participant"	a person admitted to participate in CCASS as an investor participant who may be an individual, joint individuals or a corporation
"CCASS Participant"	a CCASS Clearing Participant, a CCASS Custodian Participant or a CCASS Investor Participant
"CHHG"	Chanhigh Holding Group Limited (滄海控股集團有限公司), formerly known as Ningbo Chanhigh Investment Ltd. (寧波滄海投資有限公司) and Ningbo Chanhigh Holding Group Ltd. (寧波滄海控股集團有限公司), a limited liability company established in the PRC on 26 April 2005, which is owned as to 30% by Mr. Peng TB, 20% by Mr. Peng DS and 50% by Ms. Wang SF, and a connected person of our Company
"Chanhigh Investments"	Chanhigh Investments Limited (滄海投資有限公司), a limited liability company established in the BVI on 15 March 2016, which is a wholly-owned subsidiary of our Company
"Chanhigh HK"	Chanhigh Hong Kong Limited (滄海香港有限公司), a limited liability company established in Hong Kong on 30 March 2016, which is wholly owned by Chanhigh Investments
"Chanhigh Landscape"	Zhejiang Chanhigh Municipal Landscape Construction Limited (浙江滄海市政園林建設有限公司), formerly known as Yin County Shanshui Landscape Engineering Limited (鄞縣山水園林工程有限公司), Ningbo Shanshui Landscape Construction Limited (寧波山水園林建設有限公司) and Ningbo Shanshui Construction Limited (寧波山水建設有限公司), a limited liability company established in the PRC on 22 February 2001, which is a wholly-owned subsidiary of Chanhigh HK and an indirect wholly-owned subsidiary of our Company
"China" or "PRC"	the People's Republic of China, which for the purpose of this prospectus and for geographical reference only, excludes Hong Kong, the Macau Special Administrative Region of the People's Republic of China and Taiwan
"CICPA"	The Chinese Institute of Certified Public Accountants
"close associate(s)"	has the meaning ascribed to it under the Listing Rules

"Circular 37"	Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administrative over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (Hui Fa [2014] No. 37) (《國家外匯管理局關於境內居民通過特殊 目的公司境外投融資及返程投資外匯管理有關問題的通知》 (匯發[2014]37號)) announced by SAFE on 4 July 2014
"Circular 75"	Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents, Conducted via Offshore Special Purpose Vehicles (Hui Fa [2005] No. 75) (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知 (匯發[2005] 75號)》) issued by SAFE on 21 October 2005 and implemented since 1 November 2005
"Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Company" or "our Company" or "the Company"	Chanhigh Holdings Limited (滄海控股有限公司), an exempted company incorporated in the Cayman Islands with limited liability on 1 April 2016 which, as at the date of this prospectus, is owned as to 50% by Vast Base and 50% by TEUR
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"Controlling Shareholder(s)"	has the meaning ascribed to it under the Listing Rules and unless the context requires otherwise, refers to the Peng Family, Vast Base and TEUR immediately following completion of the Capitalisation Issue and the Global Offering, further details of which are contained in the section headed "Relationship with Controlling Shareholders" in this prospectus
"core connected person(s)"	has the meaning ascribed to it under the Listing Rules
"CSRC"	China Securities Regulatory Commission (中國證券監督管理委員會), a regulatory body responsible for the supervision and regulation of the PRC national securities markets

"Deed of Indemnity"	the deed of indemnity dated 15 March 2017 entered into by our Controlling Shareholders in favour of our Company to provide certain indemnities, particulars of which are set out in the section headed "D. Other Information — 1. Estate duty, tax and other indemnities" in Appendix V to this prospectus
"Deed of Non-competition"	a deed of non-competition dated 15 March 2017 given by our Controlling Shareholders in favour of our Company, particulars of which are set out in the section headed ''Relationship with Controlling Shareholders — Non-competition Undertaking" in this prospectus
"Director(s)"	the director(s) of our Company
"EIT"	the PRC Enterprise Income Tax
"EIT Law"	the PRC Enterprise Income Tax Law (中華人民共和國企業所得稅法), as amended or supplemented from time to time
"electronic application instruction(s)"	instruction given by a CCASS Participant electronically via CCASS to HKSCC, being one of the methods to apply for the Hong Kong Offer Shares
"Foreign Investment Catalogue"	Guidance Catalogue of Industries for Foreign Investment (《外商投資產業指導目錄》)
"Frost & Sullivan"	Frost & Sullivan (Beijing) Inc., Shanghai Branch Co, a global provider of market research and analysis, growth strategy consulting, and corporate training services, which is an Independent Third Party
"Frost & Sullivan Report"	an industry report commissioned by us for a fee of RMB350,000, issued by Frost & Sullivan
"FY2013"	financial year of our Company ended 31 December 2013
"FY2014"	financial year of our Company ended 31 December 2014
"FY2015"	financial year of our Company ended 31 December 2015
"FY2016"	financial year of our Company ended 31 December 2016
"GDP"	an acronym for gross domestic product
"Global Offering"	the Hong Kong Public Offering and the International Placing
"GREEN Application Form(s)"	the application form(s) to be completed by the **White Form eIPO** Service Provider, Computershare Hong Kong Investor Services Limited

"Group", "our Group", "we", "our" or "us"	our Company and our subsidiaries or, where the context so requires, with respect to the period before which our Company became the holding company of our current subsidiaries, our Company's current subsidiaries or the businesses operated by such subsidiaries or their predecessors (as the case may be)
"Hefei Landscape"*	Hefei Lvqun Municipal Works and Landscape Company Limited (合肥綠群市政園林有限公司), a limited liability company established in the PRC on 26 December 2013, which is owned as to 51% by Chanhigh Landscape and 49% by Mr. Kang Hu (康虎), an Independent Third Party
"HKICPA"	Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Hong Kong" or "HK"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong dollars", "HK$" or "HKD"	Hong Kong dollars and cents, respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 15,000,000 newly issued Shares offered by us for subscription under the Hong Kong Public Offering, representing 10% of the initial number of the Offer Shares subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus
"Hong Kong Public Offering"	the offer of the Hong Kong Offer Shares by our Company for subscription by members of the public in Hong Kong (subject to adjustment as described in the section headed "Structure of the Global Offering" in this prospectus), and subject to the terms and conditions stated herein and in the Application Forms
"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offering listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus

* Hefei Landscape is a subsidiary of our Company after completion of the Reorganisation. However, as Chanhigh Landscape does not have actual control of Hefei Landscape according to a confirmation letter executed by Chanhigh Landscape and Mr. Kang Hu (康虎) on 26 December 2013, the accounts of Hefei Landscape shall not be consolidated into the accounts of our Group. Please refer to note 19 to the Accountants' Report in Appendix I to this prospectus for further details.

"Hong Kong Underwriting Agreement"	the underwriting agreement dated 20 March 2017 relating to the Hong Kong Public Offering entered into between, amongst others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the Hong Kong Underwriters, particulars of which are set forth in the section headed "Underwriting" in this prospectus
"IFRS"	the International Financial Reporting Standards, as issued by the International Accounting Standards Board
"Independent Third Party(ies)"	individual(s) or company(ies) not connected with (within the meaning of the Listing Rules) any Director, chief executive or substantial shareholder of our Company or any of our subsidiaries or any of their respective associates
"International Placing"	the conditional placing of the International Placing Shares for and on behalf of our Company outside the United States (including professional, institutional and corporate investors and excluding retail investors in Hong Kong) in reliance on Regulation S, subject to adjustment and the exercise of the Over-allotment Option as further described in the section headed "Structure of the Global Offering" in this prospectus
"International Placing Shares"	the 135,000,000 Shares being offered by our Company for subscription under the International Placing subject to adjustment and together, where relevant, with any additional Shares which may fall to be issued pursuant to the exercise of the Over-allotment Option (subject to adjustments as further described in the section headed "Structure of the Global Offering" in this prospectus)
"International Underwriters"	the group of international underwriters and the Sole Global Coordinator with whom we expect to enter into the International Underwriting Agreement to underwrite the International Placing
"International Underwriting Agreement"	the conditional underwriting agreement expected to be entered into on or about the Price Determination Date, by, amongst others, our Company, our Controlling Shareholders, the Sole Global Coordinator and the International Underwriters in respect of the International Placing, particulars of which are set forth in the section headed "Underwriting" in this prospectus
"Latest Practicable Date"	11 March 2017, being the latest practicable date prior to the printing of this prospectus for the purpose of ascertaining certain information contained in this prospectus
"Listing"	the listing of our Shares on the Main Board of the Stock Exchange

"Listing Committee"	the listing sub-committee of the board of directors of the Stock Exchange
"Listing Date"	the date on which dealings in the Shares on the Main Board commences
"Listing Rules"	the Rules Governing the Listing of Securities on the Stock Exchange
"Main Board"	the stock market (excluding the option market) operated by the Stock Exchange which is independent from and operated in parallel with the Growth Enterprise Market of the Stock Exchange
"Memorandum of Association" or "Memorandum"	the memorandum of association of our Company, 15 March 2017 adopted on 15 March 2017 and as amended, supplemented or otherwise modified from time to time, a summary of which is set out in Appendix IV to this prospectus
"MOFCOM"	the Ministry of Commerce of the PRC (中華人民共和國商務部) or its predecessor, the Ministry of Foreign Trade and Economic Cooperation of the PRC (中華人民共和國對外貿易經濟合作部)
"MOHURD"	the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部), formerly known as the Ministry of Commerce of the PRC (中華人民共和國建設部)
"Mr. Peng DS"	Mr. Peng Daosheng (彭道生), the founder and an executive Director, a member of the Peng Family, spouse of Ms. Wang SF, and father of Mr. Peng TB and Mr. Peng YH
"Mr. Peng TB"	Mr. Peng Tianbin (彭天斌), an executive Director and chairman of our Company, a member of the Peng Family, son of Mr. Peng DS and Ms. Wang SF, and brother of Mr. Peng YH
"Mr. Peng YH"	Mr. Peng Yonghui (彭永輝), an executive Director and chief executive officer of our Company, a member of the Peng Family, son of Mr. Peng DS and Ms. Wang SF, and brother of Mr. Peng TB
"Ms. Wang SF"	Ms. Wang Sufen (王素芬), a non-executive Director, a member of the Peng Family, spouse of Mr. Peng DS, and mother of Mr. Peng TB and Mr. Peng YH
"M&A Rules"	Regulations on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors《關於外國投資者併購境內企業的規定》 jointly promulgated by six PRC regulation authorities in China on 8 August 2006 and became effective on 8 September 2006 and subsequently amended on 22 June 2009.

"NDRC"	the National Development and Reform Commission of the PRC (中華人民共和國國家發展和改革委員會)
"NPC Standing Committee"	the Standing Committee of the National People's Congress of the PRC (全國人民代表大會常務委員會)
"Offer Price"	the final price for each Offer Share (exclusive of brokerage, SFC transaction levy and the Stock Exchange trading fee payable thereon) of not more than HK$2.38 per Offer Share and is expected to be not less than HK$1.88 per Offer Share at which the Offer Shares are to be offered for subscription pursuant to the Global Offering
"Offer Share(s)"	the Hong Kong Offer Shares and the International Placing Shares together, where relevant, with any additional Shares issued pursuant to the exercise of the Over-allotment Option
"Over-allotment Option"	the option to be granted by us to the Sole Global Coordinator, exercisable by it on behalf of the International Underwriters pursuant to the International Underwriting Agreement
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"Peng Family"	Mr. Peng DS, Ms. Wang SF, Mr. Peng TB and Mr. Peng YH
"PRC government"	the government of the PRC including all political subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities thereof or, where the context requires, any of them
"PRC Legal Advisers"	Jingtian & Gongcheng, a qualified PRC law firm as the PRC legal advisers to our Company for the application for the Listing
"Predecessor Companies Ordinance"	the Companies Ordinance (Chapter 32 of the laws of Hong Kong) as in force before 3 March 2014
"Price Determination Date"	the date on which the final Offer Price is to be determined by our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), which is expected to be on or about Friday, 24 March 2017 and in any event, not later than Wednesday, 29 March 2017
"PYH Family Trust"	Peng Yong Hui Family Trust, a discretionary trust set up by Mr. Peng YH, the beneficiaries of which shall include Mr. Peng YH and his descendants who carry the "PENG" (彭) surname

"PTB Family Trust"	Peng Tian Bin Family Trust, a discretionary trust set up by Mr. Peng YH, the beneficiaries of which shall include Mr. Peng TB and his descendants who carry the "PENG" (彭) surname
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganisation"	the corporate reorganisation of our Group in preparation for the Listing as described in the section headed "History, Development and Reorganisation — Reorganisation" in this prospectus
"Repurchase Mandate"	the general unconditional mandate to repurchase Shares given to the Directors by our Shareholders, further details of which are contained in the paragraph headed "A. Further Information about our Company — 6. Repurchase of Shares by our Company" in Appendix V to this prospectus
"RMB" or "Renminbi"	Renminbi, the lawful currency of the PRC
"SAFE"	State Administration of Foreign Exchange of the PRC (中華人民共和國外匯管理局)
"SAT"	State Administration of Taxation of the PRC (中華人民共和國國家稅務總局)
"SFC"	the Securities and Futures Commission of Hong Kong
"SFO"	the Securities and Futures Ordinance (Chapter 571 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Share(s)"	ordinary share(s) in the share capital of our Company
"Shareholder(s)"	holder(s) of our Share(s)
"Simplified Qualification Standard of Construction Enterprises"	The Notice of the MOHURD on simplifying a partial index of the Qualification Standards of Enterprises in the Construction Industry (JIAN SHI[2016]226) (《住房城鄉建設部關於簡化建築業企業資質標準部分指標的通知》(建市[2016]226號)) promulgated on 14 October 2016 and implemented as from 1 November 2016.
"Sole Sponsor"	Essence Corporate Finance (Hong Kong) Limited, a licensed corporation to carry out Type 6 (advising on corporate finance) regulated activity under the SFO
"Sole Global Coordinator", "Sole Bookrunner" or "Sole Lead Manager"	Essence International Securities (Hong Kong) Limited, a licensed corporation to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities under the SFO
"Stabilising Manager"	Essence International Securities (Hong Kong) Limited

"State Council"	the State Council of the PRC (中華人民共和國國務院)
"Stock Borrowing Agreement"	the stock borrowing agreement to be entered into between the Stabilising Manager and Vast Base, pursuant to which the Stabilising Manager may borrow up to 22,500,000 Shares to cover any over-allocation in the International Placing
"Stock Exchange"	The Stock Exchange of Hong Kong Limited
"subsidiary(ies)"	has the meaning ascribed to it under the Listing Rules
"substantial shareholder(s)"	has the meaning ascribed to it under the Listing Rules
"Takeovers Code"	the Hong Kong Code on Takeovers and Mergers issued by the SFC, as amended from time to time
"Tender and Bidding Law"	Tender and Bidding Law of the PRC (《中華人民共和國招標投標法》), promulgated by the NPC Standing Committee on 30 August 1999 and implemented as from 1 January 2000
"Tender and Bidding Law Implementation Regulations"	Tender and Bidding Law Implementation Regulations of the PRC (《中華人民共和國招標投標法實施條例》) promulgated by the State Council on 20 December 2011 and implemented on 1 February 2012
"TEUR"	TEUR Holdings Limited (天鉦控股有限公司), a company incorporated under the laws of BVI with limited liability on 15 March 2016, and is wholly-owned by Mr. Peng YH as the Trustee of the PTB Family Trust
"Track Record Period"	the period comprising the financial years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016
"Trustee"	Mr. Peng YH, the trustee of the PYH Family Trust and the PTB Family Trust
"Underwriters"	the Hong Kong Underwriters and the International Underwriters
"Underwriting Agreements"	the Hong Kong Underwriting Agreement and the International Underwriting Agreement
"United States" or "U.S."	the United States of America, its territories, its possessions and all areas subject to its jurisdiction
"USD" or "US$"	United States dollars, the lawful currency of the United States
"U.S. Securities Act"	the United States Securities Act of 1933, as amended, and the rules and regulations as promulgated thereunder
"Vast Base"	Vast Base Investments Limited (浩程投資有限公司), a company incorporated under the laws of BVI with limited liability on 15 March 2016, and is wholly-owned by Mr. Peng YH as the Trustee of the PYH Family Trust

"VAT"	value-added tax
"**WHITE** Application Form(s)"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be issued in the applicants' own names
"**White Form eIPO**"	the application for Hong Kong Offer Shares to be issued in the applicant's own name by submitting applications online through the designated website of White Form eIPO at **www.eipo.com.hk**
"**White Form eIPO** Service Provider"	Computershare Hong Kong Investor Services Limited
"Xuancheng Landscape"	Xuancheng Chanhigh Municipal Landscape Engineering Limited (宣城市滄海市政園林工程有限公司), a limited liability company established in the PRC on 23 July 2012, which is a wholly-owned subsidiary of Chanhigh Landscape and an indirect wholly-owned subsidiary of our Company
"**YELLOW** Application Form(s)"	the application form(s) for use by the public who require such Hong Kong Offer Shares to be deposited directly in CCASS
"YZTB"	Ningbo Yinzhou Tianbin Trading Limited (寧波市鄞州天賓貿易有限公司), a company owned as to 90.18% by CHHG and as to 9.82% by Ms. Wang SF
"%"	per cent.

Unless expressly stated or the context requires otherwise:

- *amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items;*
- *unless expressly stated or otherwise required by the context, all data in this prospectus is as at the Latest Practicable Date;*
- *all references to any shareholdings in our Company assume no exercise of the Over-allotment Option unless otherwise specified; and*
- *solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at specified rate. You should not construe these translations as representations that the Renminbi amounts could actually be, or have been, converted into Hong Kong dollar amounts (as applicable) at the rate indicated or at all. Unless we indicate otherwise, the translations of Renminbi amounts into Hong Kong dollars have been made at the rate of RMB1.00 to HK$1.1236.*

For ease of reference, the names of the PRC established companies, entities, laws and regulations have been included in this prospectus in both Chinese and English. The name in Chinese is the official name of each such company, entity, law or regulation (as the case may be), while that in English is only an unofficial translation, and in the event of any inconsistency, the Chinese name shall prevail.

This glossary of technical terms contains explanations of certain terms, definitions and abbreviations used in this prospectus in connection with our Group and our business. The terms and their meanings may not correspond to standard industry meaning or usage of those terms.

"Beautiful China"	a development strategy proposed by the PRC government in the 13th Five-year Plan to 2015 highlighting the prominent position of ecological civilisation construction to achieve sustainable development
"BOO"	build-own-operate, a project model in which a private entity builds, owns and operates their facilities and assets with no obligation to transfer their ownership of their relevant facilities and assets to any specified parties at any specified time
"BOT"	build-operate-transfer, a project model in which a private entity receives a concession from the contracted government to finance, design, construct and operate a facility stated in the concession contract for a definite period of time and transfer the facility and assets to the public sector after the completion of the concession period, at which point the obligation of the private entity to operate the designed and constructed facility effectively terminates
"BT"	build-transfer, a project model in which a private entity receives a concession from the contracted government to finance, design and construct a facility stated in the concession contract. The private entity will undertake the financing of construction expenditures and transfer the facility and assets to the public sector after completion of construction and inspection for acceptance. The contracted government authority will compensate the private entity for the relevant construction expenditures and financing costs in instalments over a deferred payment period upon completion of the project
"CAGR''	compound annual growth rate
"green coverage ratio"	the proportion of the vertical projection area (垂直投影面積) of the green plants in the total area of the land used in the city
"landscaping projects" or "landscaping works" or "landscape construction"	projects relating to the modification and improvement of outdoor areas through transformation of existing topography and landscape, planting and construction of buildings and pavement
"municipal landscaping projects" or "municipal landscaping works"	landscaping works or projects initiated or led by the government or state-invested enterprises

"municipal projects" or "municipal works" or "municipal construction"	a broad range of works relating to road, bridge and ancillary facilities constructions, street and road lights constructions and construction and improvement of waterways, construction of drainage, sewage systems and pipeline networks in cities
"PPP"	Public-Private-Partnership, a business model in which public infrastructure projects are financed, built and operated by way of partnership between the public sector and the private sector
"Settlement Audit"	a process through which our customer's designated cost consultant or audit agency determines and certifies the final contract value for the purpose of settlement of outstanding payment
"Sponge City"	a city that can hold, clean and drain water in a natural way using an ecological approach through the implementation of green infrastructure with increased ability to control flood and manage storm disasters
"Yangtze River Delta"	a region covering Shanghai, Jiangsu Province and Zhejiang Province of the PRC

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

- our business strategies and operating plans;
- our capital expenditure and expansion plans;
- our ability to identify and successfully take advantage of new business development opportunities;
- our dividend policy; and
- our views with respect to future events, operations or performance.

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

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

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

RISKS RELATING TO OUR BUSINESS

Our future operations, working capital and cashflow position may be adversely affected if our customers fail or delay to settle our payment due to us, and there is no assurance that our unbilled work will be collected in full

We are subject to the credit risks of our customers and our profitability and cash flow are largely dependent on the timely settlement of payments by our customers for the services we have rendered to them. During the same periods, our trade and bills receivables amounted to RMB355.0 million, RMB369.5 million, RMB455.6 million and RMB479.9 million as at 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, respectively, and our trade and bills receivables aged over one year amounted to RMB189.0 million as at 31 October 2016. A significant amount of trade and bills receivables we carried during the Track Record Period was mainly attributable to long payment cycle of various customers, which comprised mainly state-invested enterprises and local governments. For detailed discussions on the trade and bills receivables of our Group during the Track Record Period, please refer to the paragraph headed "Financial Information — Description of Certain Items of Consolidated Statements of Financial Position — Trade and bills receivables" in this prospectus. Based on the management accounts of our Group, as at 31 January 2017, 47.5% of our Group's total trade and bills receivables outstanding as at 31 October 2016 had been settled.

Due to the nature of our business, we claim for progress payment upon meeting the agreed project milestone(s) and bill and claim for the remaining balance (other than retention money) upon completion of the Settlement Audit. As a result, we are often required to first incur expenditure to carry out the works before we are entitled to bill and claim against our customers. We record construction contracts in progress at the end of the reporting period at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as "gross amount due from customers for contract work". As at 31 December 2013, 2014 and 2015 and 31 October 2016, our gross amount due from customers for contract work amounted to RMB205.6 million, RMB349.7 million, RMB387.4 million and RMB657.6 million, respectively. As at 31 January 2017, 57.2% of gross amounts due from customers for contract work as at 31 October 2016 were subsequently billed to our customers. As such amount would become billable and payable only after meeting the agreed project milestone(s), there is no assurance that the amount of such unbilled work will be collected by us from our customers in full, or at all. Further, our customers may need to go through internal procedures for approving settlement. The time required for our customers to complete such exercise varies greatly, which can be affected by factors such as the overall project schedule or work progress, internal procedures of our customers as well as the government policy (such as whether the project is the policy focus in case of state-funded projects which may affect the resource allocation of the government), which are beyond our control.

We cannot assure you that we will be able to collect all or any of our trade receivables or collect the amount for any unbilled work on time, or at all, after meeting the agreed project milestone(s) or completion of the Settlement Audit (as the case may be). If any of our customers face unexpected situations, including, but not limited to, financial difficulties caused by fiscal constraints or change in fiscal policy of the government or delay in completion of the entire projects of which our project forms part, our customers may delay or even default in their payment obligation. As a result, we may not be able to receive from such customers payment of uncollected debts in full, or at all, and we may need to make provisions for trade receivables. The occurrence of such event would materially and adversely affect our financial conditions and results of operations.

Our failure to obtain or renew the qualifications and certificates necessary for our business operations would materially and adversely affect our ability to conduct or expand our business

We are required to maintain requisite qualifications and certificates to conduct our business. Please refer to the section headed "Business — Major Qualifications and Certificates" in this prospectus for further details. We must comply with the conditions imposed by the relevant authorities to maintain our qualifications and certificates. Any suspension or revocation of these qualifications or certificates may have a material adverse impact on our business and operations. In addition, we cannot assure you that qualifications or certificates necessary for our business operations will be granted to or renewed by us in a timely manner, or at all. If we experience delays in obtaining, or are unable to obtain, such required qualifications or certificates, our operations and business and our overall financial performance will be materially and adversely affected. We may also not be able to commence new business line if we fail to obtain the requisite qualification or certificates. Further, any change in the qualification requirements or certificate conditions may require us to incur additional compliance costs or result in costly and time-consuming changes to our operations in order to fulfil the new requirements or conditions. Please refer to the section headed "Regulatory Overview" in this prospectus for further details on the regulatory requirements applicable to our operations.

We do not have long-term commitments with our major customers and we generate our revenue mainly on project-basis which is not recurring in nature

Our relationships with our customers are mainly contract-based with reference to particular project(s). In cases where our customers are local governments, they may form a project company for commencing and managing a new project and organising the tendering process. As such, our major customers do not have long-term commitments with us and can vary from period-to-period. In addition, our relationships with our major customers are non-exclusive and largely dependent on goodwill. Our results of operations will continue to depend on (a) our ability to continue to secure projects from our customers, in particular, the state-invested enterprises and local governments which are major group of our customers; and (b) the financial condition of our major customers. We cannot assure you that our major customers will be able to continue to maintain strong financial position. If their financial condition significantly deteriorates, they may reduce the number and scale of new projects, thereby reducing business opportunities to us. Furthermore, we cannot assure you that we will be able to maintain or improve business relationships with our existing customers and any of them may terminate their respective business relationships with us at any time. Any material difficulty in securing projects from our customers, termination or significant reduction in the number or contract value of the projects secured from them could cause our revenue and profit to decrease significantly. If any of the foregoing events occurs, our financial conditions and results of operations may be materially and adversely affected.

As more particularly disclosed in the section headed "Business — Our Business Model", during the Track Record Period, normally contracts were awarded through participation into tenders. As such, our revenue derived from such projects is mainly project-based which is not recurring in nature. In the tendering process, we have to prepare and submit a tender bid and sign construction contract for new project only if our bid is successful. The tenderer sets its own assessment process and selection criteria over which we have limited control or influence. The contract is not necessarily awarded to the lowest priced bid and the tendering process can be highly competitive, especially for high-profile or lucrative project. As such, we cannot assure you that every bid submitted by us in the tenders will be successful. In the event that our bid for major contract is not successful, we may lost opportunity to elevate our corporate profile and generate new revenue source, and our business and results of operations may be materially and adversely affected.

We rely on the stable supply of major raw materials at competitive price and any significant increase in our cost of materials consumed may adversely affect our business and our profitability

The principal raw materials for landscaping projects are plants and saplings, and the principal raw materials for municipal works are cements, steels, timbers, pipes, stones and sands. We also use plants and saplings for ancillary greenery works in municipal projects. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, our cost of materials consumed accounted for 69.0%, 71.6%, 71.8% and 65.6%, respectively, of our cost of services rendered. The profitability of our operations is dependent on our ability to continue to procure from our suppliers high-quality and sufficient amount of raw materials on a timely basis and at competitive prices. Supply and prices of raw materials may be subject to fluctuation for reasons beyond our control such as climatic changes, greater industry demand and breakdown in the transportation system, etc., leading to the shortage of supply and hence delay in our project schedule. We cannot assure you that the prices of raw materials will remain stable or there would not be any sudden shortage or disruption in the supply of raw materials required by us in the future.

Our ability to secure key raw materials at competitive terms may also be affected by any change in business relationship with our major suppliers. We also cannot assure you that our major suppliers will not consolidate their businesses, such that they will be in a stronger bargaining position in their contract negotiations with us. Any loss of major supplier and our inability to find alternative supplier for the required raw materials on commercially acceptable terms in a timely manner, or at all, would disrupt our operations and increase our cost of materials consumed. Any significant increase in our cost of materials consumed and our inability to pass on the increased cost burden to our customers could have a material adverse effect on our business, financial conditions and results of operations.

We do not have prior experience in managing acquisition of new business and there is no assurance that we will be successful in identifying a suitable acquisition or investment target or our acquisition plan will be successful and smoothly implemented as we originally expected. If we cannot successfully implement our expansion plans, our business and growth prospects may be adversely affected

We plan to continue to enlarge our business coverage and expand our service capability through the implementation of horizontal and vertical integrations. For example, we intend to acquire or enter into strategic cooperation with one or more companies in the PRC possessing first-grade qualification in architectural designs with proven track record, aiming at offering full-services construction solution for customers. Our current expansion plans contemplate a more rapid pace of expansion than we have previously undergone. For further details, please refer to the sections headed "Business — Business Strategies" and "Future Plans and Use of Proceeds" in this prospectus. As at the Latest Practicable Date, we had not entered into any definitive agreement nor engaged in any active discussion with any potential target under our expansion plans. We have no prior experience in managing acquisition of business and there is no assurance that we will be successful in identifying a suitable acquisition or investment target or the business of the acquisition or investment target will be smoothly integrated into our Group as we originally expected. The pace of implementation and effectiveness of our expansion plan may also be adversely affected by political instability, significant economic downturn or market turmoil which are beyond our control. We also cannot assure you that our expansion plans will be successfully implemented or result in profitability as expected or that our revenue will continue to grow in the future at the same rate as it did during the Track Record Period, or at all.

Our expansion may place substantial demands on our management and our operational, technological, financial and other resources. Our planned expansion will also impose significant burden on us to maintain consistent service quality across a larger operational network and to preserve our corporate culture across a larger and more diverse employee base to ensure that our reputation does not suffer as a result of any deterioration, whether actual or perceived, in the quality of our services rendered.

To manage and support our growth, we may need to improve our existing operational and administrative systems as well as our financial and management controls. Our continued growth also depends on our ability to recruit, train and retain additional qualified management personnel and technicians as well as other administrative and marketing personnel, particularly as we expand into wider scope of services. To accommodate our growth, we need to continue managing our relationships with our key suppliers and customers. All of these will require substantial management attention and efforts and significant additional expenditures. We cannot assure you that we will be able to manage any future growth effectively and efficiently, and any failure to do so may adversely affect our ability to capitalise on new business opportunities, which in turn may have a material adverse effect on our business, results of operations and prospects.

If we fail to accurately estimate our costs or fail to complete relevant projects within our cost estimates, our results of operations would be adversely affected

Our contract prices are mainly determined by reference to our tender documents and are substantially fixed at the time a project is awarded to us. We are responsible for our own costs, and our ability to achieve our target profitability on any project is dependent on our ability to accurately estimate and control these costs. The total costs we incur on each project could be affected by a variety of factors, including fluctuations in the price of raw materials, variations in labour costs during the term of a contract, changes in project scope or conditions and the time of delivery. Although some of our contracts provide for price adjustments if certain specified events occur, these adjustment provisions may not adequately protect us in the event of a cost overrun. If our costs for a project exceed the contracted price and any price adjustment provisions in the relevant contract do not adequately cover the cost overrun, we may incur losses, which could materially and adversely affect our financial conditions and results of operations.

If we delay in the completion of projects undertaken by us, we may face litigation, be required to pay damages and additional costs, which may adversely affect our business, financial conditions, results of operations and reputation

We are required to complete each project according to the schedule as agreed between us and our customers. If we fail to complete the project within an agreed timeframe for reasons such as abnormal weather condition, disruption in the supply of raw materials and shortage of manpower, which results in a breach of our contractual obligations, we may be liable to compensate our customers for losses or damage caused by the delay. For the project(s) undertaken by us, the construction contract(s) might contain a penalty clause for non-completion or late delivery of work, which provides for a sum of liquidated damages calculated on the basis of a fixed sum of money per day (as stated in the contracts) required to be paid by us to the customer for the period during which the works so remain incomplete due to our default. Any claim for the damages as a result of the delay in the completion of the projects undertaken by us will affect our profitability if no extension of time is granted, as the customer is entitled to deduct such liquidated damages from the contract sum payable to us under the relevant contract. The effect to us depends on the length of the delay in completion due to our default.

Furthermore, any failure on our part to complete a project in a timely manner could harm our reputation in the industry and hinder our ability to win future contracts and, as a result, our business, financial conditions and results of operations could be materially and adversely affected.

Our backlog may not be indicative of our future results of operations

We have provided our contract backlog amounts, which represent the aggregate value of the construction contracts we have executed as of a certain date, less revenue already recognised in connection with such contracts up to and including the same date. Backlog serves as an estimate of the value of work contracted for and yet to be completed, and thus an estimate of revenue expected to be recognised in the future in connection with the relevant contracts. However, we determine the amount of our contract backlog based on the assumption that the relevant contracts will be performed in full in accordance with their terms. As this assumption may not be true with respect to each and every relevant contract we have executed or will execute in the future, our backlog amounts may not be indicative of our actual earnings in the future.

We cannot assure you that we will not be subject to any material modification, termination or cancellation of our contracts by our customers in the future, and such material modification, termination or cancellation may have a material adverse effect on our financial conditions, results of operations and prospects. We also cannot assure you that our backlog amount will be recognised timely, or at all, or that our backlog amount once recognised will result in profits. Based on the foregoing, you are cautioned not to rely on our backlog information presented herein as an indicator of our future results of operations and earnings.

Retention money in relation to our projects may not be paid to us on time or in full

Subject to the terms of the construction contract, our customers are entitled to withhold a portion of the total contract value as retention money which generally ranges from 5% to 10% of the total contract value, and is released to us after the warranty period. We cannot assure you that the retention money or any future retention money will be paid by our customers to us on a timely basis or in full. In the event that our customers fail to make such payments on time or in full, our liquidity position may be adversely affected.

We face risks associated with undertaking PPP or other similar type of projects

As more particularly disclosed in the sections headed "Industry Overview" and "Business — Business Strategies", the PRC government is promoting PPP in public construction works as a way to channel private capital into the public sector. As such, to capture new business opportunities, in addition to our existing model under which we act as a contractor, we will explore different forms of cooperation with the government, such as PPP, subject to the prevailing market conditions and the satisfaction of our risk assessment. PPP project can take different forms, such as BT, BOT or BOO.

Whilst PPP (or other similar arrangement) presents to us attractive business opportunities, if we undertake any project on a PPP basis in the future, we will be exposed to credit and liquidity risks, such as the inability of our customers to make payment on time, or at all, in accordance with the relevant cooperation agreement, significant increase in our financing cost, potential disagreements or disputes with our partner in PPP projects, changing economic conditions and our inaccurate estimate of the project's performance, as a result of which, the profitability and prospects of the PPP projects (or other similar type of projects) undertaken by us and our liquidity will be materially and adversely affected. The profitability and sustainability of PPP projects (or other similar type of projects) are depending on the government's continuous support on public-private participation and sharing of risks and returns from construction projects in public sector. Any changes in government policies may limit our ability to profit from such projects, which will materially and adversely affect our business and results of operations.

Undertaking PPP projects (or other similar type of projects) requires significant capital investment over extended periods, which may affect our liquidity and decrease the capital resources otherwise available for other uses. Moreover, the occurrence of PPP and other similar arrangement in PRC landscape and municipal works construction industry is relatively recent, and we have limited experience in assessing and managing the risks particular to PPP or other similar type of projects. Our inability to execute or handle PPP or other similar type of projects may materially and adversely affect our business, financial conditions, results of operations and prospects.

We outsource manual works in our projects to third-party labour service providers and our business, results of operations and reputation may be adversely affected if such labour service providers fail to fulfil our requirements

During the Track Record Period, we outsourced manual works to external labour service providers in the course of our project execution. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, our labour service fee amounted to RMB65.2 million, RMB50.0 million, RMB96.5 million and RMB181.8 million, respectively, representing approximately 13.3%, 8.9%, 11.5% and 16.6%, respectively, of our cost of services rendered for the same period. For further details, please refer to the section headed "Business — Employees and Labour Outsourcing — Labour outsourcing" in this prospectus. Although our project team closely monitors the work quality and performance of the workers of the labour service providers, we cannot assure you that we are able to monitor or manage the performance of these workers as directly and effectively as our staff members and that the services rendered by them will be completed in a timely manner or of satisfactory quality. If the services rendered by the workers of the labour service providers are not timely delivered or of acceptable quality, we cannot assure you that we will be able to engage an alternative labour service providers for replacement to undertake the remedial work on a commercially acceptable terms or at all. As a result, we may incur substantial costs to complete the projects and remedy any defects and our reputation could be significantly harmed. Furthermore, any labour service provider who experiences financial or other difficulties, including labour disputes with its workers, may impair its ability to arrange its workers to carry out work required on time or at all, resulting in a delay in the completion of our projects or in additional costs. The occurrence of any of these events may adversely affect our business, results of operations and reputation.

Our business is concentrated in Zhejiang Province and is therefore susceptible to any adverse economic or market development in the region. There is also no assurance that we will be able to replicate our business model to other regions of the PRC

Our business is based in Zhejiang Province and we expect to continue to derive a majority of our revenue from this market. Revenue contribution from Zhejiang Province represented 65.3%, 56.1%, 72.8% and 61.9%, respectively, of our total revenue for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016. Historically, our business development and results of operations were benefited from the rapid economic growth in Zhejiang Province and adjacent regions, which witnessed rapid urbanisation and increasing government spending in public sector, thereby creating surging demand for landscaping and municipal works construction projects. As such, any material adverse change in the economic and political conditions in the area including:

- a sudden downturn in the local economy or slowdown in landscape and municipal works construction activities or significant contraction of spending in public sector;
- natural disasters, epidemics, other acts of god or breakdown in the transportation system, which may disrupt our raw material supplies and delivery as well as project completion;
- change in local government policies, rules or regulations such as tightening measures on local government spending on infrastructure or new landscape and municipal works construction projects or access to bank borrowings; or
- change in competitive landscape, such as the emergence of competitors with stronger brand recognition and financial resources than us,

may lead to a significant decrease in the demand for our services or significantly increase our cost of operations, and our business, results of operations, expansion plan and prospects would be materially and adversely affected.

To diversify our revenue source, in addition to organic expansion in Zhejiang Province, we plan to explore and develop new business opportunities in other regions in the PRC, including in Central China, Western China and Pearl River Delta, where we have little or no operating experience. These new regions may have different competitive landscape, business and regulatory environments, market conditions and customers' preferences. Potential customers in these regions may not be familiar with us and we may need to build up our reputation in such markets through greater investments in marketing activities and participations into the local projects to increase our visibility. We may also find it more difficult in new regions to hire, train and retain qualified employees who share our business philosophy and culture. As a result, we cannot assure you that we will be able to replicate our success to other regions of the PRC.

We had negative net operating cash flow for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, which exposes us to liquidity risks

We had net cash flows used in operating activities of RMB12.1 million, RMB62.5 million and RMB7.5 million for the years ended 31 December 2013, 2014 and 2015 and RMB50.1 million for the ten months ended 31 October 2016. For further details, please refer to the section headed "Financial Information — Cash Flows" in this prospectus. There is no assurance that we will not experience periods of negative cash flow in future. A negative cash flow position would expose us to liquidity risks if we were unable to refinance certain loans when they become due. There is no assurance that we will always be able to obtain the necessary funding to refinance our short-term borrowings upon maturity. If we were unable to refinance such borrowings when due, and we were not otherwise able to repay such amounts at maturity, we may be in default of such loans, which may result in cross-defaults. In such circumstances, our business, liquidity, results of operations, financial condition and prospects could be materially and adversely affected.

We may face claims or litigation arising from personal injuries or fatal accidents arising from our operations

Construction sites are potentially dangerous workplaces and our construction projects may place our employees and others in close proximity with construction equipment and machineries and moving motor vehicles. Despite our implementation of safety policies and standardised construction technique, we are still subject to risks surrounding these activities, such as equipment failure, accidents and geological catastrophes. These hazards can also cause personal injury or fatalities, as well as damage to or destruction of property, equipment and machineries. For example, in 2013, we and other defendants were held liable and ordered to pay compensation for the death of a trespasser who was drown dead at the construction site of the Nankang City One-River-Two-Banks Reconstruction Project* (南康市一江兩岸整治改造工程), in which we acted as a constructor of the said project. For details, please refer to the section headed "Business — Legal proceedings — Completed legal proceedings during the Track Record Period — Fatal accident" in this prospectus. There is no assurance that material workplace accidents will not occur in the future despite our safety policies and measures. Even if such accidents were not caused by our fault or negligence, such accidents may still cause us to incur substantial costs and damage to our reputation. Damage to our reputation as a result of workplace accidents, whether or not contributed by our fault, may cause us to lose future business and expose us to legal or administrative actions, which may materially and adversely affect our business and results of operations.

Any of the work safety related claims or legal proceedings against us and adverse consequences (if any) could be costly and could divert our senior management's attention from our business, which could have a material adverse effect on our business, financial conditions and results of operations.

We are exposed to claims arising from latent defects that may be caused by us or our suppliers or our labour service providers, the discovery of which may have negative impact on our results of operations and reputation

We may face claims arising from latent defects that might be existing but not yet discovered, developed or visible. Such possible latent defects may include undertaking the works not meeting the specifications or quality standards in the contracts, or poor workmanship or use of defective materials we procured from our suppliers, which may not be discovered despite the inspection and acceptance by the customers of the works prior to completion and remain undiscovered for years after the completion of the relevant project. Such possible latent defects may be caused by us or our suppliers or our labour service providers and may result in damage to property or personal injury or even death.

If there are claims against us as a result of such latent defects, even if the defects are caused by our suppliers or our labour service providers without our fault, we may not be able to locate the relevant suppliers or our labour service providers, or may fail to procure the relevant supplier or our labour service providers to rectify the defect, if it is rectifiable, or may fail to hold the relevant party liable or obtain compensation for any loss or damages caused by such defects. In the event that there are any significant claims by our customers or other party against us for any latent defects, if these claims are successful, our results of operations may be materially and adversely affected. Even if such latent defects do not involve any non-compliance with laws or regulations, or breach of any contractual obligations on our part, we may be required to rectify such defects or take preventive or remedial measures, such as conducting reviews, tests or examinations on our works in the past, due to the negative publicity or to prevent our brands and reputation from being negatively affected. Any negative publicity may adversely affect our reputation and may make it more difficult for us to be engaged for future projects. As a result, our business and results of operations may be materially and adversely affected.

We may not have adequate insurance coverage and the occurrence of uninsured damages could have material adverse effects on our business, financial conditions and results of operations

As at the Latest Practicable Date, we had obtained insurance policies that we believe are customary for business of our size and type and in line with the standard commercial practice in the jurisdictions where we have operations. For further details on our insurance policies, please refer to the section headed "Business — Insurance" in this prospectus. However, there are types of losses we may incur that cannot be insured against or that we believe are not commercially reasonable to insure, such as loss of reputation. Further, the insurance premium payable by us depends on various factors including the scope, the nature of works undertaken by our employees and our insurance claim records with the insurer. We cannot assure you that the insurance premium payable by us will not increase in the future. If we were held liable for uninsured losses or amounts and claims for insured losses exceeding the limits of our insurance coverage or the insurance premium payable by us increases significantly, our business and results of operations may be adversely affected.

Our success and continued growth are dependent on our key management team. Any loss of any key personnel without appropriate replacement could have an adverse effect on our business, results of operations and prospects

The success of our business to date depends largely on our ability to retain our key personnel, in particular our executive Directors, namely, Mr. Peng DS, Mr. Peng TB and Mr. Peng YH and the members of senior management, whose business network and industry experience are of particular importance to us. For details of our Directors and senior management members, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

We cannot assure you that we will be able to retain our key personnel. These individuals might move to our competitors or form a competing company and compete with us for customers, business partners, and other key professionals of ours using their experience and expertise. As a result, the loss of any of our key personnel without appropriate replacement could have a material adverse effect on our business, results of operations and prospects.

Increased labour costs could slow down our growth and affect our revenue and profitability

Since our operations are labour-intensive and our operations, to a certain extent, require the use of technical skills and knowhow of our employees, our success depends in part on our ability to attract, retain and motivate a sufficient number of qualified employees. We have implemented a number of initiatives in an effort to attract, retain and motivate our qualified and competent staff. There is no assurance that these measures will be effective or that supply of skilled labour in local markets will be sufficient to fulfil our needs. Competition for competent and skilled labour is intensive in the industry. Our failure to hire and retain enough skilled employees could delay the construction schedule of the works undertaken by us or result in our expenses exceeding our initial budget, either of which could have a material adverse effect on our business, profitability and prospects.

Further, substantially our entire workforce is employed in the PRC. The average labour cost in the PRC has been steadily increasing over the past years as a result of government-mandated wage increases and other changes in the PRC labour laws. Further changes in the labour laws, rules and regulations may be promulgated by the PRC government in the future and our operations may be materially and adversely affected if such laws, rules or regulations impose additional burden on the employers. The labour cost will continue to increase in the future which is in line with the economic growth in the PRC. Competition for employees would require us to pay higher wages, which would result in higher labour costs.

We may need additional capital to fund the expansion plan and growth in the future, which we may not be able to obtain on acceptable terms, or at all

We may need additional capital to fund our capital expenditure associated with our expansion plans. There is no assurance that we will generate sufficient cashflow from our operating activities for our intended expansion plans. In the event that we do not have sufficient operating cashflow, we will need to obtain alternative financing. There is no assurance that we will be able to obtain adequate financing on acceptable terms, or at all. Our ability to obtain additional capital on acceptable terms will be subject to a variety of uncertainties, including:

- investor perceptions of and appetite for securities of companies engaged in the industry in which we are operating our business;
- conditions in the capital and financial markets in which we may seek to raise funds;
- our future cash flows, financial condition and results of operations; and
- economic, political and other conditions in the PRC and the rest of the world.

We may be required to scale back our planned capital expenditures, which may adversely affect our ability to achieve economies of scale and implement our planned growth strategy. If we raise additional funding through debt financing, our interest and debt repayment obligations will increase. The terms of any future debt facilities may also impose restrictive covenants that may restrict our business and operations or result in dilution of shareholding of our Shareholders in the case of equity financing. Our inability to raise additional funds in a timely manner and on terms favourable to us, or at all, may have a material adverse effect on our financial conditions, results of operations and prospects.

We have previous incidents of non-compliance with the laws and regulations and any enforcement action against us may adversely affect our reputation

We did not fully comply with certain legal and statutory requirements in the PRC with respect to our business operations during the Track Record Period. Such non-compliances include our failure to fully make contributions in respect of social insurance and housing provident fund for some of our employees, our engagement in inter-company lending activities and our breach of the Tender and Bidding Law and the Tender and Bidding Law Implementation Regulations due to the inclusion of certain false credentials in an application for a pre-qualification of bidder. Please refer to the section headed "Business — Legal Compliance and Litigation" in this prospectus for further details of these incidents, possible legal consequences, maximum financial impacts and the rectification measures taken by us. If any of the government agencies in the PRC takes enforcement action against us for these non-compliance incidents, we may be ordered to pay fines and/or other penalties, make up the outstanding payment, incur legal costs arising from any legal action against us or the directors of our relevant Group members, and may be exposed to negative media coverage, which could adversely affect our business, results of operations and reputation.

We derived imputed interest income from related companies during the Track Record Period which was non-recurring in nature

For FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, we recorded interest income on amount due from related parties of RMB18.7 million, RMB22.9 million, RMB24.6 million and RMB5.5 million, respectively under other income and gains. Such income was derived from inter-company lending during the same period and was non-recurring in nature. Other than the advances which were non-interest bearing, the weighted average interest rate (on an annual basis) we charged for each balance of the advance with such related parties ranged from 7.8% to 8.5%, 7.4% to 12.7%, 7.4% to 8.2% and 5.4% to 5.9%, respectively, for the years ended 31 December 2013, 2014, 2015 and the ten months ended 31 October 2016. For further details, please refer to the section headed "Financial Information — Results of Operations — Other income and gains" and note 22 to the Accountants Report in Appendix I to this prospectus. As these advances had been fully repaid to us by those related companies as at 31 October 2016, such imputed interest income will no longer be a source of income to us.

Infringement of intellectual property rights by any third party may adversely affect our reputation

We have registered in the PRC certain know-how as utility model patents for protection against infringement. For further details, please refer to the section headed "Statutory and General Information — B. Further Information About the Business — 2. Intellectual Property Rights" set out in Appendix V to this prospectus. Notwithstanding our effort in protecting our intellectual property rights, there is no assurance that we will always be able to identify cases of infringement of our intellectual property rights. Any case of such infringements may result in a decrease in our revenue, an erosion of our goodwill, brand image and reputation. We may also face considerable difficulties and time consuming and costly litigation in order to enforce our intellectual property rights. Further, if there is any negative publicity, disputes or complaints relating to our intellectual property, our Group's business, reputation and prospects may be adversely affected.

In addition to the registration of our intellectual property rights, we have taken other measures such as signing of non-disclosure and confidentiality agreements with our key personnel to protect our intellectual property rights. There is no assurance that any of the above measures will be sufficient to prevent misappropriation of our intellectual property. If we are not able to effectively protect our intellectual property rights, our business, results of operations and reputation could be adversely affected.

Further, there is no assurance that we do not or will not be the subject of claims of infringement of the intellectual property rights and we may become a party to such dispute. The exact determination of the scope of a patent, design patent, copyright or other intellectual property right can be very complex. Intellectual property disputes, in particular patent disputes, may last a significant period of time and require considerable personnel and financial resources. If the outcome of such a legal dispute is adverse to us, we could be ordered to pay substantial license fees, royalties and/or damages. Any infringement of third party patents or other intellectual property rights or any lawsuits relating hereto could have a material adverse effect on our business, financial conditions, results of operations and reputation.

We may be unable to detect, defer and prevent misconduct by our employees, customers and other third parties

A fraud or other misconduct by our employees at different operational levels of our Group, whether individually or in collusion with other employees, customers or other third parties, could reduce our operational efficiency and business performance, and may even result in violations of laws by our Group, third party claims and regulatory actions against our Group and serious reputation or financial harm to our Group. Please refer to the section headed "Business — Legal Compliance and Litigation — Administrative penalty relating to tendering" in this prospectus in relation to an incident of our employee's misconduct resulting in our inclusion of certain false credentials in an application for a pre-qualification of bidder. We cannot assure you that all our employees will fully comply with our Group's internal control procedures and systems when performing their duties. In addition, we may also be subject to misconduct by third parties such as our suppliers. We cannot assure you that we will be able to prevent or detect all incidents of wrongdoings by our employees or third parties. Any misconduct committed against us or our interests, which may include past acts that have gone undetected or future acts, could subject us to financial losses, harm our reputation and may have a material adverse effect on our business and results of operations.

Our Controlling Shareholders have substantial influence over our Company and their interests may not be aligned with the interests of our other Shareholders

Our Controlling Shareholders have substantial influence over our business, including matters relating to our management and policies and decisions regarding mergers, expansion plans, consolidations and the sale of all or substantially all of our assets, election of Directors and other significant corporate actions. Immediately following completion of the Capitalisation Issue and the Global Offering and assuming that the Over-allotment Option is not exercised, our Controlling Shareholders collectively will be interested in 75% of the issued share capital of our Company. For further information about our Controlling Shareholders, please refer to the section headed "Relationship with Controlling Shareholders" in this prospectus. This concentration of ownership may discourage, delay or prevent a change in control of our Company, which could deprive other Shareholders of an opportunity to receive a premium for their Shares as part of a sale of our Company and might reduce the price of our Shares. These events may occur even if they are opposed by our other Shareholders. In addition, the interests of our Controlling Shareholders may differ from the interests of our other Shareholders. It is possible that our Controlling Shareholders may exercise their substantial influence over us and cause us to enter into transactions or take, or fail to take, other actions or make decisions which conflict with the best interests of our other Shareholders.

RISKS RELATING TO CONDUCTING BUSINESS IN THE PRC

As most of our operations are conducted in the PRC, any material change in the PRC's political, economic and social conditions, laws, regulations and policies may have a material adverse effect on us

The industry in which we are operating our business is subject to the laws and regulations in the PRC. Any change in existing laws and regulations or their interpretation that may affect our business or operations could require us to incur additional compliance costs or costly and time-consuming changes to our operations, either of which could materially and adversely affect our business, financial conditions and results of operations. For details of such laws and regulations, please refer to the section headed "Regulatory Overview" in this prospectus. We are unable to predict future changes in laws or regulations or enforcement policies that may affect our business or operations or to estimate the ultimate cost of compliance with such laws and regulations.

Further, the PRC economy has been transformed to a more market-oriented economy. The PRC government has implemented economic reform measures emphasising responsiveness to market forces in the development of the PRC economy. Yet, the PRC government continues to play a highly significant role in regulating industries by imposing industrial policies. Despite the implementation of such reforms, we cannot predict whether changes in the PRC's political and social conditions, laws, regulations and policies will have any adverse effect on our current or future business, financial conditions and results of operations.

The PRC's legal system embodies uncertainties that could materially and adversely affect our business and results of operations

All of our operations are conducted in the PRC and substantially all of our employees are PRC citizens. Our operations are therefore generally affected by and subject to the PRC legal system and the PRC laws and regulations. Since the late 1970s, a substantial number of new laws and regulations covering general economic matters have been promulgated in China. Despite these efforts, China's system of laws is still evolving. Even where adequate law exists in China, the enforcement of laws or contracts based on existing law may be uncertain, and it may be difficult to obtain swift and equitable enforcement, or to obtain enforcement of a judgement by a court of another jurisdiction. The PRC legal system is based on written statutes and their interpretation, and prior court decisions may be cited for reference but have limited weight as precedents. The relative inexperience of China's judiciary in many cases creates additional uncertainty as to the outcome of any litigation. In addition, interpretation of statutes and regulations may be subject to government policies reflecting domestic political changes.

It may be difficult to effect service of process upon us or our Directors or executive officers who reside in China or to enforce against them in China any judgements obtained from non-PRC courts

Substantially all of our Directors and executive officers reside within China, and substantially all of our assets and the assets of those persons are located within China. It may not be possible for investors to effect service of process upon us or those persons inside China or to enforce against us or them in China any judgements obtained from non-PRC courts. China does not have treaties providing for the reciprocal recognition and enforcement of judgements of courts in the United States, Canada, the United Kingdom, Japan or most other western countries. However, judgements rendered by Hong Kong courts may be recognised and enforced in China if the requirements set forth by the Arrangement on Mutual Recognition and Enforcement of Judgements in Civil and Commercial Matters by Courts of Mainland and of the Hong Kong Special Administrative Region Pursuant to Agreed Jurisdiction by Parties Concerned (《關於內地與香港特別行政區法院相互認可和執行當事人協議管轄的民商事案件判決的安排》) are met. Therefore recognition and enforcement in China of judgements of a court in any of these jurisdictions other than Hong Kong in relation to any matter not subject to binding arbitration provisions may be difficult or impossible.

Changes in the PRC government policy on foreign investment in China may adversely affect our business and results of operations

According to the latest version of the Foreign Investment Catalogue, which became effective on 10 April 2015, our business does not fall within the prohibited or the restricted category. As the

Foreign Investment Catalogue is updated every few years, there can be no assurance that the PRC government will not change its policies in a manner that would render part or all of our business to fall within the restricted or prohibited categories. If we cannot obtain approval from relevant approval authorities to engage in a business which become prohibited or restricted for foreign investors, we may be forced to sell or restructure our business which have become restricted or prohibited for foreign investment. If we are forced to adjust our corporate structure or business line as a result of changes in government policy on foreign investment, our business, financial condition and results of operations may be adversely affected.

We may be classified as a "resident enterprise" for PRC enterprise income tax purposes, which could result in unfavourable tax consequences to us and our non-PRC shareholders

The EIT Law provides that enterprises established outside China whose "de facto management bodies" are located in China are considered "resident enterprises" and are generally subject to the uniform 25% enterprise income tax rate on their worldwide income. In addition, the SAT issued the Notice on Issues Relating to the Determination of Chinese-Controlled Offshore Enterprises as PRC Resident Enterprises by Applying the "De Facto Management Body" Test* Guoshuifa [2009] No. 82 (《國家稅務總局關於境外註冊中資控股企業依據實際管理機構標準認定為居民企業有關問題的通知》國稅發[2009]82號) (the "**SAT Circular 82**"), on 22 April 2009 which came into effect on 1 January 2008. The SAT Circular 82 classifies certain Chinese-invested enterprises controlled by Chinese enterprises or Chinese group enterprises and established outside China as "resident enterprises" and clarifies that dividends and other income paid by such "resident enterprises" will be considered as PRC source income, subject to PRC withholding tax, currently at a rate of 10%, when recognised by non-PRC enterprise shareholders. The SAT Circular 82 also subjects such "resident enterprises" to various reporting requirements with the PRC tax authorities. Under the implementation regulations to the enterprise income tax, a "de facto management body" is defined as a body that has material and overall management and control over the business operations, personnel and human resources, finances and properties of an enterprise. In addition, the SAT Circular 82 sets out four criteria for determining whether "de facto management bodies" are located in China for overseas incorporated, domestically controlled enterprises, namely, (1) whether the senior management in charge of the daily operations and its offices are in China, (2) whether decisions or authorising departments regarding financial management and human resources are in China, (3) whether primary assets, accounting books, seals, records and files of shareholders' meetings or board of directors are in China, and (4) whether directors or senior management with 50% or more voting rights habitually reside in China (the "**Four Criteria**"). Enterprises will be considered as "resident enterprises" if the Four Criteria are concurrently fulfilled. However, as this circular only applies to enterprises established outside of China that are controlled by PRC enterprises or groups of PRC enterprises, it remains unclear how the tax authorities will determine the location of "de facto management bodies" for overseas incorporated enterprises that are controlled by individual PRC residents like us and some of our subsidiaries. Therefore, although substantially all of our management is currently located in the PRC, it remains unclear whether the PRC tax authorities would require or permit our overseas registered entities to be treated as PRC resident enterprises. We do not believe that our Company or our Hong Kong subsidiary, namely, Chanhigh HK, should be qualified as a "resident enterprise" as each of our offshore holding entities is a company incorporated outside the PRC. As holding companies, each of these entities' seals, records and files of the board and shareholders' meetings are located and kept outside China. Therefore, we consider that our Company and Hong Kong subsidiary do not fulfil one of the Four Criteria set forth by the SAT Circular 82. As such, we do not currently consider our Company and Hong Kong subsidiary to be PRC resident enterprises. However, if the PRC tax authorities disagree with our assessment and determine that we are a "resident enterprise", we may be subject to enterprise income tax at a rate of 25% on our worldwide income and dividends paid by us to our non-PRC shareholders as well as capital gains recognised by them with respect to the sale of our Shares may be subject to a PRC withholding tax. This will have an impact on our effective tax rate, a material adverse effect on our net income and results of operations, and may require us to withhold tax on our non-PRC shareholders.

Our results of operations may be materially and adversely affected by tax reforms in the PRC

On 23 March 2016, the Ministry of Finance of the PRC and the SAT jointly released the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax (Cai Shui [2016] No. 36) (《關於全面推開營業稅改徵增值稅試點的通知》(財稅[2016] 36號), pursuant to which business tax in certain industry sectors has been replaced by VAT with effect from 1 May 2016. In particular, value-added tax at a rate of 11% will be imposed on the construction industry in the PRC. Please refer to the section headed "Regulatory Overview — Transitioning from Business Tax to Value-Added Tax" for further details.

As the pilot programme referred to above has recently come into force, its implementation procedures and impact remain uncertain. As such, we cannot assure you that our tax liabilities will not increase as a result of the pilot programme referred to hereinabove, which may adversely affect our financial conditions and results of operations. We also cannot assure you that the PRC governmental authorities will not impose a higher tax rate on the construction industry in the PRC in the future. Any tax reform introduced by the governmental authorities in the PRC may increase our tax burden and have a material adverse impact on our financial condition and results of operations.

PRC regulation of loans and direct investment by offshore holding companies to the PRC entities may delay or prevent us from using the proceeds of the Global Offering to make loans or additional capital contributions to our PRC subsidiaries

In utilising the proceeds from the Global Offering or any further offering, as an offshore holding company of our PRC subsidiaries, we may make loans to our PRC subsidiaries, or we may make additional capital contributions to our PRC subsidiaries. Any loans to our PRC subsidiaries are subject to PRC regulations and approvals. For example, loans by us to our wholly owned PRC subsidiaries in China to finance their activities cannot exceed statutory limits and must be registered with SAFE or its local counterpart. We may also decide to finance our PRC subsidiaries through capital contributions. These capital contributions must be approved by the MOFCOM or its local counterpart. We cannot assure you that we will be able to obtain these government registrations or approvals on a timely basis, if at all, with respect to future loans or capital contributions by us to our subsidiaries or any of their respective subsidiaries. If we fail to receive such registrations or approvals, our ability to use the proceeds of the Global Offering and to capitalise our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

SAFE regulations may limit our ability to finance our PRC subsidiaries effectively and affect the value of your investment and may make it more difficult for us to pursue growth through acquisitions

If we finance our PRC subsidiaries through overseas shareholder loans or additional capital contributions, registration with and/or approval of PRC governmental authorities are required. Any overseas shareholder loans to our PRC subsidiaries must be registered with the local branch of SAFE as a procedural matter and such loans cannot exceed the difference between the total amount of investment our PRC subsidiaries are approved to make under the relevant PRC laws and their respective registered capital. In addition, the amounts of the capital contributions are subject to the approval of the MOFCOM or its local counterpart. On 29 August 2008, SAFE promulgated the Circular on Operational Issue in relation to Improving the Administration of the Payment and Conversion of Foreign Exchange Capital of Foreign-Invented Enterprises (Hui Zong Fa [2008] No. 142 (《國家外匯管理局綜合司關於完善外商投資企業外匯資本金支付結匯管理有關業務操作問題的通知》 (匯綜發[2008]142號)) (“**Circular 142**”), a notice regulating the conversion by a foreign-invested company of foreign currency-denominated capital contribution into Renminbi by restricting how the converted Renminbi may be used. The notice requires that Renminbi converted from the foreign currency-denominated capital contribution of a foreign-invested company may only be used for purposes within the business scope approved by the applicable governmental authority and may not be used for equity investments, nor, except in the case of foreign-invested real estate enterprises, can Renminbi be used for acquisition of property in the PRC not for self-use purposes unless otherwise provided by laws and regulations. In addition, SAFE strengthened its oversight of the flow and use of Renminbi funds converted from the foreign currency-denominated capital of a foreign-invested company. The use of such Renminbi may not be changed without approval from SAFE, and may not be used to repay Renminbi loans if the proceeds of such loans have not yet been used for purposes within the company’s approved business scope. Violations of Circular 142 may result in severe penalties, including substantial fines as set forth in the Foreign Exchange Administration Regulations. We cannot assure you that we will be able to complete the necessary government registrations or obtain the necessary government approvals on a timely basis, or at all, with respect to future loans or capital contributions by us to our PRC subsidiaries. If we fail to complete such registrations or obtain such approvals, our ability to contribute additional capital to fund our PRC operations may be negatively affected, which could adversely and materially affect our liquidity and our ability to fund and expand our business.

We rely on dividends paid by our subsidiaries for our cash needs, and any limitation on the ability of our subsidiaries to make payments to us could have a material adverse effect on our ability to conduct our business

We conduct substantially all of our business through our consolidated subsidiaries incorporated in China. We rely on dividends paid by these consolidated subsidiaries for our cash needs, including the funds necessary to pay any dividends and other cash distributions to our Shareholders, to service any debt we may incur and to pay our operating expenses. The payment of dividends by entities established in China is subject to limitations. Regulations in China currently permit payment of dividends only out of accumulated profits as determined in accordance with accounting standards and regulations in China. Each of our PRC subsidiaries is also required to set aside at least 10% of its after-tax profit based on PRC accounting standards each year to its general reserves or statutory capital reserve fund until the aggregate amount of such reserves reaches 50% of its respective registered capital. Our statutory reserves are not distributable as loans, advances or cash dividends. We anticipate that in the foreseeable future our PRC subsidiaries will need to continue to set aside 10% of their respective after-tax profits to their statutory reserves. In addition, if any of our PRC subsidiaries incurs debt on its own behalf in the future, the instruments governing the debt may restrict its ability to pay dividends or make other distributions to us. Any limitations on, or change in PRC laws regulations policies which restrict the ability of, our PRC subsidiaries to transfer funds to us could materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our business, pay dividends and otherwise fund and conduct our business.

In addition, under the EIT Law, the Notice of the State Administration of Taxation on Negotiated Reduction of Dividends and Interest Rates (《國家稅務總局關於協定下調股息稅率的通知》), or Notice 112, which was issued on 29 January 2008, the Arrangement between the PRC and the Hong

Kong Special Administrative Region on the Avoidance of Double Taxation and Prevention of Fiscal Evasion (《內地和香港特別行政區關於避免雙重徵稅和防止偷漏稅的安排》), or the Double Taxation Arrangement (Hong Kong), which became effective on 8 December 2006, and the Notice of the State Administration of Taxation Regarding Interpretation and Recognition of Beneficial Owners under Tax Treaties (《國家稅務總局關於如何理解和認定稅收協定中「受益所有人」的通知》), or Notice 601, which became effective on 27 October 2009, dividends from our PRC subsidiaries paid to us through our Hong Kong subsidiary may be subject to a withholding tax at a rate of 10%, or at a rate of 5% if our Hong Kong subsidiary is considered as a "beneficial owner" that is generally engaged in substantial business activities and entitled to treaty benefits under the Double Taxation Arrangement (Hong Kong). Furthermore, the ultimate tax rate will be determined by treaty between the PRC and the tax residence of the holder of the PRC subsidiary. We are actively monitoring the withholding tax and are evaluating appropriate organisational changes to minimise the corresponding tax impact.

Fluctuations in the value of the Renminbi and the PRC government's control over foreign currency conversion may adversely affect our business and results of operations and our ability to remit dividends

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

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

In addition, conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we shall have sufficient foreign exchange to meet our foreign exchange needs. Under China's current foreign exchange control system, foreign exchange transactions under the current account conducted by us, including the payment of dividends, do not require advance approval from SAFE, but we are required to present relevant documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licences to carry out foreign exchange business. Foreign exchange transactions under the capital account, however, must be approved by or registered with SAFE or its local branch. The PRC government may also at its discretion restrict access in the future to foreign currencies for current account transactions. Any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or satisfy any other foreign exchange obligation. If we fail to obtain approvals from SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our potential offshore capital expenditure plans and even our business, may be materially and adversely affected.

The outbreak of any severe communicable disease in China, if uncontrolled, may materially and adversely affect our financial condition, results of operations and future growth

The outbreak of any severe communicable disease in China, if uncontrolled, could have an adverse effect on the overall business sentiment and environment in China, which in turn may have an adverse impact on domestic consumption and, possibly, on the overall GDP growth of China. As all of our revenue is derived from our PRC operations, any contraction or slowdown in the growth of domestic consumption or slowdown in the growth of GDP of China may materially and adversely affect our financial condition, results of operations and future growth. In addition, if our employees are affected by a severe communicable disease, we may be required to institute measures to prevent the spread of the disease, which may materially and adversely affect or disrupt our operations, resulting in an adverse effect on our results of operations. The spread of any severe communicable disease in China may also affect the operations of our customers and suppliers, which again, may have a potentially adverse effect on our financial condition and results of operations.

RISKS RELATING TO THE GLOBAL OFFERING

There has been no prior public market for our Shares and their liquidity and market price may be volatile

Prior to the Global Offering, there has been no public market for our Shares. The initial offer price range for our Shares was the result of negotiations among us and the Sole Global Coordinator (on behalf of the Underwriters), and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We expect our Shares to be listed on the Stock Exchange. A listing on the Stock Exchange, however, does not guarantee that an active trading market for our Shares will develop, or if it does develop, will be sustained following the Global Offering or that the market price of our Shares will not decline following the Global Offering. Furthermore, the price and trading volume of our Shares may be volatile.

The following factors could cause the market price of our Shares following the Global Offering to vary significantly from the Offer Price:

- variation in our turnover, earnings and cash flow;
- liability claims brought against us based on, for example, defective works or safety-related regulatory actions;
- our failure to execute our business strategies;
- any unexpected business interruptions resulting from operational breakdowns or natural disasters;
- inadequate protection of our intellectual property or legal proceedings brought against us for infringement of third parties' intellectual property rights;
- any major changes in our key personnel or senior management; and
- political, economic, financial and social developments.

Potential investors could face dilution as a result of future equity financings

We may raise additional funds to finance the future expansion of our existing operations or future acquisitions by way of issuance of new equity or equity-linked securities of our Company other than on a pro-rata basis to existing Shareholders after six months from the Listing Date, in which case the percentage shareholding of the then Shareholders may be diluted or reduced or such new securities may confer rights and privileges that have priority over those conferred by the issued Shares.

Sale or anticipated sale of substantial amounts of our Shares in the public market after the Global Offering could materially and adversely affect the prevailing market price of our Shares

The Shares beneficially owned by our Controlling Shareholders or cornerstone investors are subject to certain lock-up periods. There is no assurance that our Controlling Shareholders or cornerstone investors will not dispose of these Shares following the expiration of the lock-up periods, or any Shares they may come to own in the future. Sale of a substantial portion of our Shares in the public market, or the perception that such sale may occur, could materially and adversely affect the prevailing market price of our Shares. Such sale or the perception of such sale is likely to make it more difficult for us to sell equity or equity-linked securities in the future at a time and price which we deem appropriate.

You may face difficulties in protecting your interests because we are incorporated under the Cayman Islands law, and these laws relating to the protection of the interests of minority shareholders differ in some respects from those in Hong Kong and other jurisdictions

Our corporate affairs are governed by, among other things, the Articles of Association, the Cayman Islands Companies Law and common law of the Cayman Islands. The rights of Shareholders to take action against our Directors, actions by minority Shareholders and the fiduciary responsibilities of our Directors to us are to a large extent governed by the common law of the Cayman Islands and our Articles of Association. The common law of the Cayman Islands is derived in part from comparatively limited judicial precedent in the Cayman Islands as well as that from English common law, which has persuasive, but not binding, authority on a court in the Cayman Islands. The laws of the Cayman Islands relating to the protection of the interests of minority Shareholders differ in some respects from those in Hong Kong and other jurisdictions. The remedies available to the minority Shareholders may be limited compared to the laws of other jurisdictions. See "Summary of the Constitution of our Company and Cayman Islands Companies Law" in Appendix IV to this prospectus.

There can be no assurance if and when we will pay dividends in the future. Dividends declared in the past may not be indicative of our dividend policy in the future

Our ability to pay dividends will depend on whether we are able to generate sufficient earnings. Distribution of dividends shall be formulated by our Board at its discretion and will be subject to our Shareholders' approval. A decision to declare or to pay any dividends and the amount of any dividends will depend on various factors, including but not limited to our results of operations, cash flows and financial condition, operating and capital expenditure requirements, distributable profits as determined under IFRSs, our Articles of Association, any applicable laws and regulations, market conditions, our strategic plans and prospects for business development, contractual limits and obligations, payment of dividends to us by our operating subsidiaries, taxation, regulatory restrictions and any other factors determined by our Board from time to time to be relevant to the declaration or suspension of dividend payments. As a result, we cannot assure you that whether, when and in what form we will pay dividends in the future. See the section headed "Financial Information — Dividend" in this prospectus for details. In addition, dividends paid in prior periods may not be indicative of future dividend payments. We cannot guarantee when, if and in what form dividends will be paid in the future.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to certain information obtained from official governmental and other sources contained in this prospectus

Facts, statistical and forecast information relating to China, the Chinese economy and the landscape and public works construction industry in China contained in this prospectus have been compiled from various publicly available official governmental sources and the market research report prepared by Frost & Sullivan. While we have taken reasonable care in the reproduction of the information, it has not been prepared or independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any of our or their respective affiliates or advisers or any other parties involved in the Global Offering, and therefore, we cannot assure you as to the accuracy and reliability of such facts, forecasts and statistics, which may not be consistent with other information compiled inside or outside the PRC. Such facts forecasts and statistics include the facts, forecasts and statistics used in the sections headed "Summary", "Risk Factors", "Industry Overview", "Business" and "Financial Information". Because of possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies, and you should not place undue reliance on them. Furthermore, we cannot assure you that they are stated or compiled on the same basis, or with the same degree of accuracy, as similar statistics presented elsewhere. In all cases, you should consider carefully how much weight or importance you should attach to or place on such facts, forecasts or statistics.

You should read the entire prospectus carefully and we strongly caution you not to place any reliance on any information contained in press articles and/or other media regarding us, our business, our industries and the Global Offering

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

No person is authorised to give any information in connection with the Global Offering or to make any representation not contained in this prospectus and the Application Forms, and any information or representation not contained herein must not be relied upon as having been authorised by us, our Controlling Shareholders, the Sole Sponsor, the Sole Global Coordinator, the Sole Lead Manager, the Sole Bookrunner and the Underwriters, any of our or their respective directors, officers, agents, employees or advisers or any other party involved in the Global Offering.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

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

INFORMATION ON THE GLOBAL OFFERING

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

Details of the structure of the Global Offering, including its conditions, are set out in the section headed "Structure of the Global Offering" in this prospectus, and the procedures for applying for the Hong Kong Offer Shares are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

UNDERWRITING

This prospectus is published solely in connection with the Hong Kong Public Offering, which forms part of the Global Offering. For applicants in the Hong Kong Public Offering, this prospectus and the Application Forms set out the terms and conditions of the Hong Kong Public Offering.

The listing of the Offer Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement. The International Placing is fully underwritten by the International Underwriters pursuant to the International Underwriting Agreement. The International Underwriting Agreement relating to the International Placing is expected to be entered into on or around the Price Determination Date, subject to agreement on pricing of the Offer Shares between the Sole Global Coordinator (for itself and on behalf of the other Underwriters) and us. The Global Offering is managed by the Sole Global Coordinator.

If, for any reason, the Offer Price is not agreed, the Global Offering will not proceed and will lapse. For further information about the Underwriters and the underwriting arrangements, please refer to the section headed "Underwriting" in this prospectus.

RESTRICTIONS ON OFFER AND SALE OF SHARES

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

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

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

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

Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day. You should seek the advice of your stockbroker or other professional advisor for details of those settlement arrangements as such arrangements will affect your rights and interests.

All necessary arrangements have been made for the Shares to be admitted into CCASS.

All activities under CCASS are subject to the general rules of CCASS and CCASS operational procedures in effect from time to time.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

Our Company has applied to the Listing Committee for the granting of the listing of and permission to deal in the Shares in issue and to be issued pursuant to the Global Offering (including the additional Shares which may be issued pursuant to the exercise of the Over-allotment Option).

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

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

HONG KONG SHARE REGISTER AND THE STAMP DUTY

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

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

Dealings in the Shares registered on our Hong Kong Share Registrar will be subject to Hong Kong stamp duty.

PROFESSIONAL TAX ADVICE RECOMMENDED

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

STABILISATION AND OVER-ALLOTMENT

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the Underwriters, may over-allocate or effect transactions with a view to supporting the market price of the Shares at a level higher than that which might otherwise prevail for a limited period after the Listing Date. Such transactions may be effected in compliance with all applicable laws and regulatory requirements. However, there is no obligation on the Stabilising Manager, its affiliates or any person acting for it to do this. Such stabilisation, if commenced, will be conducted at the absolute discretion of the Stabilising Manager, its affiliates or any person acting for it and may be discontinued at any time, and must be brought to an end after a limited period.

In connection with the Global Offering, we intend to grant to the International Underwriters the Over-allotment Option, which is exercisable in full or in part by the Sole Global Coordinator (on behalf of the International Underwriters) within 30 days after the last day for lodging applications under the Hong Kong Public Offering. Pursuant to the Over-allotment Option, we may be required to issue and allot up to an aggregate of 22,500,000 Shares (in aggregate representing 15% of the total number of the Shares initially available under the Global Offering) at the Offer Price to cover over-allocation in the International Placing.

Further details with respect to stabilisation and the Over-allotment Option are set out in the sections headed "Structure of the Global Offering — Over-allotment Option" and "Structure of the Global Offering — Stabilisation" in this prospectus.

PROCEDURES FOR APPLICATION FOR HONG KONG OFFER SHARES

The application procedure for the Hong Kong Offer Shares is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and on the relevant Application Forms.

STRUCTURE OF THE GLOBAL OFFERING

Details of the structure of the Global Offering, including their respective conditions, and the Over-allotment Option, are set out in the section headed "Structure of the Global Offering" in this prospectus.

EXCHANGE RATE CONVERSION

Solely for your convenience, this prospectus contains translations of certain Renminbi amounts into Hong Kong dollars at a specified rate. You should not construe these translations as representations that the Renminbi amounts could actually be, or have been, converted into Hong Kong dollar amounts at the rate indicated or at all. Unless we indicate otherwise, the translations of Renminbi amounts into Hong Kong dollars have been made at the rate of RMB1.00 to HK$1.1236.

ROUNDINGS

Amounts and percentage figures, including share ownership and operating data in this prospectus, may have been subject to rounding adjustments. In this prospectus, where information is presented in thousands or millions, amounts of less than one thousand or one million, as the case may be, have been rounded to the nearest hundred or hundred thousand, respectively, unless otherwise indicated or the context requires otherwise. Amounts presented as percentages have been rounded to the nearest tenth of a percent, unless otherwise indicated or the context requires otherwise. Accordingly, totals of rows or columns of numbers in tables may not be equal to the apparent total of the individual items.

WEBSITE

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

WAIVERS FROM STRICT COMPLIANCE WITH THE REQUIREMENTS UNDER THE LISTING RULES AND EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

In preparation for the Listing, our Company has sought the following waivers from strict compliance with the relevant provisions of the Listing Rules and Companies (Winding Up and Miscellaneous Provisions) Ordinance:

1. WAIVER FROM STRICT COMPLIANCE WITH RULE 4.04(1) OF THE LISTING RULES AND THE EXEMPTIONS FROM COMPLIANCE WITH THE COMPANIES (WINDING UP AND MISCELLANEOUS PROVISIONS) ORDINANCE

According to Rule 4.04(1) of the Listing Rules, we are required to include in this prospectus, an accountants' report covering the consolidated results of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

Similarly, section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance stipulates that we must state the matters specified in Part I of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and set out the reports specified in Part II of that Schedule in this prospectus. Under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, we are required to include in this prospectus: (i) a statement as to the gross trading income or sales turnover (as may be appropriate) of our Group; and (ii) a report by our auditors with respect to the profits and losses and assets and liabilities of our Group in respect of each of the three financial years immediately preceding the issue of this prospectus.

The Accountants' Report set forth in Appendix I to this prospectus contains the audited consolidated results of our Group for each of the three financial years ended 31 December 2015 and the ten months ended 31 October 2016, which is in compliance with the requirements under Rule 8.06 of the Listing Rules but not in strict compliance with Rule 4.04(1) of the Listing Rules. However, strict compliance with Rule 4.04(1) of the Listing Rules and paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance would be unduly burdensome for us as there would not be sufficient time for RSM Hong Kong, the reporting accountants of our Company, to complete and finalise the audit of the consolidated financial statements of our Group for the full financial year ended 31 December 2016 for inclusion in this prospectus.

Accordingly, an application has been made to the SFC for an exemption, and the SFC has issued a certificate of exemption under section 342A of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from strict compliance with the requirements of paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to the following conditions:

(a) the Prospectus will be issued on or before 21 March 2017;

(b) the Shares shall be listed on the Stock Exchange on or before 31 March 2017; and

(c) the particulars of the exemption shall be set out in this prospectus.

An application has also been made to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with Rule 4.04(1) of the Listing Rules subject to the following additional conditions:

(a) our Shares shall be listed on the Stock Exchange on or before 31 March 2017;

(b) we obtain a certificate of exemption from the SFC on compliance with similar requirements under paragraphs 27 and 31 of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance subject to such conditions as SFC thinks fit;

(c) the preliminary unaudited financial information for the year ended 31 December 2016 and a commentary on the results for the year will be included in this prospectus. The financial information to be included must (i) follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules; and (ii) be agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants; and

(d) our Company is not in breach of its constitutional documents or laws and regulations of the PRC or other regulatory requirements relating to its obligation to publish preliminary results announcements.

We have included in Appendix III to this prospectus the unaudited preliminary financial information and a commentary on the results of operations of our Group for the year ended 31 December 2016, which follow the same content requirements as for a preliminary results announcements under Rule 13.49 of the Listing Rules and have been agreed with the reporting accountants following their review under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcements of Annual Results" issued by the Hong Kong Institute of Certified Public Accountants.

Our Directors and the Sole Sponsor confirmed that all information that is necessary for the public to make an informed assessment of the business, profit and losses, assets and liabilities, financial position and profitability of the Group has been included in the prospectus. As such, the exemption granted by the SFC from compliance with section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in respect of the requirements under paragraph 27 of Part I and paragraph 31 of Part II of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the waiver granted by the Stock Exchange from strict compliance with Rule 4.04(1) of the Listing Rules will not prejudice the interests of the investing public based on the following reasons:

(a) after performing all due diligence work by the Directors and the Sole Sponsor, there has been no material adverse change in the financial and trading positions or prospects of our Group since 1 November 2016 and up to the date of this prospectus; and

(b) there is no event which would materially affect the information as contained in the Accountant's Report as set out in Appendix I to this prospectus, the unaudited pro forma financial information as set out in Appendix II to this prospectus, the unaudited preliminary financial information for the year ended 31 December 2016 as set out in Appendix III to this prospectus, the section headed "Financial information" in this prospectus and other parts of this prospectus.

2. WAIVER FROM STRICT COMPLIANCE WITH RULE 8.12 OF THE LISTING RULES

According to Rule 8.12 of the Listing Rules, a new applicant applying for a primary listing on the Stock Exchange must have a sufficient management presence in Hong Kong. This normally means that at least two of its executive directors must be ordinarily resident in Hong Kong.

The principal operation of our Group is outside Hong Kong and is based in the PRC and all our three executive Directors, namely Mr. Peng DS, Mr. Peng YH and Mr. Peng TB, are not ordinarily residents in Hong Kong.

Our Company has applied to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirement under Rule 8.12 of the Listing Rules and, in order to maintain effective communication with the Stock Exchange, our Company has put in place the following measures to ensure that regular communication is maintained between the Stock Exchange and our Company:

(a) our Company has appointed two authorised representatives pursuant to Rule 3.05 of the Listing Rules, who will act as our Company's principal channel of communication with the Stock Exchange. The two authorised representatives appointed are Mr. Peng YH, an executive Director and the chief executive officer and Mr. Tong Tai Alex, the chief financial officer and company secretary of our Company. Mr. Tong Tai Alex is an ordinarily resident in Hong Kong. Each of the authorised representatives will be available to meet with the Stock Exchange in Hong Kong within a reasonable time frame upon the request of the Stock Exchange and will be readily contactable by telephone, facsimile or email. Each of the two authorised representatives has been authorised by the Board to communicate on behalf of our Company with the Stock Exchange;

(b) our Company will promptly inform the Stock Exchange if there are any changes to the authorised representatives of our Company;

(c) both the authorised representatives have means to contact all members of the Board (including the independent non-executive Directors) and the senior management team promptly as and when the Stock Exchange wish to contact the Directors on any matter. To enhance the communication between the Stock Exchange, the authorised representatives and the Directors, (i) each executive Director, non-executive Director and independent non-executive Director has provided his mobile phone numbers, office phone numbers, fax numbers (if available) and email addresses (if available) to the authorised representatives; (ii) in the event that an executive Director, non-executive Director or independent non-executive Director expects to travel and be out of office, he/she will provide the phone number of the place of his/her accommodation to the authorised representatives; and (iii) all Directors and authorised representatives will provide their respective mobile phone numbers, office phone numbers, fax numbers (if available) and email addresses (if available) to the Stock Exchange;

(d) all Directors who are not ordinarily residents in Hong Kong have confirmed that they possess or will apply for valid travel documents to visit Hong Kong and would be able to come to Hong Kong and meet the Stock Exchange within a reasonable period; and

(e) our Company has appointed the Sole Sponsor as the compliance adviser pursuant to Rule 3A.19 of the Listing Rules, who will, in addition to the two authorized representatives, act as the additional channel of communication with the Stock Exchange for a period commencing on the listing date and ending on the date on which our Company shall comply with Rule 13.46 of the Listing Rules in respect of its financial results for the first full financial year after the Listing Date.

3. WAIVER FROM STRICT COMPLIANCE WITH RULE 13.49 OF THE LISTING RULES

According to Rule 13.49(1) of the Listing Rules, we are required to publish our preliminary results in respect of each financial year as soon as possible, but in any event not later than three months after the end of the financial year.

We have included in this prospectus the financial information and a commentary on the results for the year ended 31 December 2016 and, Conyers Dill & Pearman, our legal advisers on Cayman Islands law, has confirmed that we are not required by Cayman Islands law or our Articles of Association to publish the results of any of its financial statement in the Cayman Islands or elsewhere. Accordingly, we are not in breach of our Articles of Association, laws and regulations or other regulatory requirements regarding our obligation to publish annual results announcements if we do not publish our preliminary results announcement for the year ended 31 December 2016 in accordance with Rule 13.49(1) of the Listing Rules.

Accordingly, an application has been made to the Stock Exchange for, and the Stock Exchange has granted, a waiver from strict compliance with the requirements under Rule 13.49(1) of the Listing Rules in respect of the publication of the preliminary results announcement for the year ended 31 December 2016 on such basis.

We will comply with the requirements under Rule 13.46(2) of the Listing Rules to publish and despatch our annual report for the year ended 31 December 2016 by 30 April 2017.

4. WAIVER ON CONTINUING CONNECTED TRANSACTION

Our Company has applied to the Stock Exchange, and the Stock Exchange has granted, a waiver from strict compliance with certain requirements under the Listing Rules in respect of our continuing connected transaction, particulars of which are set out in the section headed "Continuing Connected Transactions" in this prospectus.

DIRECTORS

Name	Address	Nationality
Executive Directors		
Mr. Peng Yonghui (彭永輝)	Room 102, Building 7 Bo Jing Ting Community Jiangdong District, Ningbo City, Zhejiang Province, China	Chinese
Mr. Peng Tianbin (彭天斌)	Room 6, Floor 18 Changdaohuayuan Jiangbei District, Ningbo City Zhejiang Province, China	Chinese
Mr. Peng Daosheng (彭道生)	Room 108, Building 32 Jinwanhuating Yinzhou District, Ningbo City Zhejiang Province, China	Chinese
Non-executive Director		
Ms. Wang Sufen (王素芬)	Room 108, Building 32 Jinwanhuating Yinzhou District, Ningbo City Zhejiang Province, China	Chinese
Independent non-executive Directors		
Mr. Fan Rong (范榮)	Room 1502, No. 847 Binjiang East Road Zhuhai District Guangzhou City Guangdong Province, China	Chinese
Mr. Yang Zhongkai (楊仲凱)	Room 402, No. 6 Building 2 Daochunya Apartment Heiniucheng Street Hexi District, Tianjin City, China	Chinese
Mr. Shi Weixing (施衛星)	Room 4 No. 20 Wu Dong Road Yangpu District Shanghai City China	Chinese

For more information on our Directors and members of senior management, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor	**Essence Corporate Finance (Hong Kong) Limited** 39/F, One Exchange Square Central Hong Kong
Sole Global Coordinator, Sole Bookrunner and Sole Lead Manager	**Essence International Securities (Hong Kong) Limited** 39/F, One Exchange Square Central Hong Kong
Legal Advisers to our Company	*As to Hong Kong law* **Iu, Lai & Li Solicitors & Notaries** Rooms 2201, 2201A & 2202, 22nd Floor Tower I, Admiralty Centre No.18 Harcourt Road Hong Kong *As to PRC law* **Jingtian & Gongcheng** 34/F, Tower 3 China Central Place 77 Jianguo Road, Beijing China *As to Cayman Islands law* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Legal Advisers to the Sole Sponsor and the Underwriters	*As to Hong Kong law* **Deacons** 5th Floor, Alexandra House 18 Chater Road Hong Kong *As to PRC law* **Grandall Law Firm** 23-25F, Garden Square 968 West Beijing Road, Shanghai China

Auditor and Reporting Accountants	**RSM Hong Kong** *Certified Public Accountants* 29th Floor, Lee Garden Two 28 Yun Ping Road Causeway Bay Hong Kong
Industry Consultant	**Frost & Sullivan (Beijing) Inc., Shanghai Branch Co.** Room 1018, Tower B No. 500 Yunjin Road Xuhui District, Shanghai China
Compliance Adviser	**Essence Corporate Finance (Hong Kong) Limited** 39/F, One Exchange Square Central Hong Kong
Receiving Bank	**Bank of Communications Co., Ltd.** **Hong Kong Branch** 20 Pedder Street, Central Hong Kong

Registered Office	Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands
Headquarters in the PRC	17th and 18th Floors Cang Hai Industry Building No. 3388 Cang Hai Road Yinzhou District, Ningbo City Zhejiang Province China
Principal Place of Business in Hong Kong	Unit 3201A 32/F Citicorp Centre 18 Whitfield Road Hong Kong
Place of Business in Hong Kong registered under Part 16 of the Companies Ordinance	Unit 3201A 32/F Citicorp Centre 18 Whitfield Road Hong Kong
Company's website	chanhigh.com.hk (*Note: contents contained in this website do not form part of this prospectus*)
Company Secretary	**Mr. Tong Tai Alex** *HKICPA , CICPA* Flat D, 37/F, Royal Terrace 933 King's Road Quarry Bay Hong Kong
Authorised Representatives	**Mr. Peng Yonghui** Room 102, Building 7 Bo Jing Ting Community Jiangdong District Ningbo City Zhejiang Province China **Mr. Tong Tai Alex** *HKICPA, CICPA* Flat D, 37/F, Royal Terrace 933 King's Road Quarry Bay Hong Kong

Principal Bankers	**Industrial and Commercial Bank of China, Ningbo Branch** No. 218 Zhongshan Xi Road Haishu District Ningbo City Zhejiang Province China
	Bank of China, Ningbo Branch No. 139, Yaohang Street Haishu District Ningbo City Zhejiang Province China
Audit Committee	**Mr. Fan Rong** (Chairperson) **Mr. Yang Zhongkai** **Mr. Shi Weixing**
Remuneration Committee	**Mr. Yang Zhongkai** (Chairperson) **Mr. Shi Weixing** **Mr. Peng Tianbin**
Nomination Committee	**Mr. Shi Weixing** (Chairperson) **Mr. Yang Zhongkai** **Mr. Peng Yonghui**
Strategy Committee	**Mr. Peng Tianbin** (Chairperson) **Mr. Peng Yonghui** **Mr. Fan Rong**
Principal Share Registrar and Transfer Office	**Codan Trust Company (Cayman) Limited** Cricket Square Hutchins Drive PO Box 2681 Grand Cayman KY1-1111 Cayman Islands
Hong Kong Share Registrar	**Computershare Hong Kong Investor Services Limited** Shops 1712-1716, 17th Floor Hopewell Centre 183 Queen's Road East Wanchai Hong Kong

The information that appears in this section has been prepared by Frost & Sullivan and reflects the estimates of market conditions based on publicly available sources and trade opinion surveys, and is prepared primarily as a market research tool. References to Frost & Sullivan should not be considered as the opinion of Frost & Sullivan as to the value of any security or the advisability of investing in our Company. Our Directors believe that the sources of information contained in this section are appropriate sources for such information and have taken reasonable care in extracting and reproducing such information. Our Directors have no reason to believe that such information is false or misleading or that any material fact has been omitted that would render such information false or misleading.

The information prepared by Frost & Sullivan and set out in this section has not been independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Underwriters or any other party involved in the Global Offering and they do not give any representations as to its accuracy or correctness and accordingly it should not be relied upon in making, or refraining from making, any investment decision.

SOURCE OF INFORMATION

We have commissioned Frost & Sullivan to provide industry information on municipal landscaping industry. We have agreed to pay a fee of RMB350,000 to Frost & Sullivan for the report. Our Directors are of the view that the payment does not affect the fairness of the views and conclusions presented in the Frost & Sullivan Report.

In compiling and preparing the research report, Frost & Sullivan conducted primary research including telephone and face-to-face interviews with industry participants. Also, secondary research, which involved reviewing the statistics published by The National Bureau of Statistics of China ("**NBSC**"), industry publications, annual reports and data based on its own database, was conducted. Frost & Sullivan presented the figures for various market size projections from historical data analysis plotted against macroeconomic data, as well as data with respect to the related industry drivers and integration of expert opinions. Frost & Sullivan assumed that (i) the social, economic and political environment is expected to remain stable; and (ii) key industry drivers are likely to continue to affect the market over the forecast period from 2016 to 2020.

About Frost & Sullivan

Frost & Sullivan is an independent global consulting firm founded in 1961. It offers industry research, market strategies and provides growth consulting and corporate training. Its industry coverage includes automotive and transportation, chemicals, materials and food, commercial aviation, consumer products, energy and power systems, environment and building technologies, healthcare, industrial automation and electronics, industrial and machinery, and technology, media and telecom. The Frost & Sullivan Report includes information on data of the landscaping and public works industry in the PRC.

LANDSCAPING MARKET IN THE PRC

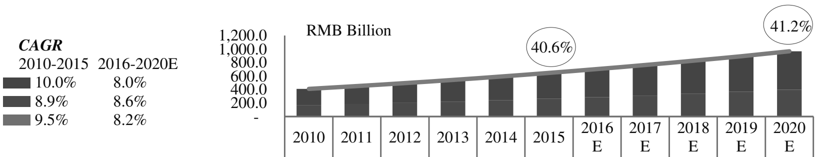
Introduction

Landscaping refers to the modification and improvement of outdoor public areas, composed of green planting, landform reconstruction, sightseeing facility building and road planning, to achieve environmental outcomes. Landscaping is divided into two segments, namely (a) municipal landscaping, which is generally led or initiated by the government or state-invested enterprises for the purpose of improving city appearance and the living environment; and (b) private and non-governmental landscaping, which serves individuals and non-governmental parties in private construction.

Market size

The size of landscaping market in the PRC, which is measured in terms of the aggregated completed contract value of landscaping projects in the respective year, has grown from RMB410.4 billion in 2010 to RMB647.4 billion in 2015, representing a CAGR of 9.5%. The municipal landscaping segment increased from RMB171.3 billion in 2010 to RMB262.7 billion in 2015, representing a CAGR of 8.9%. Driven by the rapid growth of the real estate industry in the PRC in the past five years, the private and non-governmental landscaping segment has been growing at a comparatively higher pace than municipal landscaping segment, with a CAGR of 10.0% over the period from 2010 to 2015. Spurred by the increasing attention and support from the government, the municipal landscaping segment is expected to embrace faster growth than overall landscaping in the future, while the private and non-governmental landscaping segment would continue to grow at a steady rate. The chart below sets forth the landscaping market size by segment in the PRC:

Size of the landscaping market by segment in the PRC



	2010	2011	2012	2013	2014	2015	2016 E	2017 E	2018 E	2019 E	2020 E
Private and non-governmental landscaping	239.1	265.4	290.4	321.0	353.8	384.7	417.6	451.6	488.0	526.7	568.1
Municipal landscaping	171.3	186.1	202.6	221.0	240.8	262.7	286.3	311.3	338.2	367.1	398.1
Overall landscaping	410.4	451.5	493.0	542.0	594.6	647.4	703.9	762.9	826.2	893.8	966.2

refers to the proportion of municipal landscaping in overall landscaping.

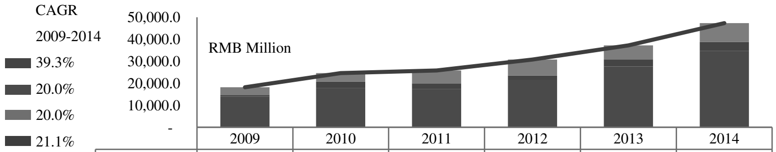
Note: Market size here is defined as the aggregated completed contract value of landscaping projects in the respective year.

Source: Frost & Sullivan

Yangtze River Delta

In terms of geographical distribution, the landscaping market in Eastern China took over a half of the national market in the PRC. This is mainly attributed to the rapid economic development in this area, where accelerating urbanisation brought more people to move in and settle down, which formed a solid ground for increasing establishment of landscaping projects. As part of Eastern China, Yangtze River Delta, comprising Shanghai, Jiangsu and Zhejiang, contributed more than half of the landscaping market in terms of total contract value and has been growing at a faster pace. Being one of the affluent regions in Eastern China, Yangtze River Delta witnesses growing government investment on urban planning and environmental conservation. The charts below set forth the completed investment in urban landscape construction from the government in Yangtze River Delta and the size of the landscaping market by region in the PRC:

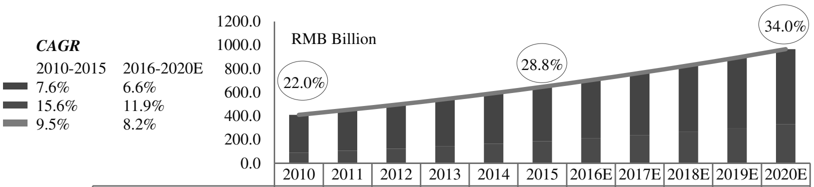
Completed investment in urban landscape construction from the government in Yangtze River Delta



	2009	2010	2011	2012	2013	2014
Zhejiang	3,429.7	3,894.9	5,849.3	7,225.6	6,341.7	8,546.3
Shanghai	777.9	2,821.2	2,540.7	1,930.0	3,224.6	4,076.0
Jiangsu	13,940.2	17,921.5	17,404.6	21,596.3	27,637.0	34,638.0
Total	18,147.8	24,637.6	25,794.6	30,751.9	37,203.3	47,260.3

Source: NBSC

Size of the landscaping market by region in the PRC



	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E
Other areas	320.3	345.9	370.6	399.9	430.1	461.1	493.8	526.9	561.8	598.6	637.3
Yangtze River Delta	90.1	105.6	122.4	142.1	164.5	186.3	210.1	236.0	264.4	295.2	328.9
Total	410.4	451.5	493.0	542.0	594.6	647.4	703.9	762.9	826.2	893.8	966.2

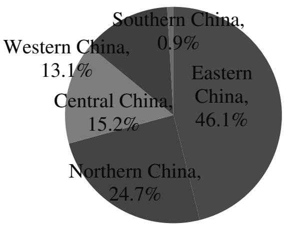
○ refers to the proportion of Yangtze River Delta in overall landscaping market in the PRC.

Source: Frost & Sullivan

Geographical distribution of completed investment in urban landscape construction in the PRC

According to the statistics from NBSC, the completed investment in urban landscape construction from the government in Eastern China took up the largest share in the total completed investment in urban landscape construction of the PRC, with a share of 46.1%, followed by Northern China with a share of 24.7%. The chart below sets forth the completed investment in urban landscape construction from the government in the PRC by region:

Completed investment in urban landscape construction from the government in the PRC by region, 2014



Note: Eastern China includes Jiangsu, Zhejiang, Shanghai, Anhui, Fujian and Shandong. Northern China includes Beijing, Tianjin, Hebei, Shanxi, Inner Mongolia, Heilongjiang, Jilin and Liaoning. Central China includes He'nan, Hubei, Hu'nan and Jiangxi. Western China includes Ningxia, Xinjiang, Qinghai, Shaanxi, Gansu, Sichuan, Yunnan, Guizhou, Xizang and Chongqing. Southern China includes Guangdong, Guangxi and Hainan.

Source: NBSC, Frost & Sullivan

Drivers

Accelerating urbanisation: With the continuous increase of urban population and the accelerating industrialisation, according to NBSC, the urbanisation rate in the PRC has grown from 49.9% in 2010 to 56.1% in 2015, and is expected to surpass 60% in 2020. The increase of urban residents creates strong demand for the construction of public leisure space, urban landscape and city parks, boosting further development of landscaping markets in the PRC.

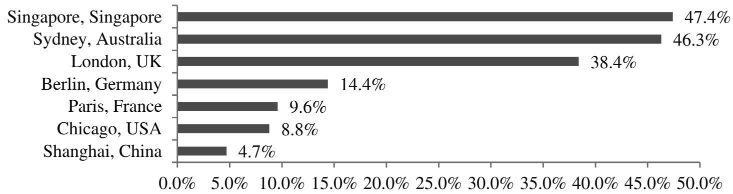
Increasing awareness of environmental conservation: As people's living standards in China have been improving, urban residents attach much significance to natural preservation and maintaining physical and mental fitness. Urban landscape is a key part of urban ecosystem and contributes to the improvement in the living environment. Landscaping contributes to the greening of the environment and creates favorable natural living conditions for people. As a result, increasing awareness of and attention to creating a better living environment further drives the growth of landscaping market in China.

Completed investment in urban landscape construction: With the government's increasing awareness of environmental conservation and creating better and sustainable living environment for citizens, according to NBSC, the completed investment from the government in urban landscape construction in the PRC grew from RMB91.5 billion in 2009 to RMB159.5 billion in 2015, representing a CAGR of 9.7% over the period from 2009 to 2015. The increasing investment in urban landscape construction from the government offers sufficient capital support to municipal landscaping projects, promoting the further growth of landscaping industry.

Number of city parks: City park is a major part of urban landscape. According to NBSC, the number of city parks in the PRC increased from 9,050 in 2009 to 13,037 in 2014, growing at a CAGR of 7.6%, reflecting that the PRC government had paid increasing attention to optimising the ecological environment. With the increase in the number of city parks, the construction projects for landscaping and greening increase correspondingly, thus, creating business opportunities to landscaping enterprises in the industry.

Green coverage ratio of open spaces around the global: As a typical metropolis in the PRC, Shanghai represents a relatively high level of development in landscaping construction, with its green coverage ratio in open spaces ranking highest in the city in the PRC. However, the overall level of green coverage ratio in Shanghai is still much lower compared with other big cities in the developed countries, which indicated a huge future potential for the landscaping market in Shanghai as well as the whole China in the coming years. The chart below sets forth the green coverage ratio in open spaces in some key metropolis in the world in 2015, and most are economic centers of the corresponding countries:

Green coverage ratio in open spaces, 2015



Note: Open green spaces include open area parks, gardens and squares. Tree lined streets do not count.

Source: World Culture Report, Frost & Sullivan

Trends

Industrial integration: In recent years, in order to capture business opportunity and achieve synergy from economies of scale, an increasing number of landscaping construction service providers are seeking to expand their business scope via upstreaming integration, which includes architectural design business, landscape planning and design; sapling cultivation and sales, R&D on technologies and materials, and project management. For example, based on publicly available information, Pubang Landscape Architecture Co., Ltd. (廣州普邦園林股份有限公司), a company listed on Shenzhen Stock Exchange, acquired an architecture design company situated in Guangzhou in 2013. Palm Eco-Town Development Co., Ltd. (棕櫚生態城鎮發展股份有限公司), a company listed on Shenzhen Stock Exchange, acquired a landscape planning and design company located in Hong Kong in 2011; Beijing Orient Landscape Co., Ltd. (北京東方園林股份有限公司), a company listed on Shenzhen Stock Exchange, acquired a landscape design company situated in Shanghai in 2014. Due to the higher economic level, the landscaping design firms in Yangtze River Delta are equipped with comparatively stronger capital and technical support, which allowed them to have more opportunities to undertake larger-scale and more sophisticated landscaping projects. Larger landscape construction service providers tend to compete with their peers in terms of service scope, cross-regional operational capability as well as execution efficiency, thereby encouraging the industry moving towards consolidation and higher concentration.

Gradual expansion into Western and Central China: The prosperity of landscaping market rides on local economic conditions, in particular, local government's finance. Currently, the municipal landscaping market in Eastern China is much more developed than that in Western China. According to the statistics from NBSC, the average green coverage ratio of urban built-up area in Western China and Central China in 2014 was 37.4% and 39.9%, respectively, lower than the national average level, which was 40.2%, while this ratio for Eastern China was 41.4%, the highest in the five regions of China. Therefore, there tends to be more growth potential for landscaping in Western and Central China. Premier Li Keqiang stated in the report of government work early in 2016 that the 13th Five-year Plan for Western Development should be formulated and implemented, which will continuously drive the infrastructure construction and urban development of Western as well as Central China. With the priority of urbanisation shifting to the west, Western and Central China show gradual growth potential.

Competitive landscape

Landscaping market is highly fragmented in the PRC, with a large number of small-to medium-scale landscaping companies. As of June 2016, 1,471 landscaping companies held the First-Grade Urban Landscape Construction Enterprises Qualification Certificate (城市園林綠化企業資質證書壹級) in the PRC. In Yangtze River Delta, there were over 3,000 companies engaged in municipal landscaping business, contributing RMB68,568.2 million to, or 26.1% of, the total municipal landscaping market in the PRC in 2015. Of these enterprises, 466 of them held the First-Grade Urban Landscape Construction Enterprises Qualification Certificate. The companies possessing a number of professional qualification and rich project experience are likely to have more access to projects of different scales and nature, and to have more opportunities in achieving success in the process of tendering. In terms of revenue generated from the municipal landscaping projects in Yangtze River Delta, the top five municipal landscaping companies contributed a combined share of 2.40% of the municipal landscaping market in Yangtze River Delta, with a total revenue of approximately RMB1,642.2 million in 2015. The table below sets forth the ranking of the top five municipal landscaping companies in terms of their revenue derived from municipal landscaping projects in Yangtze River Delta:

Company	**Revenue from municipal landscaping projects in Yangtze River Delta in 2015**	**Market share in 2015**	**Registered capital**	**Business category**	**Geographic coverage**
	(RMB Million)		**(RMB Million)**		
Company A	561.0	0.82%	200	Consulting, design, execution and supervision of construction projects	Beijing, Shanghai, Tianjin, Chongqing, Chengdu, Kunming, Xi'an, Changsha, Nanchang, Hefei, Nanjing, Suzhou, Changzhou, Kunshan, Xuzhou
Company B	336.6	0.49%	80	Landscape design, construction, sapling R&D and nursery	More than 20 provinces in China
Company C	258.4	0.38%	192	Landscape plan, design, construction, maintenance, sapling R&D and nursery	Beijing, Shanxi, Shandong, Anhui, Jiangsu, Shanghai, Zhejiang, Guangdong, Guangxi, Fujian, Hu'nan, Hubei, Sichuan, Chongqing, Hainan
Company D	255.9	0.37%	80.2	Landscaping plan, design, and construction	Middle and lower reaches of the Yangtze River
Chanhigh Landscape (our wholly-owned subsidiary)	230.3	0.34%	152	Landscape construction, public works construction, and building works construction	12 provinces, three municipalities, and two autonomous regions
Top 5 Total	**1,642.2**	**2.40%**			
Municipal landscaping market in Yangtze River Delta in 2015	**68,568.2**				

Note: Revenue quoted above refers to the aggregated completed contract value of municipal landscaping projects in Yangtze River Delta in 2015.
Source: Frost & Sullivan

Landscaping market is also fragmented in Zhejiang Province. As at 31 October 2016, there were 167 landscaping companies holding the First-Grade Urban Landscape Construction Enterprises Qualification Certificate (城市園林綠化企業資質證書壹級). Over 1,500 companies in Zhejiang Province were involved in municipal landscaping and they together achieved an aggregated revenue of RMB13,398.4 million in 2015, contributing approximately 19.5% and 5.1% of the municipal landscaping market in the Yangtze River Delta and in the PRC, respectively. The top five municipal landscaping companies contributed a combined share of approximately 5.7% of the municipal landscaping market in Zhejiang Province.

The table below sets forth the top five municipal landscaping companies in terms of ranking of their revenue derived from municipal landscaping projects in Zhejiang Province:

Company	**Revenue from municipal landscaping in Zhejiang Province in 2015**	**Market share in Zhejiang Province in 2015**	**Registered capital**	**Business category**	**Geographic coverage**
	(RMB million)		**(RMB million)**		
Company I	211.0	1.6%	80	Landscape design, construction, sapling R&D and nursery	More than 20 provinces in China
Chanhigh Landscape (our wholly-owned subsidiary)	176.1	1.3%	152	Landscape construction, public works construction, and building works construction	12 provinces, three municipalities, and two autonomous regions
Company II	153.2	1.1%	45	Landscape design, construction, maintenance, sapling nursery	Zhejiang, Beijing, Shanghai, Qingdao, Anhui, Guangdong, etc.
Company III	127.3	1.0%	111.7	Landscape design, construction, maintenance, sapling nursery	More than 10 provinces in China
Company IV	92.1	0.7%	280	Landscape design, construction, maintenance, sapling R&D and nursery	Zhejiang, Jiangsu, Sichuan, Shandong, He'nan, Hainan, Shanghai, Chongqing, etc.
Top 5 Total	**759.7**	**5.7%**			
Municipal landscaping market in Zhejiang in 2015	**13,398.4**				

Note: Revenue quoted above refers to the aggregated completed contract value of municipal landscaping projects in Zhejiang Province in 2015.

Source: Frost & Sullivan

Entry barriers

Qualification: The certificate of Landscape Construction Qualification is the key barrier for new entrants. In the PRC, landscape contraction service providers are required to possess the requisite qualifications before they are allowed to participate into the tender or to undertake relevant projects. Qualification Standard of Urban Landscaping Enterprises (城市園林綠化企業資質標準) published by Ministry of Housing and Urban-Rural Development of the PRC clearly lists out the requirements on registered capital, operation period, project value, employee number and business scope for three levels of qualification. It takes considerably long time and significant cost to apply for the qualification. The possession of five first-grade qualifications simultaneously is a huge competitive advantage in the tendering process. Based on China Building Information ("**CBI**"), which is well recognised in the construction industry for its information service, as of June 2016, in the PRC, 3,729 companies held the First-Grade General Contractor for Municipal Public Works (市政公用工程施工總

承包壹級); 283 companies held the First-Grade Professional Contractor for Historical Building Projects (園林古建築工程專業承包壹級); 454 companies held the First-Grade Professional Contractor for Urban and Street Lighting projects (城市及道路照明工程專業承包壹級); and 4,549 companies held the First-Grade Professional Contractor for Building Renovation Projects (建築裝修裝飾工程專業承包壹級), and altogether 9 of them held all of these five First-Grade qualifications. According to the statistics from CBI, as of June 2016, among all the municipal landscaping companies in Zhejiang, more than 80% of them held only one First-Grade qualification certificate, and Chanhigh Landscape (our wholly-owned subsidiary) was the only company processing with all these five First-Grade qualifications in Zhejiang Province.

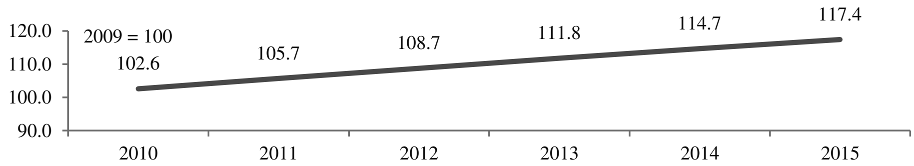
Financial requirements: Solid financial condition, such as sufficient capital reserve, is another challenge for the industrial newcomers. Long period of credit term is a common practice for almost all the public works in the PRC, including municipal landscaping projects. Therefore, strong capital reserve ensures smooth operation of enterprises.

Geographical barrier: Regionalisation is a typical characteristic of landscaping industry, as landscaping is commonly the reflection of regional features and tenderers of landscaping and public works projects usually expect the construction service providers to be very familiar with regional social and geographical conditions and historic culture, to possess strong local network and readily available local labour force to manage the project. It is difficult for industrial players to run cross-regional business in this field in the absence of strong industry recognition and proven industry experience. Therefore, it becomes a tough task for new entrants to snatch client resource from these fledged players.

Cost factor analysis

Saplings: According to China Landscaping Industry Association, raw materials take up 70.0% in the total expenditure of landscape construction projects. Saplings are the main category of raw materials used for landscaping. The average price of saplings in the PRC witnessed a rising trend from 2010 to 2015, growing at a CAGR of 2.7% over this period.

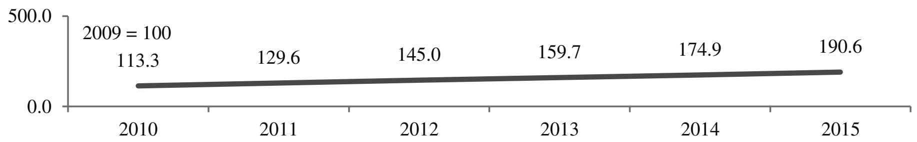
Average price index of saplings in the PRC



Source: China Flower Association, Frost & Sullivan

Labour: According to China Landscaping Industry Association, labor takes up 20.0% in the cost structure of a landscaping project. The average wages in the PRC saw an increasing trend from 2010 to 2015, representing a CAGR of 11.0% over this period. With the increasing disposable income level in the PRC, it is expected that the average wages tend to keep the increasing trend in the future.

Index of average wages in the PRC

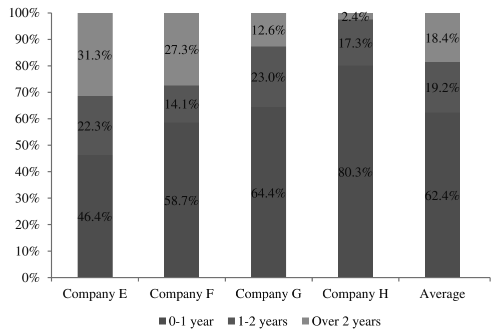


Source: NBSC, Frost & Sullivan

Accounts receivables performance

The accounts receivables performance in landscaping market in the PRC saw a relatively complicated situation, with turnover ratios ranging from 1.5 to 4.0 over the period from 2013 to 2015 for different public companies. Turnover ratio, which is calculated by prime operating revenue/average balance of accounts receivables, implies the frequency of accounts receivables transferring to cash over a specific period. For most of the listed companies which carried on similar business in the PRC as shown in the chart below, a significant portion of their account receivables aged more than one year. This is mainly attributed to various factors, such as project complexity and customer types. Generally, projects from the state-owned enterprises or the government indicated a relatively higher degree of complexity, as demolition and delayed planning might be involved, and thus indicated a longer payment period than that from the private companies, as these projects usually involved a longer process flow for inspection, acceptance and settlement. However, these customers show higher credibility and low default rate. The chart below sets forth the ageing analysis of accounts receivables of some listed landscaping companies in the PRC:

Ageing analysis of accounts receivables of some listed landscaping companies, 2015



Note: Company E is a company listed on Shenzhen Stock Exchange with landscape design and construction and sapling nursery and maintenance as its main business. Company F is a company listed on Shenzhen Stock Exchange and focuses on landscape planning, design and construction and sapling nursery and sales. Company G is also a company listed on Shenzhen Stock Exchange and its main business covers landscape design, consulting, construction and maintenance and sapling nursery and sales. Company H is a company listed on the Stock Exchange with landscape planning, design and project construction as its main business.

Source: Annual Reports, Frost & Sullivan

PUBLIC WORKS MARKET IN THE PRC

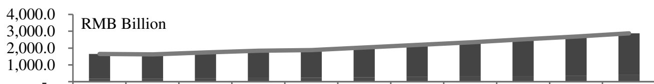
Introduction

Public works refers to the projects funded by the government with an aim to providing paid or gratuitous service to local residents. The project categories include municipal landscaping and municipal works, which covers rail transportation infrastructure, roads & bridges, water supply, drainage, flood control, fuel gas supply, centralised heating, city lighting, city appearance and environmental sanitation, etc..

Market size

The overall market size of public works in the PRC, which is measured in terms of the aggregated completed contract value of the relevant projects in the respective year, increased from RMB1,652.3 billion in 2010 to RMB2,027.8 billion in 2015, representing a CAGR of 4.2%, and is expected to keep growing at a CAGR of 7.1% to achieve RMB2,870.7 billion in 2020. The aggregated completed contract value of municipal works (excluding municipal landscaping) grew from RMB1,481.0 billion in 2010 to RMB1,765.1 billion in 2015, representing a CAGR of 3.6%. According to the Ministry of Finance, there were 1,828 public works projects by the end of January 2016. These projects are expected to involve the investment of over RMB2.0 trillion. The chart below sets forth the market size of public works and breakdown by segment in the PRC:

Market size of public works and breakdown by segment in the PRC



CAGR	2010-2015	2016-2020E
Municipal works (excluding municipal landscaping)	3.6%	6.9%
Municipal landscaping	8.9%	8.6%
Overall Public works	4.2%	7.1%

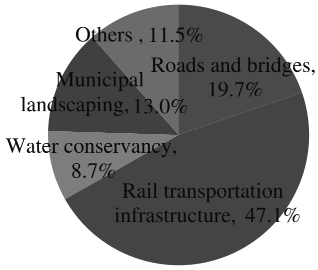
	2010	2011	2012	2013	2014	2015	2016E	2017E	2018E	2019E	2020E
Municipal works (excluding municipal landscaping)	1,481.0	1,441.4	1,542.1	1,621.3	1,640.3	1,765.1	1,895.7	2,032.1	2,173.9	2,320.9	2,472.6
Municipal landscaping	171.3	186.1	202.6	221.0	240.8	262.7	286.3	311.3	338.2	367.1	398.1
Overall Public works	1,652.3	1,627.5	1,744.7	1,842.3	1,881.1	2,027.8	2,182.0	2,343.4	2,512.1	2,688.0	2,870.7

Note: Market size here is defined as the aggregated completed contract value of public works in the respective year. Municipal works mainly includes the projects concerning roads and bridges, rail transportation infrastructure and water conservancy.

Source: Ministry of Finance, Frost & Sullivan

Municipal works (excluding municipal landscaping) altogether took up 87.0% in the overall market size of the public works in 2015. Rail transportation infrastructure took up the largest share with a percentage of 47.1%, and roads and bridges followed by accounting for 19.7%. Water conservancy, including water supply, drainage and flood control, occupied a share of 8.7%. The chart below sets forth the share of each project category in the overall market size of public works:

Public works market share breakdown by project category, 2015



Note: "Others" here includes fuel gas supply, centralised heating, etc..

Source: NBSC, Frost & Sullivan

Drivers

Investment in infrastructure construction in the PRC: The PRC's government has attached great importance to infrastructure construction in the PRC. According to NBSC, from 2010 to 2015, the completed investment in infrastructure construction in the PRC has increased from RMB6,480.8 billion to RMB13,126.4 billion, representing a CAGR of 15.2%. With the continuous process of urbanisation and the initiatives from the government, more public works related construction projects will be carried out in the PRC.

"Beautiful China" strategy: The PRC's government has officially announced "Beautiful China" as a significant development strategy of China in the 13th Five-year Plan in 2015. The concept of "Beautiful China" was firstly raised as a governing philosophy in the 18th National People's Congress of the PRC in November 2012 and highlighted the prominent position of ecological civilisation construction to achieve sustainable development. Driven by "Beautiful China" strategy, urban development is anticipated to focus more on environmental protection, ecological restoration, energy saving and improvement of resource utilisation. This is expected to generate more developing opportunities for public works in the PRC.

"Sponge City" construction: The General Office of State Council has issued "*Guidance on Promoting the Construction of Sponge City*" in October 2015. The construction of Sponge City aimed to build an urban landscape-based water ecology system such as developing ponds, filtration pools and wetlands, as well as to build permeable roads and public spaces that enable stormwater to soak into the ground, with the object of reducing flooding in urban areas and achieving sustainable management of water resources. By April 2016, there had already been 30 pilot cities receiving the support from the central finance to participate into this plan: Qian'an, Baicheng, Zhenjiang, Jiaxing, Chizhou, Xiamen, Pingxiang, Ji'nan, Hebi, Wuhan, Changde, Nan'ning, Chongqing, Suining, new district of Guian, new district of Xixian, Beijing, Tianjin, Dalian, Shanghai, Ningbo, Fuzhou, Qingdao, Zhuhai, Shenzhen, Sanya, Yuxi, Qingyang, Xi'ning and Guyuan. The construction of Sponge City will promote the renovation of dangerous houses, new construction of related infrastructure as well as the restoration of urban ecosystems, which tend to create huge growth potential for public works including municipal landscaping in the PRC.

Constraints

Limited financing capacity of local Governments in underdeveloped areas: Due to various level of economic development in the PRC, local governments in underdeveloped areas have relatively weak financing capacity than those in developed areas, which may exert an adverse influence on the overall market growth of public works in the PRC, as limited financing capacity may restrict the budget and size of the projects, cut the profit margin and extinguish the enthusiasm of tenders.

Irregular bidding and tendering process: Irregularity in bidding and tendering process sometimes occurs especially in the projects located in small-and-medium sized cities where monitoring and auditing on tendering process is insufficient and not transparent. The tenderers may favor specific tender and offer the tender with competitive advantage by imposing exclusive restrictive covenants on the contract. Although the irregularity in tendering is not common, it will undermine the overall development of the industry and discourage new entrants to the industry.

Trends

Wider adoption of "PPP": Given the fiscal constraints of local government and the national policies to encourage participants of private capital in public sector, "PPP" is increasingly adopted in the infrastructure construction projects in China. "PPP", which refers to "Public-Private-Partnership", is now increasingly adopted in the infrastructure construction projects in China. BOT, BT, BOO, etc. are various forms of "PPP". By signing the contract, the private party provides a public service and assumes substantial financial, technical and operational obligation in the project, which enables the government to release the pressure on financing and manage project supervision better. According to the statistics from the NDRC, by the end of 2015, the number of all "PPP" projects released in the PRC reached 2,125, with an investment of RMB3.5 trillion from the government. In the future, increasing and wider adoption of "PPP" in the public sector will accelerate the development of public works market (including municipal landscaping) in the PRC.

Integration of business sections: The leading companies in public works industry tend to obtain professional qualifications as many as possible and get involved in different business sections in the industry for diversification. The diversified business portfolio allows them to spread their business risks and expand revenue streams. The integration of diversified business sections will be a lasting trend in public works market of China. On the other hand, the government is also inclined to cooperate with main contractors who are well equipped with various certifications and capable of providing full-services.

Competitive landscape

The market of public works is highly fragmented in China. There are more than 42,000 players holding Grade-Three and Above Municipal Public Engineering Construction General Contracting Qualification (市政公用工程施工總承包三級及以上資質), and more than 3,700 players of them holding Superfine and First-Grade Municipal Public Engineering Construction General Contracting Qualification (市政公用工程施工總承包特級和一級資質). The market is also featured with high level of regionalisation. Public works projects mainly serve specific regions or cities. It is likely for local public works companies to enjoy competitive advantages in both the tendering and implementation process of projects, as they are more familiar with the natural conditions, and humanistic environment of the region or the city. Currently, most tenderers of public works projects show preference to local companies in the tendering process with the purpose of increasing the cost performance as well as the efficiency of project management and execution.

Entry barrier

Talents: To be eligible for participating in the tendering process for government project, enterprise shall obtain the necessary qualifications and fulfill the technical requirements for the staff to be dispatched. The acquisition of First-Grade Municipal Public Engineering Construction General Contracting Qualification (市政公用工程施工總承包一級資質) requires the applying company to have at least 12 Registered Constructors (註冊一級建造師). Also, the technical leader is supposed to have at least 10 years' experience in engineering construction management. Thus, professional qualification of the enterprise and the staff could be a barrier to entry.

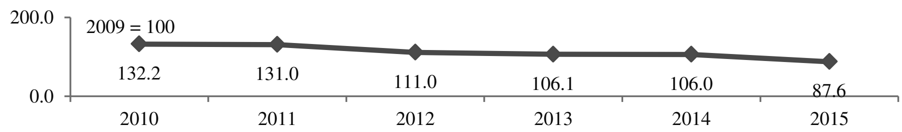
Track record requirement: Public works may involve a diverse range of works to be managed and undertaken. Project experience is a reflection of execution capability and hence could enhance the enterprise's competitiveness when securing contracts. Also, project experience contributes to the enterprise's reputation and credit building, which is of great importance in government project. Thus, this could be an entry barrier to newly established enterprises which have relatively short or no proven track record.

Cost factor analysis

Concrete

Concrete is one of the most durable building materials. The overcapacity of concrete along with the application of its substitute like tile glues have attributed to the decrease in price. The chart below sets forth the price trend of concrete in the PRC:

Price index of concrete in the PRC

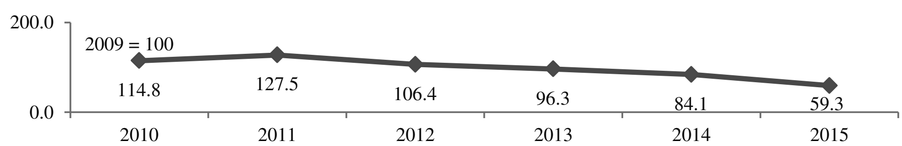


Source: CEMPI, Frost & Sullivan

Round steel

Round steel has been widely used in public works. Mainly attributed to the overcapacity and weaker demand from the downstream applications, the price of round steel in the PRC underwent a generally sharp decline over the period from 2010 to 2015. The chart below sets forth the price trend of round steel in the PRC:

Price index of round steel in the PRC



Source: NBSC, Frost & Sullivan

REGULATIONS IN RELATION TO URBAN LANDSCAPE

On 22 June 1992, the State Council promulgated the Regulations of Urban Landscape (《城市綠化條例》) (amended on 8 January 2011) with effect from 1 August 1992, to regulate planning, construction, protection and administration of the urban landscape. Under the Regulations of Urban Landscape, the design scheme of urban landscape projects, including but not limited to the construction of lawns in public and residential areas, scenery forestry and green belts along main roads shall be approved by corresponding local landscape authorities. Local landscape authorities shall also join in the examination of the design scheme for auxiliary landscape projects of construction projects conducted by other relevant authorities. Construction enterprises shall construct urban landscape projects in accordance with the approved design scheme of such urban landscape projects. Any necessary change to the design scheme shall be examined and approved by the landscape authority originally approved the design scheme. The urban landscape projects shall not be put into operation until it is completed and checked for acceptance by the local urban landscape authorities. According to the Regulations of Urban Landscape, enterprises engaged in engineering designs and constructions of urban landscape projects shall obtain relevant qualification certificates.

According to the Notice of the State Council on Reinforcing Construction of Urban Landscape 《國務院關於加強城市綠化建設的通知》 issued by the State Council on 3 May 2001, in order to facilitate coordination and development in respect of the economy, community and environment of cities, to further enhance the level of urban landscape and to improve ecological environment and landscape of cities, municipal governments and ministries of the State Council at all levels are required to focus on urban landscape, to put forward guiding ideas, goals and major tasks for urban landscape projects and to request all parties to implement various measures for expediting construction of urban landscape, such as increase of investment contribution, establishing channels for capital fund, guaranteed greenfield and stepping up design of scientific research.

According to Guiding Opinion of the MOHURD on Promoting the Healthy Development of Urban Landscape Industry (《住房城鄉建設部關於促進城市園林綠化事業健康發展的指導意見》) promulgated by the MOHURD on 18 November 2012 and implemented as from 18 November 2012, MOHURD guides local housing and urban-rural development authorities to implement effective measures in order to promote the healthy development of urban landscape industry, which include adhering to principle of public welfare when guiding the development of urban landscape industry, improving scientific planning and design, improving construction quality of greenfield, enhancing market supervision, strengthening daily administration, promoting technological innovation and reinforcing governmental guidance for urban landscape industry.

Qualifications of Urban Landscape Construction Enterprises

Under the Notice on Amending Qualification Standards of Urban Landscape Construction Enterprises (《關於修訂<城市園林綠化企業資質標準>的通知》) promulgated by the MOHURD on 9 October 2009 and implemented as from 9 October 2009 and amended on 23 June 2016 (the "**Qualification Standards of Landscape Construction Enterprises**"), urban landscape construction enterprises can be divided into four grades, which are the first-grade, the second-grade, the third-grade and below the third-grade Landscape construction enterprises with first-grade qualification are allowed undertake landscaping projects of any scale and/or type, while those with second-grade qualification are allowed to undertake landscaping projects with a contract value of less than RMB12 million and those with third-grade qualification can undertake landscaping projects with a contract value of less than RMB5 million.

According to the Qualification Standards of Landscape Construction Enterprises, there are different requirements for obtaining different grades of qualifications for undertaking landscaping projects and the assessment criteria for first-grade qualification are more stringent than those of the others. For instance, first-grade qualification for landscape enterprises requires that an enterprise shall have a net value of fixed assets of more than RMB10 million and the value of construction contracts completed of all landscaping projects of the enterprise in the most recent three years shall be more than RMB50 million, while second-grade qualification requires that an enterprise shall have a net value of fixed assets of more than RMB5 million and the value of construction contracts completed of all landscaping projects of the enterprise in the most recent three years shall be more than RMB20 million, and third-grade qualification requires that an enterprise shall have a net value of fixed assets of more than RMB1 million. Moreover, first-grade qualification requires that an enterprise shall have independently undertaken not less than five integrated landscaping projects with a contract value of more than RMB8 million each which have passed inspection in the most recent three years, while second-grade qualification requires that an enterprise shall have undertaken not less than five integrated landscape construction projects with a contract value of more than RMB4 million each which have passed inspection in the most recent three years, and no such requirement is set for third-grade qualification. In addition, pursuant to the Qualification Standards of Landscape Construction Enterprises, any enterprise applying for the First-Grade Urban Landscape Construction Enterprises Qualification Certificate shall satisfy the following requirements:

(1) it has more than six years' operating experience in landscape construction, has held the Second-Grade Urban Landscape Construction Enterprises Qualification Certificate for more than three years, and has been an independent professional landscape construction enterprise with the status of legal person;

(2) in the past three years, it has independently undertaken at least five comprehensive landscape projects, all of which have been checked for acceptance and the construction cost of each exceeds RMB8 million;

(3) it has at least 133,334 m^2 (1 mu = 666.67 m^2) nursery production and cultivation bases and shall be capable of cultivating, producing and maintaining landscape seedlings, flowers, potted plants and lawns;

(4) its managers shall have more than eight years' experience in landscape operation and management or holding professional title of senior level in landscape, its chief engineer shall hold professional title of senior level in landscape, its chief accountant shall hold professional title as a senior accountant and its chief economist shall hold professional title of intermediate level or above in economics;

(5) it has in total at least 30 landscape professionals, full-time managers and technicians in engineering, management, economics and other related specialties and at least 20 employees with professional title of intermediate level or above, including at least two employees with professional title of senior level in landscape, at least 10 employees with professional title of intermediate level in landscape and at least one engineer specialised in construction, drainage and electrical respectively; and

(6) it has at least 30 workers with professional title of intermediate level or above, including landscape workers, flower cultivation workers, tilers (or bricklayers), carpenters, electricians and other relevant industry workers, and at least 10 senior professional technicians, including at least five senior landscape workers and/or senior flower cultivation workers in total.

Qualifications of General Contractor for Municipal Public Works

According to The Notice of the MOHURD on Issuance of Qualification Standards of Enterprises in the Construction Industry (《住房城鄉建設部關於印發<建築業企業資質標準>的通知》) promulgated on 6 November 2014, implemented as from 1 January 2015 (the "Qualification Standard of Construction Enterprises") and The Notice of the MOHURD on simplifying a partial index of the Qualification Standards of Enterprises in the Construction Industry(JIAN SHI[2016]226)(《住房城鄉建設部關於簡化建築業企業資質標準部分指標的通知》(建市[2016]226號)) promulgated on 14 October 2016 and implemented as from 1 November 2016,there are different allowed work scope for enterprises with different grades of construction qualifications. For instance, enterprises with first-grade qualification of Contractor for Municipal Public Projects (市政公用工程施工總承包資質) are allowed to undertake municipal works of all scale and/or all types, while those with second-grade qualification are allowed to undertake municipal works for all types of urban roads, bridges with single-span below 45 meters, water plants with water supply of less than 150,000 tons/ day, all kinds of water supply, drainage and pipeline projects and all kinds of municipal sewage and waste treatment projects, and those with third-grade qualification can only undertake municipal works for urban roads (excluding expressways), bridges with single-span below 25 meters, water plants with water supply of less than 80,000 tons/ day, sewage pipelines with diameter of less than 1.5 meter and municipal sewage and waste treatment projects with single contract value of less than RMB25 million.

According to the Qualification Standards of Construction Enterprises and the Simplified Qualification Standards of Construction Enterprise, there are different requirements for obtaining different grades of qualifications for undertaking municipal works and the assessment criteria for first-grade qualification are more stringent than those of the others. The assessment criteria are based on assets, key professional and technical personnel, track record of projects undertaken and technical equipment of the enterprise. Enterprises with first-grade qualification are required to meet the requirements in all four criteria whereas enterprises with lower-grade qualifications are required to meet some of the assessment criteria. Moreover, enterprises with first-grade qualification are also subject to more stringent requirement in each of the relevant assessment criteria. To take qualification of Contractor for Municipal Public Projects as an example, enterprises are required to have more than RMB100 million of net assets while enterprises with second-grade qualification are required to have more than RMB40 million of net assets, and those with third-grade qualification are only required to have more than RMB10 million of net assets.

Under the Notice on the Issuance of Administration Procedure of Application for the First-Grade Urban Landscape Construction Enterprises Qualification Certificate (《關於印發<城市園林綠化企業一級資質申報管理工作規程>的通知》) promulgated by the MOHURD on 9 October 2009 and implemented as from 9 October 2009 (the "**Administration Procedure**"), enterprises applying for the First-Grade Urban Landscape Construction Enterprises Qualification Certificate shall submit application materials to the housing and urban-rural development bureau of the relevant province or autonomous region or the urban landscape administrative bureau of relevant municipality directly under the central government ("**provincial authorities**"). Provincial authorities shall carry out preliminary examination of the application materials submitted by the enterprises. After the preliminary examination, either the provincial authority or the enterprise shall submit the preliminary opinion together with the application materials to MOHURD for final approval. Acceptance Office of MOHURD for administrative examination and approval is responsible for the acceptance of the application materials and the announcement of the result of examination and approval. Urban Development Department of MOHURD is responsible for specific works relevant to approval, implementation and supervision of the First-Grade Urban Landscape Construction Enterprises

Qualification Certificate. In addition, pursuant to the Administration Procedure, enterprises holding the First-Grade Urban Landscape Construction Enterprises Qualification Certificate shall apply for extension of qualification certificate with MOHURD at least 30 days prior to expiration of the validity period of their qualification certificates.

Standards for construction and check for acceptance of landscape projects

According to the Announcement on Issuance of Industrial Standards for Construction and Check for Acceptance of Landscape Projects (《關於發佈行業標準<園林綠化工程施工及驗收規範>的公告》) promulgated by the MOHURD on 24 December 2012 and implemented as from 1 May 2013, MOHURD approved new Standards for Construction and Check for Acceptance of Landscape Projects (CJJ82-2012). These standards specify basic requirements for preparation prior to landscape construction, plant materials and seeds, soil treatment before cultivation, excavation of cultivation hole (slot), seedling transportation, pruning of fake plants and seedlings before cultivation, cultivation of various plants, roof landscape, earth covering and landscape of underground facilities, vertical landscape, slope protection landscape, auxiliary facilities of landscape projects and project acceptance. These standards shall apply to construction and check for acceptance of public lawn, protective lawn, auxiliary lawn and other lawn and landscape projects and their auxiliary facilities.

REGULATIONS IN RELATION TO ENGINEERING CONSTRUCTION

Under the Construction Law of the PRC (《中華人民共和國建築法》) promulgated by the Standing Committee of the National People's Congress on 1 November 1997 , as amended in 22 April 2011 and implemented as from 1 March 1998 (the "**Construction Law**"), enterprises engaged in construction, engineering survey, engineering design and supervision shall apply for the qualifications of different grades according to its registered capital, professional and technical personnel, technical equipment and achievements from construction projects completed by it and after passing the qualification examination, could separately obtain qualification certificates of commensurate grades for construction, survey, design, supervision, only with which, can it undertake construction, survey, design, and supervision activities within the scope set out in its qualifications certificate.

According to the Measures for the Administration of Construction Permits for Construction Projects (《建設工程施工許可管理辦法》) promulgated by MOHURD on 25 June 2014 and implemented as from 25 October 2014, for constructions, fitting out and decoration works in respect of various housing construction and auxiliary facilities thereof, installation of circuits, pipelines and equipments, as well as construction of infrastructural works for cities and towns, the construction units shall apply for construction permits from the competent department for urban-rural development of housing of the local people's government at or above prefecture level where the construction is located prior to the commencement of works. However, it is not necessary to apply for construction permits for construction works of investment amount less than RMB0.3 million or which the gross floor area is less than 300 sq.m.

Qualifications for general construction contractors and professional contractors

Pursuant to the Regulations on Administration of Qualifications of Construction Enterprises (《建築業企業資質管理規定》) promulgated by the MOHURD on 22 January 2015 and implemented as from 1 March 2015, qualifications for construction enterprises are divided into three groups, namely general construction contracting qualification, professional contracting qualification and construction labour qualification. Each group is divided into various categories of qualifications according to the nature and technical characteristics of the relevant construction projects, and each category of qualifications is further divided into various classes in accordance with the stipulated conditions, where there is neither category nor class for construction labour qualification. The standards of qualification for construction industry and the specific scope of projects that can be undertaken by enterprises obtaining the corresponding qualification shall be formulated by the department in charge of housing and urban-rural development under the State Council jointly with other relevant departments of the State Council.

Pursuant to the Circular regarding Issuing the Premium Class Qualification Standards for General Construction Contractors (關於印發《施工總承包企業特級資質標準》的通知) of the Ministry of Construction (the predecessor of MOHURD) promulgated on and implemented as from 13 March 2007, enterprises obtaining any one of the premium class qualifications for general construction contracting and two of the first-grade qualifications for general construction contracting in specialised fields such as housing construction, roads, railways, municipal utilities, ports and waterways, water conservancy and hydropower may undertake the businesses of general construction contracting, general engineering contracting and project management of the specialised projects[2] and conduct the construction drawing design business with a complete array of corresponding design-oriented professionals.

Tenders and Bidding of Project Construction

A variety of regulations such as the Construction Law, the Tender and Bidding Law promulgated by the NPC Standing Committee on 30 August 1999 and implemented as from 1 January 2000 and the Tender and Bidding Law Implementation Regulations promulgated by the State Council on 20 December 2011 and implemented as from 1 February 2012 set forth the laws and regulations of the invitation for and tendering bids for survey, design, construction and supervision of construction projects and related matters.

Pursuant to the Construction Law, the invitations for bids and tenders for the outsourcing and contracting of a construction project shall comply with principles of transparency, impartiality and equal competition, and the contracting party shall be selected based on merits.

Pursuant to the Tender and Bidding Law, an invitation for tender is required for the following construction projects (including the survey, design, construction and supervision of and the procurement of important equipment and materials related to such projects): (1) large-scale infrastructure, public utilities and other projects that relate to general public interests and public security; (2) projects that utilise in whole or in part the investment of the state-owned fund or financed by the PRC government; and (3) projects financed with loan or financial aids from such entities as international organisations and foreign governments.

Pursuant to the Construction Law, the Tender and Bidding Law, the Tender and Bidding Law Implementation Regulations and the Housing Construction and Municipal Infrastructure Facilities

2 As stated in the original text of the regulations, "specialised projects" primarily include housing construction projects, roads construction projects, railways construction projects, ports and waterways construction projects, water conservancy and hydropower projects, power projects, mining works, smelting projects, petroleum and chemicals projects and municipal utilities projects.

Construction Tender Management Regulations (《房屋建築和市政基礎設施工程施工招標投標管理辦法》) promulgated and implemented by the Ministry of Construction on 1 June 2001 (the "**Tender Regulations**"), tenderer shall set up a Tender Appraisal Committee for the appraisal of the tender for construction works for the project. According to the Tender Regulations, the Tender Appraisal Committee to be organised by the tenderer shall be determined from the specialists register maintained by competent construction department and relevant government authorities or from the list of specialists in the expert pools of relevant specialty of tender agencies for construction works. The number of members of the Tender Appraisal Committee shall be an odd number and shall consist of at least five members. The relevant specialists shall make up no less than two-thirds of the membership. In accordance with the Tender Regulations, if the estimated price for housing construction and urban infrastructure works of a single construction contract amounts to RMB2 million or more or the total investment of the project is RMB30 million or more, the developer is required to undertake a bidding process.

According to Regulations on Scope and Scale of Construction Projects for Tendering (《工程建設項目招標範圍和規模標準規定》) promulgated and implemented by National Development and Planning Commission (the predecessor of NDRC) on 1 May 2000, an invitation for tender is required for the construction projects (including the survey, design, construction and supervision of and the procurement of important equipment and materials related to such projects) that satisfy any of the following standards:

(1) the estimated price for the separate construction contract exceeds RMB2 million;

(2) the estimated price for separate procurement contract of important equipment and materials exceeds RMB1 million;

(3) the estimated price for separate procurement contract in relation to survey, design and supervision service exceeds RMB500,000; and

(4) the estimated price for contracts in relation to construction, procurement of equipment and material, survey, design and supervision does not reach the threshold separately as described above but the total investment of the project exceeds RMB30 million.

Administration of Quality Control of Construction Projects

Pursuant to the Regulations on the Administration of Quality Control of Construction Projects (《建設工程質量管理條例》) promulgated by the State Council and implemented as from 30 January 2000, construction project owners, or survey, design, construction or project supervision entities are responsible for the project quality control. All construction activities must be conducted in strict compliance with basic construction procedures and by adhering to the principle of surveying first, then designing and finally constructing. For any construction project under a general contract, the general contractor shall be responsible for the quality of the whole construction project. For the construction project survey, design, construction and equipment purchase, if one or more than one of the aforesaid tasks is under a general contract, the general contractor shall be responsible for the quality of the construction project contracted by it or equipment purchased by it. Where a general contractor subcontracts the construction project in question to another contractor in accordance with the law, the subcontractor shall, under the stipulations of the subcontract, be responsible to the general contractor for the quality of the project subcontracted by it. The general contractor and the subcontractor shall be jointly and severally responsible for the quality of the aforesaid project. After a construction project owner receives a completion report for the construction project, it shall organise all the enterprises that have undertaken design, construction, project supervision and other tasks for the project to conduct a completion inspection and acceptance.

Pursuant to the Administrative Measures for the Filing of Completion Inspection and Acceptance of Housing Construction and Municipal Infrastructure Projects (《房屋建築和市政基礎設施工程竣工驗收備案管理辦法》) promulgated by the MOHURD on and implemented since 19 October 2009, the construction administrative departments shall be responsible for the filing of completion inspection and acceptance of housing construction and municipal infrastructure projects.

Work safety in relation to project construction

With respect to the administration of work safety in the process of project construction contracting, in addition to the Construction Law, the PRC government has promulgated various laws and regulations, including the Work Safety Law of the PRC (《中華人民共和國安全生產法》) (promulgated on 29 June 2002, implemented since 1 November 2002, and amended on 31 August 2014), the Regulations on Work Safety Permits (《安全生產許可證條例》) (promulgated on and implemented since 13 January 2004, and amended on 29 July 2014), the Regulations on Administration of Construction Enterprises' Work Safety Permits (《建築施工企業安全生產許可證管理規定》 (promulgated on and implemented since 5 July 2004), and the Regulations on the Administration of Construction Safety (《建設工程安全生產管理條例》) (promulgated on 24 November 2003 and implemented since 2 February 2004) to regulate the administration of the work safety of construction projects. Under the foregoing laws and regulations, construction enterprises shall establish a work safety management organisation or provide personnel dedicated for work safety management. The PRC government implements the work safety permit system for construction enterprises. Without obtaining a work safety permit, a construction enterprise should not engage in construction activities. To develop the project or undertake survey, design, construction, project supervision or other work safety-related activities, enterprises must comply with the provisions of the work safety laws and regulations, ensure the work safety of the construction project and assume responsibilities for work safety in accordance with laws and regulations.

REGULATIONS IN RELATION TO ENVIRONMENTAL PROTECTION

With respect to the environmental protection in the process of engineering and construction contracting, according to such laws and regulations as the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) (promulgated on and implemented since 26 December 1989, amended on 24 April 2015 and implemented since 1 January 2015), the Energy Conservation Law of the PRC (《中華人民共和國節約能源法》), (promulgated on 1 November 1997 and implemented since 1 January 1998, and amended on 28 October 2007 and implemented since 1 April 2008), the Environmental Impact Evaluation Law of the PRC (《中華人民共和國環境影響評價法》) (promulgated on 28 October 2002 and implemented since 1 September 2003), the Law on the Prevention of the Environmental Pollution of Solid Waste of the PRC (《中華人民共和國固體廢物污染環境防治法》) (promulgated on 30 October 1995 and implemented since 1 April 1996, and amended successively on 29 December 2004, 29 June 2013, and 24 April 2015), the Regulations on the Environmental Protection of Construction Projects (《建設項目環境保護管理條例》) (promulgated on and implemented since 29 November 1998), and the Measures on Administration Concerning the Environmental Protection Acceptance Check on Construction Projects (《建設項目竣工環境保護驗收管理辦法》 (promulgated on 27 December 2001 and implemented since 1 February 2002), the construction of any project that causes pollution to the environment must comply with the PRC government's regulations on environment protection relating to the construction projects. The PRC government has implemented a mechanism for the evaluation of environmental impact of construction projects. A construction enterprise shall adopt measures to control environmental pollutions and damages caused by dust, waste gas, sewages, solid waste, noises and vibrations at the construction site in accordance with the environmental protection and work safety laws and regulations.

Penalties for an enterprise that has violated the environmental protection laws are determined based on the extent of the pollution caused and the seriousness of the particular violations. Such penalties include warning, fines, remedial actions to be taken within the fixed time period, suspension of business, and closure. A non-compliance enterprise shall also pay damages to other enterprises for the losses they incurred due to the pollution. For any significant environmental pollution accident resulting from violations of the Environmental Protection Law of the PRC (《中華人民共和國環境保護法》) and causing such serious consequences as major losses of public and private assets or casualties, perpetrators bear criminal liability in accordance with laws and regulations.

REGULATIONS IN RELATION TO LABOUR AND SOCIAL INSURANCE

On 5 July 1994, the NPC Standing Committee promulgated The Labour Law of the PRC (《中華人民共和國勞動法》), which was implemented since 1 January 1995 and amended on 27 August 2009. On 29 June 2007, the NPC Standing Committee promulgated Labour Contract Law of the PRC (《中華人民共和國勞動合同法》), which was implemented since 1 January 2008 and amended in 2012. Pursuant to the said law, a written labour contract shall be concluded within one month from the date when an employee commences work, otherwise the employer shall pay twice of the monthly wage until a labour contract without fixed term is deemed as concluded. Labour contract is divided into two types, namely labour contract with fixed term and labour contract without fixed term. Where the employee has already worked for the employer for one full year in the absence of a written labour contract, a labour contract without fixed term shall be deemed to have been concluded. Where the employee has already worked for the employer for at least ten full years consecutively or the labour contract is to be renewed after two fixed-term labour contracts have been concluded consecutively, a labour contract without fixed term shall be concluded, unless an employee requests the conclusion of a fixed-term labour contract.

The PRC Law for Promotion of Employment (《中華人民共和國就業促進法》) was promulgated by the NPC Standing Committee on 30 August 2007 and was implemented since 1 January 2008 and was amended on 24 April 2015. Pursuant to the above law, no employee can be discriminated in employment by reason of ethnic group, race, gender, or religious belief. The employer should neither refuse, nor request higher conditions for, the employment of any woman, merely because of such gender; and no provision limiting any woman employee in marriage and child-bearing is allowed in the labour contract. The employer should not refuse the employment of anybody just because of such person being an infection pathogen carrier. Additionally, enterprises should allocate the employee education fund intended for occupational training and further education of employees, violation of which may result in punishment imposed by the labour administration.

Pursuant to the Social Insurance Law of the PRC (《中華人民共和國社會保險法》) promulgated by the NPC Standing Committee on 28 October 2010 and implemented since 1 July 2011, the Interim Regulations Concerning the Levy of Social Insurance Fees (《社會保險費徵繳暫行條例》) promulgated and implemented on 22 January 1999 by the State Council, the Interim Measures Concerning the Maternity Insurance of Enterprise Employees (《企業職工生育保險試行辦法》) promulgated on 14 December 1994 and implemented on 1 January 1995 by former Ministry of Labour, the Regulation Concerning the Administration of Housing Fund (《住房公積金管理條例》)

promulgated and implemented on 3 April 1999 and amended on 24 March 2002 by the State Council, the Regulation on Occupational Injury Insurance (《工傷保險條例》) promulgated on 27 April 2003 by the State Council and implemented on 1 January 2004 and amended on 20 December 2010, the employer shall pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund and housing fund for the employees.

Furthermore, pursuant to the Regulations on the Administration of Construction Safety (《建設工程安全生產管理條例》) promulgated on 24 November 2003 and implemented since 1 February 2004, a construction entity must purchase accidental injury insurance for the workers engaged in dangerous works on the construction site for injuries suffered in work-related accidents, and the insurance premium will be paid by the construction entity. In the case of a construction work covered by a main contract, the insurance premium will be paid by the main contractor. The period covered by the insurance policies should commence on the starting date of the construction project and terminate on the date of the acceptance and inspection upon the completion of the project.

SEVERAL OPINIONS OF THE STATE COUNCIL ON ENCOURAGING AND GUIDING THE HEALTHY DEVELOPMENT OF PRIVATE INVESTMENT

According to the Several Opinions of the State Council on Encouraging and Guiding the Healthy Development of Private Investment (《國務院關於鼓勵和引導民間投資健康發展的若干意見》) promulgated on and implemented since 7 May 2010, the government encourages and guides the private investment to enter into the basic industries and infrastructure area, encourages private capital to participate in construction of municipal utilities, such as the city water supply, gas supply, heat supply, sewage and waste disposal, public transport, urban landscaping and other urban areas.

REGULATIONS IN RELATION TO FOREIGN INVESTMENT

The establishment and management of companies in the PRC are governed by the Company Law of the PRC (《中華人民共和國公司法》) which was enacted by the NPC Standing Committee on 29 December 1993 and was implemented since 1 July 1994 (the "**PRC Company Law**"). The NPC Standing Committee amended the PRC Company Law on 25 December 1999, 28 August 2004, 27 October 2005 and 28 December 2013 respectively. The PRC Company Law provides for the establishment, corporate structure and corporate management of companies. The PRC Company Law also applies to foreign-invested enterprises. Where laws relating to foreign-invested enterprises otherwise stipulate, such stipulations shall apply.

The PRC Company Law stipulates that a limited liability company shall prepare a shareholders' register, which shall record the following matters: 1. the name and address of each shareholder; 2. the capital contribution made by each shareholder; and 3. the serial number of each capital contribution certificate. The shareholders recorded in the shareholders' register may, pursuant to the shareholders' register, claim and exercise shareholders' rights. A company shall register the name of each shareholder and the shareholder's capital contribution at the company registration authority. The company shall carry out amendment of the registration in the event of any change in the registered details. Any registration detail that fails to be amended or registered shall not be valid against any third party. According to Rules of the Supreme People's Court on Certain Issues Concerning the Application of the Company Law of the People's Republic of China (III) promulgated by the Supreme People's Court on 27 January 2011 and implemented since 16 February 2011, where a contract entered into between the actual capital contributor and the nominal capital contributor of a limited liability company to stipulate that the actual capital contributor shall make capital contribution and enjoy investment rights and interests on such capital contribution and the nominal capital contributor shall be the nominal shareholder of such capital contribution, the validity of such contract shall be recognised by the People's Court in the event no circumstances specified in article 52 of the Contract Law exists. Where the actual capital contributor and the nominal capital contributor have disputes over the title to the investment rights and interests of such capital contribution, the People's Court shall support the claim by the actual capital contributor against the nominal capital contributor on the ground that it has actually fulfilled the obligation of capital contribution.

Wholly foreign-owned enterprises are also governed by The Law on Foreign-funded Enterprises of the PRC (《中華人民共和國外資企業法》) (the "**Foreign-Funded Enterprise Law**") and Foreign-Funded Enterprise Law Implementing Rules (《中華人民共和國外資企業法實施細則》). The Foreign-Funded Enterprises Law was adopted at the 4th Meeting of the Sixth National People's Congress (第六屆全國人民代表大會第四次會議) on 12 April 1986 and was amended by the NPC Standing Committee on 31 October 2000. The establishment procedures, approval procedures, registered capital and corporate structures of wholly foreign-owned enterprises are regulated in the abovementioned laws and regulations.

Foreign investment shall also abide by the Foreign Investment Catalogue. The Foreign Investment Catalogue was promulgated on 28 June 1995 and was revised in 31 December 1997, 1 April 2002, 30 November 2004, 31 October 2007, 24 December 2011 and 10 March 2015. The currently effective Foreign Investment Catalogue was promulgated by MOFCOM and the NDRC on 10 March 2015 and implemented since 10 April 2015. The Foreign Investment Catalogue classifies industries into three categories: encouraged, restricted and prohibited. Except as otherwise stipulated by other laws and regulations, foreign investors are permitted to invest in industries not in the restricted or prohibited categories. Part of industries in the restricted category may be limited to equity or contractual joint ventures, in some cases with the Chinese shareholder as the majority shareholder. Foreign investors shall not invest in industries in prohibited category.

On 10 June 2010, MOFCOM released the Circular on Issues Concerning Delegating the Examination and Approval Authority for the Foreign Investment Shang Zi Fa [2010] No. 209(《商務部關於下放外商投資審批許可權有關問題的通知》商資發[2010] 209號) (the "**Circular 209**"). Under the Circular 209, local authorities shall examine and approve and administrate the establishment and replacement of foreign-invested enterprises which are in the encouraged and permitted categories of the Foreign Investment Catalogue and with a total investment amount of US$300 million or less and those which are in the restricted categories and with a total investment amount of US$50 million or less.

MOFCOM or the relevant local authorities are responsible for approving the relevant joint venture contracts, articles of association of the foreign-invested enterprises and other substantial changes to the foreign-invested enterprises, such as changes in capital, equity transfer and consolidation.

REGULATIONS IN RELATION TO DIVIDEND DISTRIBUTION

The principal regulations governing distribution of dividends paid by wholly foreign-owned enterprise include the PRC Company Law, the Foreign-Funded Enterprise Law and its implementation rules. Under the above laws and regulations, domestic companies and wholly foreign-owned enterprises may pay dividends only from accumulated after-tax profits, if any, determined in accordance with the PRC accounting standards and regulations. In addition, such an enterprise is required to set aside at least 10% of its after-tax profits each year, if any, to fund certain reserve funds until the accumulated reserve amounts to 50% of the enterprise's registered capital. These reserves are not distributable as cash dividends. Under the relevant PRC law, no net assets other than the accumulated after-tax profits can be distributed in the form of dividends.

PROVISIONS ON THE MERGER AND ACQUISITION OF DOMESTIC ENTERPRISES BY FOREIGN INVESTORS

On 8 August 2006, six PRC regulatory authorities in China (including CSRC jointly promulgated Regulations on the Merger or Acquisition of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), which was implemented since 8 September 2006 and was subsequently amended on 22 June 2009. The M&A Rules specifies that, where a foreign investor establishes a foreign-invested enterprise by merging or acquiring a domestic enterprise, it shall be subject to the approval of MOFCOM or ministry of commerce at the provincial level, and shall apply for registration or change of registration with State Administration of Industry & Commerce or local administration of industry & commerce. All parties involved in the foreign investor's merger and acquisition of domestic enterprises shall abide by the applicable PRC laws and regulations on foreign exchange control and apply to SAFE or its local branches for approval, registration, filing for record and alteration formalities in a timely manner.

In addition, the M&A Rules include provisions that purport to require offshore special purpose vehicles, controlled directly or indirectly by PRC companies or individuals with a view to list in an overseas stock exchange with their operating companies or assets in China, to obtain the approval of the CSRC prior to the listing and trading of their securities in any overseas stock exchange.

According to the Regulatory Guidelines in relation to the Document Submission and Review Procedure for Stocks Issuance and Overseas Listing by Joint Stock Companies (《關於股份有限公司境外發行股票和上市申報文件及審核程序的監管指引》) issued on 20 December 2012 and implemented since 1 January 2013, CSRC abolished the barriers to overseas listing of domestic enterprises, simplified relevant application procedures, and cancelled requirements (e.g., net assets shall be no less than RMB400 million, fund raised shall be no less than US$50 million, and after-tax profits in the preceding year shall be no less than RMB60 million) for an enterprise's scale, profit and amount of fund raised, but only required that enterprises planning to be listed overseas should meet relevant requirements at the listing location.

REGULATIONS IN RELATION TO FOREIGN EXCHANGE CONTROLS

The lawful currency of the PRC is Renminbi, which is subject to foreign exchange controls and is not freely convertible into foreign exchange. SAFE, under the authority of PBOC, is competent authority for the administration of all matters relating to foreign exchange, including the enforcement of foreign exchange control regulations.

According to the Regulations of the PRC for the Control of Foreign Exchange (《中華人民共和國外匯管理條例》) which was promulgated by the State Council on 29 January 1996 , implemented since 1 April 1996 (the "**Control of Foreign Exchange Regulations**", which was amended on 14 January 1997 and 5 August 2008), all international payments and transfers were classified into current account items and capital account items. Current account items are no longer subject to SAFE approval while capital account items still are. Such amendments affirm that the State shall not restrict regular international payments and transfers. The enterprises may either repatriate their foreign exchange incomes back or deposit the same abroad, and the conditions and terms for repatriating their foreign exchange incomes back or depositing in overseas countries shall be regulated by the administration of foreign exchange under the State Council depending on the balance of international payments and the needs for foreign exchange control. Where the foreign exchange incomes under capital accounts are to be retained or sold to financial institutions which are engaged in settlement and sale of foreign exchange, approvals of foreign exchange control authorities are required, except as otherwise permitted by the state.

On 20 June 1996, the PBOC promulgated the Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理規定》) which was implemented since 1 July 1996 (the "**Settlement Regulations**"). The Settlement Regulations superseded the Provisional Regulations for Administration of Settlement, Sale and Payment of Foreign Exchange (《結匯、售匯及付匯管理暫行規定》) promulgated on 26 March 1994 and abolished the remaining restrictions on convertibility of foreign exchange in respect of current account items while retaining the existing restrictions on foreign exchange transactions in respect of capital account items. On the basis of the Settlement Regulations, the PBOC published the Announcement on the Implementation of Foreign Exchange Settlement and Sale Banks by Foreign-invested Enterprises (《外商投資企業實行銀行結售匯工作實施方案》) promulgated on and implemented since 28 June 1996. The announcement permits foreign-invested enterprises to open, on the basis of their needs, foreign exchange settlement accounts for current account receipts and payments of foreign exchange, and specialised accounts for capital account receipts and payments at designated foreign exchange banks.

On 25 October 1998, the PBOC and SAFE promulgated and implemented the Notice Concerning the Discontinuance of Foreign Exchange Swapping Business (《關於停辦外匯調劑業務的通知》), pursuant to which and with effect from 1 December 1998, all foreign exchange swapping business in the PRC for foreign-invested enterprises shall be discontinued, while the trading of foreign exchange by foreign-invested enterprises shall be regulated under the system for the settlement and sale of foreign exchange applicable to banks.

On 21 July 2005, the PBOC issued the Announcement on Issues regarding Improving the Reform of the Renminbi (《中國人民銀行關於完善人民幣匯率形成機制改革的公告》), which announced that, beginning from 21 July 2005, the PRC would implement a regulated and managed floating exchange rate system based on market supply and demand and by reference to a basket of currencies. The Renminbi exchange rate is no longer pegged to the US dollar. PBOC will announce the closing price of a foreign currency such as the US dollar traded against the Renminbi in the inter-bank foreign exchange market after the closing of the market on each business day, setting the central parity for trading of the Renminbi on the following business day.

According to the Settlement Regulations, save for foreign-invested enterprises or other enterprises which are specially exempted from relevant regulations, all entities in the PRC (except for foreign trading companies and production enterprises having import and export rights, which are entitled to retain part of foreign exchange income generated from their current account transactions and to make payments using such retained foreign exchanges in their current account transactions or approved capital account transactions) must sell their foreign exchange income to designated foreign exchange banks. Foreign exchange income from loans issued by organisations outside the territory or from the issuance of bonds and shares is not required to be sold to designated banks, but may be deposited in foreign exchange accounts with designated banks.

According to the Control of Foreign Exchange Regulations, enterprises in the PRC (including foreign-invested enterprises) which require foreign exchange for transactions relating to current account items may, without the approval of SAFE, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks, upon presentation of valid receipts and proof.

According to the Settlement Regulations, foreign-invested enterprises which need foreign currencies for the distribution of profits to their shareholders, and Chinese enterprises which, in accordance with regulations, are required to pay dividends to shareholders in foreign currencies, may with the approval of board resolutions on the distribution of profits, effect payment from their foreign exchange account or convert and pay at the designated foreign exchange banks.

According to the Control of Foreign Exchange Regulations, convertibility of foreign exchange in respect of capital account items, like direct investment and capital contribution, is still subject to restriction and prior approval from SAFE or its competent branch.

On 21 October 2005, SAFE issued the Notice on Issues Relating to the Administration of Foreign Exchange in Fund-raising and Reverse Investment Activities of Domestic Residents Conducted via Offshore Special Purpose Vehicles (HuiFa [2005] No. 75) (《關於境內居民通過境外特殊目的公司融資及返程投資外匯管理有關問題的通知》 (匯發[2005]75號)), which was implemented since 1 November 2005. Circular 75 replaced the two regulations issued by SAFE in January and April 2005 mentioned above. According to Circular 75, a "special purpose vehicle" refers to an offshore company directly established or indirectly controlled by a domestic resident legal person or domestic resident natural person for the purpose of undertaking equity financing (including convertible bond financing) abroad with the enterprise assets or rights and interests it/he holds inside PRC. Prior to establishing or assuming control of such special purpose vehicle, each PRC resident, whether a natural or legal person, must complete the overseas investment foreign exchange registration procedures with the relevant local SAFE branch. Circular 75 applies retrospectively. As a result, PRC residents who have established or acquired control of such offshore companies that have made onshore investments in the PRC in the past are required to complete the relevant overseas investment foreign exchange registration procedures by 31 March 2006.

On 25 December 2006, PBOC promulgated the Measures for the Administration of Individual Foreign Exchange (《個人外匯管理辦法》), which was implemented since 1 February 2007. The measures use category administration to classify the individual foreign exchange operations as domestic and overseas by participants in the transaction, and current accounts and capital accounts by the nature of the transaction. The measures set the annual total amount of foreign exchange for settlement of individuals, and for purchase of foreign exchange by domestic individuals, and provide different procedures for individuals who sell over the annual total amount and domestic individuals who purchase foreign exchange over the annual total amount according to current accounts items and capital accounts items.

On 5 January 2007, SAFE promulgated the Detailed Rules for the Implementation of the Measures for the Administration of Individual Foreign Exchange (《個人外匯管理辦法實施細則》), which was implemented since 1 February 2007 (the "**Detailed Rules**"). The Detailed Rules provide, amongst other matters, that (i) the annual total amount of foreign exchange for settlement of individuals and for purchase of domestic individuals is USD50,000; (ii) domestic individuals who engage in external direct investment satisfying the relevant rules shall not only get approval from the foreign exchange bureau, but also complete the overseas investment foreign exchange registration procedures before they can purchase foreign exchange or remit with their own foreign exchange; (iii) domestic individuals can engage in financial investment such as overseas fixed-revenue right-interest, etc. through qualified domestic institutional investors such as banks and fund management companies; (iv) in case domestic individuals engage in such foreign exchange operations as an employee stock ownership plan or subscription option programme of an overseas listed company, they can only deal with such options after completing registration with the foreign exchange bureau through their company or domestic agency institutions; and (v) the administration of foreign exchange on, among other matters, overseas loans, debts and guarantees for domestic individuals will be gradually opened.

On 10 May 2013, SAFE issued the Notice of Issuing the Provisions on the Foreign Exchange Administration of Domestic Direct Investment of Foreign Investors and the Supporting Documents (Huifa [2013] No. 21) (國家外匯管理局關於印發《外國投資者境內直接投資外匯管理規定》及配套文件的通知》 (匯發[2013]21號)): Domestic direct investment is administered by registration. Institutions and individuals involved in domestic direct investment activities shall register with the State Administration of Foreign Exchange and its branches. Banks shall handle businesses related to domestic direct investment in accordance with information registered with foreign exchange bureaus. Foreign-funded Enterprises shall register with foreign exchange bureaus upon its establishment pursuant to the laws.

On 4 July 2014, the SAFE promulgated the Circular of the State Administration of Foreign Exchange on Issues concerning Foreign Exchange Administration over the Overseas Investment and Financing and Round-trip Investment by Domestic Residents via Special Purpose Vehicles (《國家外匯管理局關於境內居民通過特殊目的公司境外投融資及返程投資外匯管理有關問題的通知》) (Huifa [2014] No. 37), Circular 37, replacing the Circular 75. According to Circular 37, "special purpose vehicle" refers to an overseas enterprise directly established or indirectly controlled by a domestic resident (including domestic institution and domestic individual residents) for the purpose of engaging in investment and financing with the domestic enterprise assets or interests he legally holds, or with the overseas assets or interests he legally holds. A domestic resident shall, before contributing the domestic and overseas lawful assets or interests to a special purpose vehicle, apply to the foreign exchange office for going through the procedures for foreign exchange registration of overseas investments. A domestic resident contributing domestic lawful assets or interests shall apply to the foreign exchange office of registration place, or the foreign exchange office of location of the domestic enterprise's assets or interests for going through the procedures for registration; a domestic resident contributing overseas lawful assets or interests shall apply to the foreign exchange office of registration place, or the foreign exchange office of the location of household registration for going through the procedures for registration. Prior to the implementation of Circular 37, if a domestic resident has contributed domestic and overseas lawful assets or interests to a special purpose vehicle but failed to finish foreign exchange registration of overseas investment as required, he shall send a letter to the foreign exchange office for explanation. The foreign exchange office shall, under the principle of legality and legitimacy, conduct supplementary registration, and impose administrative punishment on those in violation of the administrative provisions on the foreign exchange pursuant to the laws.

On 30 March 2015, the State Administration of Foreign Exchange promulgated the Circular concerning the Reform of the Management Method for the Settlement of Foreign Exchange Capital of Foreign-funded Enterprises (Huifa [2015] No.19) (《國家外匯管理局關於改革外商投資企業外匯資本金結匯管理方式的通知》 (匯發[2015]19號)) ("**Circular 19**"), implemented since 1 June 2015). Circular 19 allows foreign-funded enterprises to use RMB funds derived from settlement of foreign exchange capital for domestic equity investment.

REGULATIONS IN RELATION TO TAX

Enterprise Income Tax

According to the Enterprise Income Tax Law of the PRC promulgated by The National People's Congress on 16 March 2007 and the Implementation Rules of Enterprise Income Tax Law of the PRC (《中華人民共和國企業所得稅法實施條例》) enacted by the State Council on 6 December 2007 ("**Implementation Rules**") (the aforesaid laws and regulation were enforced from 1 January 2008 onwards), a uniform income tax rate of 25% will be applied towards foreign-invested enterprises and foreign enterprises which have set up production and operation facilities in the PRC as well as PRC enterprises. Under the EIT Law and its Implementation Rules, enterprises established under the laws of or within the territory of the PRC, or established under the laws of a foreign country (region), but whose "de facto management body" is located in the PRC are treated as resident enterprises for PRC tax purposes. If an entity is treated as a resident enterprise for PRC tax purposes, it will be subject to PRC tax on its worldwide income at the uniform tax rate of 25%, which will include any dividend income that the entity receives from its subsidiaries, unless otherwise provided therein. Although the EIT Law provides that dividend income between qualified resident enterprises is exempted income, it is not clear what is considered as a qualified resident enterprise under the EIT Law. Furthermore, the EIT Law and its Implementation Rules provide that withholding tax at a rate of 10% will normally apply to dividends payable to non-PRC investors which are derived from sources within the PRC. Moreover, any gain realised on the transfer of shares by investors will be subject to 10% tax if such gain is regarded as income derived from sources within the PRC.

According to the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) (promulgated on 4 September 1992, implemented since 1 January 1993, and amended successively on 28 February 1995, 28 April 2001, 29 June 2013 and 24 April 2015), and the Detailed Rules for the Implementation of the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法實施細則》) (promulgated on and implemented since 4 August 1993, and amended successively on 7 September 2002, 9 November 2012 and 18 July 2013), the relevant tax authorities have the right to determine the tax collection method for payment of the PRC EIT in accordance with the principles of collecting tax payments on time in full amounts, expediting the payments by taxpayers and reducing tax collection costs.

Adoption of the Deemed Profit Basis

Certain taxpayers are assessed and pay the EIT on a deemed profit basis which is calculated by first multiplying an applicable percentage with the turnover for a certain period and then applying the uniform income tax rate of 25% to the result, after adjustment of non-assessable or disallowed items. The applicable percentage is determined by the relevant tax authorities. According to the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國稅收徵收管理法》) and Circular of the State Administration of Taxation on Issuing the Measures for Verification Collection of Enterprise Income Tax (for Trial Implementation) (《國家稅務總局關於印發《企業所得稅核定徵收辦法》(試行)的通知》) implemented since 1 January 2008 ("**Circular 30**"), an entity as taxpayer in the following six categories shall adopt the deemed profit basis for payment of the PRC EIT:

(1) taxpayers which are allowed not to keep accounting records according to the PRC laws and regulations;

(2) taxpayers which are required to keep proper accounting records according to the PRC laws and regulations, but have failed to do so;

(3) taxpayers which have destroyed their accounting records without any authorization or refuse to provide any requisite information for tax filing;

(4) although the taxpayers have kept accounting records, such records are in disorder or the cost-related information, income receipts and expense vouchers are incomplete, which causes it is difficult to audit these records;

(5) taxpayers which have failed to fulfill the requisite tax filing obligations within the prescribed time period, and after the relevant tax authorities order to make the tax filings within a certain time period, continually failed to do so; and

(6) taxpayers whose tax computation basis is evidently on the low end without a proper reason.

Circular 30 has stipulated the following requisite procedure with respect to examination and determination of the tax basis for payment of the EIT by an entity as taxpayer:

(1) The local tax bureau shall promptly deliver the Assessment Form for Verification and Collection of Enterprise Income Tax (企業所得稅核定徵收鑒定表) to the taxpayer in order to examine and determine in a timely manner whether such taxpayer is eligible for payment of the EIT on the deemed profit basis.

(2) After the taxpayer receives the assessment form, it shall complete and submit it to the local tax bureau within ten business days.

(3) After the local tax bureau accepts the assessment form, within 20 business days, it shall examine the relevant accounts in different categories, confirm the relevant tax information and submit the assessment form, together with its recommendation of the tax basis to be adopted, to the higher tax authority at the county level.

(4) After the tax authority at the county level receives the assessment form, it shall examine and determine the recommended tax basis within 30 business days.

(5) In the event that a taxpayer fails to complete and submit the assessment form within the prescribed time period, the relevant tax authorities shall in their sole discretion examine and determine the tax basis for payment of the EIT by the taxpayer in accordance with the above procedure.

The PRC-Hong Kong Tax Treaty

According to the Arrangements in respect of Prevention of Double Taxation and Tax Evasion between Hong Kong and PRC (《內地和香港特別行政區關於對所得避免雙重徵稅和防止偷漏稅的安排》) (the "**PRC-Hong Kong Tax Treaty**"), a PRC resident enterprise that distributes dividend to its Hong Kong shareholders shall be subject to enterprise income tax according to the PRC laws, however, if the beneficiary of the dividend is a Hong Kong tax resident that directly hold not less than 25% equity of the aforesaid enterprise (i.e. the dividend distributor), the tax levied shall not be more than 5% of the distributed dividend. If the beneficiary of the dividend is a Hong Kong tax resident that directly holds less than 25% equity of the aforesaid enterprise, the tax levied shall not be more than 10% of the distributed dividend. Furthermore, if the Hong Kong tax resident falls into the following circumstances as prescribed in the Notice Concerning the Meaning and Determination of the Identity of "Beneficial Owner" in Tax Treaties (《關於如何理解和認定稅收協議中"受益所有人"的通知》), promulgated by the State Administration of Taxation on 27 October 2009, it may not be deemed as a qualified beneficiary as defined in the PRC-Hong Kong Tax Treaty, and the tax levied will then be 10% of the distributed dividend: [3]

Apart from holding the property or right derived from the income, the Hong Kong tax resident is not or is barely engaged in any other operating activities.

The assets, scale and staff allocation of the Hong Kong tax resident is relatively small (or small) and hardly match the amount of income.

The Hong Kong tax resident has no or almost no right of control or disposal on the income or the property or right derived from the income, and assume little or no risk.

Business Tax

In accordance with the Provisional Regulations of the People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例》) (amended on 10 November 2008) promulgated by the State Council on 13 December 1993 and implemented as from 1 January 1994, and the Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Business Tax (《中華人民共和國營業稅暫行條例實施細則》) (subsequently amended in 2008 and 2011 by the Ministry of Finance and the State Administration of Taxation respectively, and implemented on 1 November 2011) promulgated and implemented by the Ministry of Finance on 25 December 1993, a number of business activities in China are subject to business tax. The business tax is applicable to activities such as the building, leasing and sales of properties in China. The said tax is turnover tax based on total revenue. Taxes arising from purchase of service or materials shall not be deducted. However, transport, tourism and construction related subcontracting expenses can be deducted from the total revenue. The rate of business tax payable for sales and leasing of properties is 5% of the amount gained from selling or leasing properties or immovable properties in China. All units and individuals providing taxable labour services, transferring intangible assets or selling immovable properties within the territory of China shall pay business tax as per the taxable items and tax rates of the business tax. The applicable business tax rate of the service industry and transfer of intangible assets is 5%.

3 The Hong Kong tax resident is obligated to pay or distribute all or substantially all (for example more than 60%) of its income to a resident in a third country (region) within the stipulated time (for example within 12 months from the date of receipt of the income).

Value-added tax

Pursuant to the Provisional Regulations of the People's Republic of China on Value-added Tax (《中華人民共和國增值稅暫行條例》) promulgated in 1993 and implemented since 1 January 1994 (as amended on 10 November 2008 and 6 February 2016) and the Detailed Rules for the Implementation of the Provisional Regulations of the People's Republic of China on Value-added Taxes (《中華人民共和國增值稅暫行條例實施細則》) (promulgated on 15 December 2008 and implemented since 1 January 2009, and amended on 15 December 2008 and 28 October 2011), all units and individuals engaged in the sale of goods, the provision of processing, repair and replacement services, and the importation of goods within the territory of the PRC shall pay VAT in accordance with the nature of the sold and imported goods or labour service.

Stamp tax

In accordance with the Provisional Rules of the People's Republic of China on Stamp Duty (《中華人民共和國印花稅暫行條例》) promulgated on 6 August 1988 and implemented since 1 October 1988 (as amended on 8 January 2011) and the Detailed Rules for the Implementation of the Provisional Rules of the People's Republic of China on Stamp Duty (《中華人民共和國印花稅暫行條例施行細則》) promulgated on 29 September 1988 and implemented since 1 October 1988, all units and individuals which conclude or receive any of the following document within the territory of the PRC shall pay stamp tax: purchase and sale, processing and undertaking, construction engineering contracting, property leasing, cargo transportation, storage and safekeeping, loan, property insurance, technology contract or voucher in the nature of a contract, ownership transfer certificate, business account books, rights, licences and other vouchers for taxation confirmed by the Ministry of Finance. In accordance with the Table of Items and Rates of Stamp Tax, the purchase and sale contract and technology contract shall be subject to a stamp tax of 0.03% of the contract amount; the survey and design contract for construction projects shall be subject to a stamp tax of 0.05% of the contract amount; the contract for construction and installation contracting shall be subject to a stamp tax of 0.03% of the contract amount; the loan contract shall be subject to a stamp tax of 0.005% of the contract amount; in terms of property transfer, the contracting parties shall pay a stamp tax of 0.05% of contract price of the property transferred; and property leasing shall be subject to a stamp tax of 0.1% of the total rent of the property leased.

Urban Maintenance and Construction Tax

Under the Provisional Regulations of the PRC on Urban Maintenance and Construction Tax (《中華人民共和國城市維護建設稅暫行條例》) enacted by the State Council on 8 February 1985, implemented since 8 February 1985 and as amended on 8 January 2011, any taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall be required to pay urban maintenance and construction tax. The tax rate shall be 7% for a taxpayer whose domicile is in an urban area, 5% for a taxpayer whose domicile is in a county and a town, and 1% for a taxpayer whose domicile is not in any urban area or county or town. Pursuant to the Notice of Unifying the System of Urban Maintenance and Construction Tax and Education Surcharge Paid by Domestic and Foreign-invested Enterprises and Individuals (GuoFa [2010] No. 35) (《關於統一內外資企業和個人城市維護建設稅和教育費附加制度的通知》) (the "**Notice 35**") promulgated by the State Council on 18 October 2010, the Provisional Regulations of the PRC on Urban Maintenance and Construction Tax issued by the State Council in 1985 shall be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals from 1 December 2010. Regulations, rules and policies in respect of urban maintenance and construction tax and education surcharge issued by the State Council as well as finance and tax department of State Council since 1985 and 1986 shall also be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals.

Education Surcharge

Under the Provisional Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) enacted by the State Council on 28 April 1986, implemented since 1 July 1986 and amended on 7 June 1990, 20 August 2005 and 8 January 2011, a taxpayer, whether an entity or individual, of product tax, value-added tax or business tax shall pay an education surcharge at a tax rate of 3%, unless such obliged taxpayer is instead required to pay a rural area education surcharge as stipulated under the Notice of the State Council on Raising Funds for Schools in Rural Areas (《國務院關於籌措農村學校辦學經費的通知》).

Pursuant to the Notice 35 and the Provisional Provisions on Imposition of Education Surcharge (《徵收教育費附加的暫行規定》) enacted on 28 April 1986 and implemented since 1 July 1986, and amended on 7 June 1990, 20 August 2005 and 8 January 2011, regulations, rules and policies in respect of education surcharge issued by the State Council as well as finance and tax department of State Council since 1986 shall also be applicable to foreign-invested enterprises, foreign enterprises and foreign individuals.

Taxation management between related enterprises

The Measures for the Implementation of Special Tax Adjustments (for Trial Implementation) (《特別納稅調整實施辦法(試行)》) promulgated by the State Administration of Taxation on 8 January 2009, effective retroactively as from 1 January 2008 regulates the special tax adjustment of enterprises, which include the transfer pricing between enterprises and its related parties. When filing the annual enterprise income tax returns, any resident enterprise subject to audit collection and any non-resident enterprise with an establishment or a place of business in China (both shall submit and pay enterprise income tax) shall also submit an enterprise annual return for related-party transactions to the competent tax authorities. Meanwhile, enterprises shall prepare, keep and submit, according to requirements of tax authorities, documents corresponding to the tax year (unless otherwise specified by the Measures for Implementation). The tax authorities shall have the right to require the enterprises to accept investigations at an appropriate time, and conduct investigations and adjustment on transfer pricing. A transfer pricing investigation and adjustment will not be made in principle between two domestic enterprises whose tax rate is equal, as long as the transactions do not directly or indirectly decrease the overall tax revenue of the country.

Transitioning from Business Tax to Value-Added Tax

Pursuant to the Circular on Comprehensively Promoting the Pilot Programme of the Collection of Value-added Tax in Lieu of Business Tax（Cai Shui [2016] No. 36）(《關於全面推開營業稅改徵增值稅試點的通知》(財稅〔2016〕36號）), which was promulgated by the Ministry of Finance and the State Administration of Taxation on 23 March 2016 and became effective on 1 May 2016, the pilot programme of the collection of value-added tax in lieu of business tax shall be promoted nationwide, and all taxpayers of business tax engaged in the building industry, real estate industry, financial industry and life service industry shall be included in the scope of the pilot programme, and shall be subject to value-added tax instead of business tax. Entities and individuals that engage in sales of service, intangible assets or immovable properties in the territory of China are taxpayers of value-added tax and shall pay value-added tax instead of business tax. The value-added tax rate to be imposed on (1) taxable activities of taxpayers shall be 6%; (2) provision of services related to transportation, mail, basic telecommunications, construction, real estate leasing, sales of real estate, and transfer of land use rights shall be 11%; (3) provision of leasing services for tangible assets movables shall be 17%; and (4) cross-border taxable activities conducted by domestic entities and individuals shall be 0%. The specific scopes shall be further provided by the Ministry of Finance and the SAT. The VAT levy rate shall be 3% unless otherwise specified by the Ministry of Finance and the SAT. The calculation method of VAT include general tax calculation method and simple tax calculation method. For construction services provided by general taxpayers in terms of contract for labor exclusive (清包工), for the projects with self-supplying materials (甲供工程) or for the old construction projects, an simple tax calculation method may be selected.

OVERVIEW

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 1 April 2016. Based in Ningbo City, Zhejiang Province, the PRC, we are one of the leading municipal landscape and municipal works construction service providers in Zhejiang Province of the PRC. Our Group's history traces back to 2001 when Chanhigh Landscape was established in the PRC. Chanhigh Landscape was owned as to 80% by Mr. Peng DS, as to 10% by Mr. Peng Qingmeng (彭慶猛) and as to 10% by Mr. Yin Huide (殷惠德) at the time when Chanhigh Landscape was established. Mr. Peng Qingmeng (彭慶猛) is the brother of Mr. Peng DS and Mr. Yin Huide (殷惠德) is the brother-in-law of Ms. Wang SF.

From years of experience in the landscape and public works construction industry, Mr. Peng DS had gained substantial experience and has built up a business network in the municipal works construction service industry. For further details on his experience and qualifications, please refer to the section "Directors, Senior Management and Employees" in this prospectus.

Seeing the potential and development of the municipal landscape and municipal works construction service industry in the PRC, Mr. Peng DS established Chanhigh Landscape using his own financial resources with Mr. Peng Qingmeng (彭慶猛) and Mr. Yin Huide (殷惠德) in 2001. Since 2009, Chanhigh Landscape has been controlled by the Peng Family.

Our Development Milestones

The following table sets forth the significant milestones in our history:

Year	Key Development Milestones
2001	• Chanhigh Landscape was established in the name of Yin County Shanshui Landscape Engineering Limited (鄞縣山水園林工程有限公司)
2001	• Chanhigh Landscape obtained Third-Grade Qualification for Urban Landscape Construction (城市園林綠化三級)
2002	• Chanhigh Landscape changed its company name to Ningbo Shanshui Landscape Construction Limited (寧波山水園林建設有限公司)
2003	• Chanhigh Landscape entered into the contract for the first landscape construction project outside Ningbo City but within Zhejiang Province
2004	• Chanhigh Landscape obtained Second-Grade Qualification for Urban Landscape Construction (城市園林綠化二級)
2004	• Chanhigh Landscape changed its company name to Ningbo Shanshui Construction Limited (寧波山水建設有限公司)
2006	• Chanhigh Landscape obtained the Second-Grade General Contractor for Municipal Public Works (市政公用工程施工總承包二級)
2007	• Chanhigh Landscape entered into the contract for the first landscape construction project outside Zhejiang Province

Year	Key Development Milestones
2009	• Chanhigh Landscape obtained First-Grade Qualification for Urban Landscape Construction (城市園林綠化一級)
2009	• Chanhigh Landscape was granted First-Grade Qualification for Landscaping by the Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部)
2009	• Chanhigh Landscape changed its company name to Zhejiang Chanhigh Municipal Landscape Construction Limited (浙江滄海市政園林建設有限公司)
2010	• Chanhigh Landscape obtained the First-Grade General Contractor for Municipal Public Works (市政公用工程施工總承包壹級)
2011	• Chanhigh Landscape was awarded as the "Top 50 Urban Landscaping Enterprise in the PRC for the year 2011" (2011年度全國城市園林綠化企業50強)
2013	• Chanhigh Landscape obtained First-Grade Professional Contractor for Building Renovation Projects (建築裝修裝飾工程專業承包壹級) and the First-Grade Professional Contractor for Historic Building Projects (園林古建築工程專業承包壹級)
2013	• Chanhigh Landscape was awarded "Outstanding Landscape Construction" Silver Prize (優秀園林綠化工程銀獎) in 2013 in respect of Phase I of Construction of Wenzhou City Yangfu Mountain City Park Project (Section II Greening) (溫州市楊府山城市公園建設工程一期綠化II標段)
2015	• Chanhigh Landscape was awarded the Ningbo "Yongjiang Construction Cup" for 2015 — Premium Construction Award (2015年度寧波市"甬江建設杯" 優質工程獎) in respect of Rejection items of the Extension of Wanjin Road (萬金路延伸段工程甩項部份)

OUR CORPORATE DEVELOPMENTS

(i) Chanhigh Landscape

Chanhigh Landscape was established in the PRC on 22 February 2001 as a limited liability company with a registered share capital of RMB580,000 under its initial name of Yin County Shanshui Landscape Engineering Limited (鄞縣山水園林工程有限公司). As at the date of its establishment, Chanhigh Landscape was owned as to 80% by Mr. Peng DS, 10% by Mr. Peng Qingmeng (彭慶猛) and 10% by Mr. Yin Huide (殷惠德). Mr. Peng Qingmeng (彭慶猛) is the brother of Mr. Peng DS and Mr. Yin Huide (殷惠德) is the brother-in-law of Ms. Wang SF.

(a) ***Changes in registered share capital***

As at 22 February 2001, being the date of establishment, the registered capital of Chanhigh Landscape was RMB580,000. The following table sets out the changes in Chanhigh Landscape's registered capital since its establishment.

Date	**Registered capital before increase (RMB)**	**Registered capital after increase (RMB)**
18 June 2001	580,000	1,000,000
16 May 2002	1,000,000	5,000,000
30 December 2004	5,000,000	20,000,000
18 December 2008	20,000,000	22,000,000
15 May 2009	22,000,000	36,000,000
21 May 2009	36,000,000	40,000,000
16 July 2010	40,000,000	70,000,000
8 March 2012	70,000,000	112,000,000
20 May 2013	112,000,000	152,000,000

(b) ***Changes in shareholding before the Track Record Period***

As at 22 February 2001, being the date of establishment, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholders	**Registered capital payable (RMB)**	**Paid-up registered capital (RMB)**	**Shareholding (%)**	**Payment method**	**Relationship with our Group**
Mr. Peng DS	464,000	464,000	80.00	cash	executive Director
Mr. Peng Qingmeng (彭慶猛)	58,000	58,000	10.00	cash	brother of Mr. Peng DS, a connected person of our Company
Mr. Yin Huide (殷惠德)	58,000	58,000	10.00	cash	brother-in-law of Ms. Wang SF, a deemed connected person of our Company
Total	580,000	580,000	100.00		

Four new investors and Mr. Peng DS paid up the increased registered capital by 7 June 2001. On 18 June 2001, Mr. Peng Qingmeng (彭慶猛) and Mr. Yin Huide (殷惠德) transferred the entire registered capital they held in Chanhigh Landscape at a total consideration of RMB116,000 to Mr. Peng DS. The transfer consideration was determined on the basis of the then registered capital of Chanhigh Landscape and was settled by Mr. Peng DS.

As at 18 June 2001, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
Mr. Peng DS	700,000	700,000	70.00	cash	executive Director
an individual	100,000	100,000	10.00	cash	employee of our Group
three individuals	200,000	200,000	20.00	cash	Independent Third Parties
Total	1,000,000	1,000,000	100.00		

On 23 April 2002, the then shareholders of Chanhigh Landscape resolved to increase the registered capital of Chanhigh Landscape by RMB4,000,000 among which RMB860,000 was payable by the then existing shareholders of Chanhigh Landscape and RMB3,140,000 was payable by the new investors, representing 17.2% and 62.8% of the total registered capital of Chanhigh Landscape respectively after such increase. After such increase, the total registered capital of Chanhigh was increased to RMB5,000,000 and the increased registered capital was paid up by the relevant shareholders by 13 May 2002.

As at 16 May 2002, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
Mr. Peng DS	1,180,000	1,180,000	23.60	cash	executive Director
Mr. Peng TB	1,000,000	1,000,000	20.00	cash	chairman, executive Director
Ningbo Shanhe Jiaotong Construction Company Limited (寧波山河交通建設有限公司) ("**Shanhe Jiaotong**")	1,000,000	1,000,000	20.00	cash	a then connected person of our Company
nine individuals and one corporation	1,020,000	1,020,000	20.40	cash	Independent Third Parties

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
six individuals	600,000	600,000	12.00	cash	employees of our Group
Mr. Yin Huide (殷惠德)	200,000	200,000	4.00	cash	brother-in-law of Ms. Wang SF, a deemed connected person of our Company
Total	5,000,000	5,000,000	100.00		

On 6 February 2004, four of the then shareholders transferred a total of 25.4% of the registered capital they held in Chanhigh Landscape at a total consideration of RMB1,270,000 to Mr. Peng DS. The consideration of the said transfers were determined on the basis of the then registered capital of Chanhigh Landscape and was settled by Mr. Peng YH. The reason for the transfer of the equity interests to Mr. Peng DS and Mr. Peng YH was to consolidate the shareholding in Chanhigh Landscape by the Peng Family.

As at 26 April 2004, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
Mr. Peng DS	1,450,000	1,450,000	29.00	cash	executive Director
Mr. Peng TB	1,000,000	1,000,000	20.00	cash	chairman, executive Director
Mr. Peng YH	1,000,000	1,000,000	20.00	cash	executive Director
seven individuals and one corporation	950,000	950,000	19.00	cash	Independent Third Parties
six individuals	600,000	600,000	12.00	cash	employees of our Group
Total	5,000,000	5,000,000	100.00		

On 15 December 2004, the then existing shareholders of Chanhigh Landscape resolved to increase the registered capital of Chanhigh Landscape by RMB1,200,000 which were to be paid up by four new investors.

In December 2004, Mr. Peng DS entered into a number of agreements pursuant to which a total of 7.40% of the registered share capital in Chanhigh Landscape was transferred to Mr. Peng DS at a total consideration of RMB445,000. Consideration of such transfers, which were settled by Mr. Peng DS, were determined either on the basis of the net asset value of Chanhigh Landscape or its then registered capital.

On 30 December 2004. Ningbo Administration of Industry and Commerce (寧波工商行政管理局) approved the above transfers and issued the updated business licence to Chanhigh Landscape.

As at 30 December 2004, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
Mr. Peng DS	6,500,000	6,500,000	32.50	cash	executive Director
Mr. Peng TB	4,000,000	4,000,000	20.00	cash	chairman, executive Director
Mr. Peng YH	4,000,000	4,000,000	20.00	cash	executive Director
nine individuals	3,400,000	3,400,000	17.00	cash	employees of our Group
six individuals	2,100,000	2,100,000	10.50	cash	Independent Third Parties
Total	20,000,000	20,000,000	100.00		

For the purpose of consolidating the shareholding of the Peng Family in Chanhigh Landscape, each of Mr. Peng DS, Mr. Peng TB and Mr. Peng YH entered into equity transfer agreements with CHHG on 26 April 2005 pursuant to which, Mr. Peng DS, Mr. Peng TB and Mr. Peng YH transferred a total of 72.5% of registered capital they held in Chanhigh Landscape at a total consideration of RMB14,500,000 to CHHG. The transfer consideration was determined on the basis of the then registered capital of Chanhigh Landscape and was settled by CHHG on 28 April 2005.

As at 30 April 2005, the shareholding structure of Chanhigh Landscape was as follow:

Name of Shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
CHHG	14,500,000	14,500,000	72.50	cash	a connected person of our Company
nine individuals	3,400,000	3,400,000	17.00	cash	employees of our Group
six individuals	2,100,000	2,100,000	10.50	cash	Independent Third Parties
Total	20,000,000	20,000,000	100.00		

On 5 April 2007, four of the then shareholders entered into agreements to transfer all the registered capital they held in Chanhigh Landscape representing 7.5% of the total registered capital

of Chanhigh Landscape at a total consideration of RMB1,500,000 to Mr. Peng DS. The transfer consideration was determined on the basis of the then registered capital of Chanhigh Landscape and was settled by Mr. Peng DS. The reason for the transfer was to consolidate the shareholding of Chanhigh Landscape by Peng Family.

As at 18 April 2007, the shareholding of Chanhigh Landscape was as follows:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
CHHG	14,500,000	14,500,000	72.50	cash	a connected person of our Company
Mr Peng DS	1,500,000	1,500,000	7.50	cash	executive Director
eight individuals	2,800,000	2,800,000	14.00	cash	employees of our Group
three individuals	1,200,000	1,200,000	6.00	cash	Independent Third Parties
Total	20,000,000	20,000,000	100.00		

On 20 September 2008, four of the then shareholders entered into agreements with Mr. Peng DS pursuant to which they transferred a total of 8% of the registered capital in Chanhigh Landscape at a total consideration of RMB1,600,000 to Mr. Peng DS. The transfer consideration was determined on the basis of the then registered capital of Chanhigh Landscape and was settled by Mr. Peng DS.

For further development of Chanhigh Landscape, Chanhigh Landscape entered into an acquisition and merger agreement (吸收合併協議) on 20 September 2008 with Ningbo Shanshui Municipal Landscape Construction Limited (寧波山水市政園林建設有限公司) ("**Ningbo Shanshui**"). Pursuant to such agreement, Chanhigh Landscape agreed to merge with Ningbo Shangshui by way of retrieving the investment in Ningbo Shanshui in the sum of RMB18,000,000 and absorbing the equity interest of Mr. Peng YH in Ningbo Shanshui in the sum of RMB2,000,000. As a consideration for the said agreement, Chanhigh Landscape issued 9.09% of equity interests of Chanhigh Landscape which is equivalent to RMB2,000,000 to Mr. Peng YH. Such consideration, which was settled on 6 November 2008, was based on the then registered capital of Ningbo Shanshui. As a result, Ningbo Shanshui was deregistered on 5 December 2008.

As at 18 December 2008, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
CHHG	14,500,000	14,500,000	65.90	cash	a connected person of our Company
Mr Peng DS	3,100,000	3,100,000	14.09	cash	executive Director

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
Mr. Peng YH	2,000,000	2,000,000	9.09	cash	executive Director
seven individuals	2,000,000	2,000,000	9.10	cash	employees of our Group
two individuals	400,000	400,000	1.82	cash	Independent Third Parties
Total	22,000,000	22,000,000	100.00		

To consolidate the then shareholding interest in Chanhigh Landscape of the Peng Family, on 15 April 2009, each of the individual shareholders of Chanhigh Landscape (apart from Mr. Peng DS) transferred their equity interest in Chanhigh Landscape to CHHG and Mr. Peng DS based on their respective percentage of the total registered capital they held in Chanhigh Landscape.

Upon completion of the transactions and as at 15 May 2009, Chanhigh Landscape was owned by the following parties and their respective shareholdings are set forth in the table below:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
CHHG	32,400,000	32,400,000	90.00	cash	a connected person of our Company
Mr. Peng DS	3,600,000	3,600,000	10.00	cash	executive Director
Total	36,000,000	36,000,000	100.00		

As at 21 May 2009, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholders	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
CHHG	36,400,000	36,400,000	91.00	cash	a connected person of our Company
Mr. Peng DS	3,600,000	3,600,000	9.00	cash	executive Director
Total	40,000,000	40,000,000	100.00		

On 22 April 2016, as part of the Reorganisation, CHHG and Mr. Peng DS entered into an equity transfer agreement with Chanhigh HK pursuant to which CHHG and Mr. Peng DS transferred the entire shareholding interest in Chanhigh Landscape to Chanhigh HK. For further details, please refer to the paragraph headed "Reorganisation" in this section.

As at the Latest Practicable Date, the shareholding structure of Chanhigh Landscape was as follows:

Name of shareholder	Registered capital payable (RMB)	Paid-up registered capital (RMB)	Shareholding (%)	Payment method	Relationship with our Group
Chanhigh HK	152,000,000	152,000,000	100.00	cash	a member of our Group
Total	152,000,000	152,000,000	100.00		

Save as disclosed above, there are no other changes in the shareholding structure of Chanhigh Landscape.

(c) ***Branch companies of Chanhigh Landscape:***

The table below sets out the location of 20 branches of Chanhigh Landscape in the PRC:

	Location of branch companies		
	City	**Province**	**Date of establishment**
1.	Shanghai		20 April 2015
2.	Chongqing		18 July 2011
3.	Changzhou	Jiangsu	11 April 2012
4.	Suzhou	Jiangsu	5 March 2010
5.	Fenghua	Zhejiang	17 April 2015
6.	Shengzhou	Zhejiang	9 September 2015
7.	Wenzhou	Zhejiang	25 April 2014
8.	Shenzhen	Guangdong	22 July 2014
9.	Zhongshan	Guangdong	16 July 2014
10.	Qingyuan	Guangdong	1 April 2011
11.	Dongying	Shandong	24 May 2013
12.	Yantai	Shandong	9 July 2014
13.	Weihai	Shandong	9 April 2010
14.	Gao Xin District, Qingdao	Shandong	16 April 2010
15.	Huangdao, Qingdao	Shandong	5 April 2012
16.	Fuyang	Anhui	12 July 2011
17.	Maanshan	Anhui	23 November 2011
18.	Haikou	Hainan	12 January 2011
19.	Kunming	Yunan	16 March 2011
20.	Fuzhou	Fujian	13 October 2015

The principal activities of Chanhigh Landscape include provision of landscape and municipal works construction and maintenance services.

(ii) **Xuancheng Landscape (宣城市滄海市政園林工程有限公司)**

Xuancheng Landscape was established in the PRC on 23 July 2012 as a limited liability company with a registered capital of RMB100,000. Since incorporation, Xuancheng Landscape is wholly owned by Chanhigh Landscape.

The principal activities of Xuancheng Landscape include landscape construction, design, planning, floral cultivation and conservation etc..

(iii) **Hefei Landscape (合肥綠群市政園林有限公司)**

Hefei Landscape was established in the PRC on 26 December 2013 as a limited liability company with a registered capital of RMB100,000. As at date of its establishment and up to the Latest Practicable Date, Hefei Landscape was owned as to 51% by Chanhigh Landscape and as to 49% by Mr. Kang Hu (康虎), an Independent Third Party.

The principal activities of Hefei Landscape include landscape construction, design, planning, floral cultivation and conservation etc..

On 18 June 2016, Chanhigh Landscape and Mr. Kang Hu (康虎) have reached a shareholders resolution to dissolve and deregister Hefei Landscape. Application for dissolution and deregistration of Hefei Landscape was submitted to the local competent administration for industry & commerce on 21 June 2016.

CONFIRMATION FROM OUR PRC LEGAL ADVISERS

Our PRC Legal Advisers have confirmed that the above increase of registered capital and transfers are lawful and valid and in compliance with the requirements of the then applicable PRC laws, regulations and related governing documents, and the necessary legal procedures have been completed and we have obtained all applicable approvals from the PRC governmental authorities.

SUBSIDIARIES DISPOSED OF BY OUR GROUP DURING THE TRACK RECORD PERIOD

(i) **Ningbo Chanhigh Agricultural Development Limited (寧波滄海農業發展有限公司)**

Ningbo Chanhigh Agricultural Development Limited (寧波滄海農業發展有限公司) ("**Chanhigh Agricultural**"), a company established in the PRC with limited liability on 19 August 2010, was owned as to 90% by Chanhigh Landscape and 10% by Mr. Peng DS. The principal activities of Chanhigh Agricultural comprise development of eco-tourism agricultural base, leisure agriculture planning and consultation, floral and agricultural cultivation and sale of agricultural and sideline products. Since the principal activities of Chanhigh Agricultural did not align with those of Chanhigh Landscape, our Group decided to dispose of our interests in Chanhigh Agricultural and focus on landscaping and municipal works construction. The 90% of the entire equity interest of Chanhigh Agricultural was transferred from Chanhigh Landscape to CHHG, which is a connected person of our Company, at the consideration of RMB9,000,000 on 13 November 2013 based on the amount of the registered capital of Chanhigh Agricultural and such consideration was settled by CHHG. The disposal was properly and legally completed and all applicable regulatory approval in the PRC had been obtained as advised by our PRC Legal Advisers. After the transfer, Chanhigh Agricultural ceased to be a subsidiary of Chanhigh Landscape.

As at the date of its disposal, Chanhigh Agricultural recorded a net loss of RMB3,343,000 and its net asset value was RMB10,065,000.

(ii) **Kunming Chanhigh Investment Limited (昆明滄海投資有限公司)**

Kunming Chanhigh Investment Limited (昆明滄海投資有限公司) ("**Kunming Chanhigh**"), a company established in the PRC with limited liability on 24 November 2011 with a registered capital of RMB10,000,000, was principally engaged in project investment and management and was wholly owned by Chanhigh Landscape as at the date of its establishment. The purpose of establishing Kunming Chanhigh was to expand our business operations into the Kunming market and facilitate Chanhigh Landscape to undertake landscaping and municipal works construction projects in Kunming. However, as the business performance of Kunming Chanhigh was unsatisfactory, Chanhigh Landscape decided to dispose of its interests in Kunming Chanhigh. On 10 April 2014, Chanhigh Landscape entered into an equity transfer agreement with Kunming Haiyue Landscape Construction Company Limited (昆明海越園林工程有限公司), an Independent Third Party, pursuant to which Chanhigh Landscape transferred all of its equity interest in Kunming Chanhigh at a consideration of RMB10,000,000 which was equivalent to the registered capital of Kunming Chanhigh at that time. The completion date of the said agreement is 14 April 2014 and the consideration was settled on 17 April 2014. The disposal was properly and legally completed and all applicable regulatory approval in the PRC had been obtained as advised by our PRC Legal Advisers. Kunming Chanhigh ceased to be subsidiary of Chanhigh Landscape after such disposal.

Kunming Chanhigh recorded a net loss of RMB5,000 for the year ended 31 December 2013 and a net profit of RMB314,000 for the three months ended 31 March 2014. As at its date of disposal, its net asset value was RMB10,087,000.

As advised by our PRC Legal Advisers, Kunming Chanhigh, Chanhigh Agricultural and Hefei Landscape were legally established with limited liability and remained in existence. They have obtained the necessary approvals, permissions, consents, licences and authorisations, and have completed the business registration procedures for their establishment, changes and legal existence. Prior to the disposal or dissolution of Kunming Chanhigh, Chanhigh Agricultural and Hefei Landscape (as the case may be), as advised by our PRC Legal Advisers, they had complied with the laws, rules and regulatory documents relating to taxation, labour employment, social security and housing provident fund, and had not been a party to any significant pending litigation, arbitration or administrative penalty.

OWNERSHIP CONTINUITY

Acting-in-Concert Confirmation

On 20 March 2011, members of the Peng Family, namely Mr. Peng DS and Ms. Wang SF being the parents of Mr. Peng YH and Mr. Peng TB; and Mr. Peng TB and Mr. Peng YH being brothers, have executed the Acting-in-Concert Confirmation, pursuant to which the Peng Family recognises, acknowledges and undertakes that the Peng Family as a whole has a common control and influence on the management, operations and the voting rights of Chanhigh Landscape and its subsidiaries on a collective and unanimous basis. Further details in relation to the Acting-in-Concert Confirmation are set out in the section headed "Relationship with Controlling Shareholders — Controlling Shareholders — Acting-in-Concert Confirmation" in this prospectus.

Succession Planning

For the purpose of succession planning and the Listing, the Peng Family decided to set up the PYH Family Trust and the PTB Family Trust, which are both discretionary trusts. To realise the intention of Mr. Peng DS and Ms. Wang SF for family succession, the properties settled onto the trust are the beneficial interests of Chanhigh Landscape, which are held through the shares of the Company, and the class of beneficiaries of the PYH Family Trust and the PTB Family Trust have been confined to the direct line of descent of Mr. Peng DS and Ms. Wang SF, namely, Mr. Peng YH or Mr. Peng TB and their respective descendants who carry the "PENG (彭)" surname.

For the purpose of (i) formalising the existing understanding of the Peng Family with respect to the operation of the PYH Family Trust and the PTB Family Trust pursuant to the Acting-in-Concert Confirmation; and (ii) explicitly empowering a family member of the Peng Family to supervise the trustee's power within a family trust for preserving and protecting the trust assets:-

(a) Mr. Peng DS and Ms. Wang SF were appointed as the protectors of the PYH Family Trust on 16 December 2016; and

(b) Mr. Peng DS and Ms. Wang SF were appointed as the protectors of the PTB Family Trust in addition to Mr. Peng TB on 16 December 2016.

Power of the protectors

The protectors are conferred with the following powers pursuant to the trust deeds of the PYH Family Trust and the PTB Family Trust:

(a) Mr. Peng YH, being the trustee of the PYH Family Trust and the PTB Family Trust, shall obtain the prior or contemporaneous written consent of the protectors:

(i) to manage the trust fund;

(ii) to alter the class of beneficiaries;

(iii) to amend the trust;

(iv) to delegate functions;

(v) to authorise a trustee to effect a delegation;

(vi) (if there is more than one trustee) to delegate his functions;

(vii) to appoint a nominee or a custodian;

(viii) to release their rights and powers;

(ix) to pay out of the trust fund or its income in seeking legal advice concerning confidentiality; and

(x) to terminate the trust earlier;

(b) Mr. Peng YH, being the settlor of the PYH Family Trust and the PTB Family Trust, shall obtain the prior or contemporaneous written consent of the protectors:

(i) to revoke the trust;

(ii) to release the power of revocation;

(iii) To appoint new or additional trustee;

(iv) to remove trustees; and

(c) Mr. Peng YH, being the trustee of the PYH Family Trust and the PTB Family Trust, may retire by written notice delivered to the protectors.

Further, with a view to protecting and preserving the interests of the Peng Family (including the descendants of Mr. Peng YH or Mr. Peng TB) in Chanhigh Landscape, the Acting-in-Concert Confirmation has been in place, through which the form and manner of ownership, management and control by the Peng Family over the interest, rights, management power and affairs of Chanhigh Landscape are formalised and reduced into writing. Meanwhile, Mr. Peng DS, being the family head of the Peng Family, continues to act as the sole director and legal representative of Chanhigh Landscape to ensure a successful and smooth family succession. Accordingly, the fact that Mr. Peng DS and Ms. Wang SF acting as protectors under the PYH Family Trust and the PTB Family Trust, the current trust arrangement, the arrangement contemplated under the Acting-in-Concert Confirmation and the role of Mr. Peng DS in Chanhigh Landscape are considered to be the most direct way to achieve their succession plan. In fact, the Peng Family has been exercising their voting rights unanimously in all the shareholders' meetings of Chanhigh Landscape throughout the Track Record Period and up to and including the Latest Practicable Date.

Our Directors further confirm that it has been the intention of Mr. Peng YH as settlor that, from the date of establishment of the PYH Family Trust and the PTB Family Trust, he shall consult Mr. Peng DS, Ms. Wang SF and Mr. Peng TB to reach a consensus among the members of the Peng Family before exercising any voting right of the shares of any company held by the PYH Family Trust and the PTB Family Trust (including our Company and our subsidiaries), which was included in two letters of wishes executed by Mr. Peng YH as the settlor of both the PYH Family Trust and the PTB Family Trust.

Based on above, our Directors are of the opinion that:

(a) the Peng Family as a unit is able to exercise the rights equivalent to those of an ordinary shareholder in Chanhigh Landscape. Even though there is a change of interests of any single member in Chanhigh Landscape, it would not affect the overall interests of the Peng Family as a collective unit in exercising the rights in Chanhigh Landscape; and

(b) our Company has satisfied the requirement for ownership continuity and control for at least the most recent audited financial year given the Peng Family as a unit can exert substantial influence on the management of Chanhigh Landscape and our Group during the latest financial year, being financial year ended 31 December 2015, and after the Track Record Period.

In light of the above, our Directors consider, and the sole Sponsor agrees, that our Company has fulfilled the ownership continuity and control requirement under Rule 8.05(1)(c) of the Listing Rules.

REORGANISATION

Our Group underwent the Reorganisation steps in preparation for the Listing and the major steps of our Reorganisation are summarised as follows:

1. Incorporation of various Group companies

(i) Our Company

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 1 April 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. On the same day, the initial subscribing shareholder transferred the one issued Share to Vast Base at par and allotted and issued one issued Share to TEUR at par. Upon completion of the above, our Company was owned as to 50% by Vast Base and 50% by TEUR. Following completion of the Reorganisation, our Company became the holding company of our Group.

(ii) Chanhigh Investments

Chanhigh Investments was incorporated under the laws of BVI on 15 March 2016 as a limited liability company with an authorised share capital of US$50,000 divided into 50,000 shares of US$1.00 each. It is an investment holding company. On 18 March 2016, one issued share of US$1.00 each was allotted to each of Vast Base and TEUR at par.

(iii) Chanhigh HK

Chanhigh HK was incorporated in Hong Kong with limited liability on 30 March 2016 with one paid-up ordinary share issued to Chanhigh Investments at the date of incorporation. It is an investment holding company. Since its incorporation, Chanhigh HK has been a wholly-owned subsidiary of Chanhigh Investments.

2. Transfer of the entire issued share capital of Chanhigh Investments to our Company from Vast Base and TEUR by way of share swap

On 11 April 2016, each of Vast Base and TEUR transferred one ordinary share of Chanhigh Investments to our Company in consideration of our Company allotted and issued 999 Shares each to Vast Base and TEUR. After such transfers, Chanhigh Investments has become a wholly-owned subsidiary of our Company.

3. Transfer of the entire equity interest of Chanhigh Landscape from CHHG and Mr. Peng DS to Chanhigh HK

On 22 April 2016, each of CHHG and Mr. Peng DS entered into an equity share transfer agreement with Chanhigh HK pursuant to which each of CHHG and Mr. Peng DS shall transfer their 91% and 9% equity interests in Chanhigh Landscape to Chanhigh HK at a consideration of RMB145,026,308 and RMB14,343,261, respectively, based on the valuation of the equity interest of Chanhigh Landscape, which was settled by 26 May 2016. The transfer was properly and legally completed on 9 May 2016 and all applicable regulatory approval in the PRC had been obtained as advised by our PRC Legal Advisers. Upon completion of the transfer, Chanhigh Landscape became a wholly-owned subsidiary of Chanhigh HK. Mr. Peng DS, Ms. Wang SF and CHHG ceased to have interests in Chanhigh Landscape since 9 May 2016.

4. **Settlement of amount due to a director by way of capitalisation**

As at 31 October 2016, the total sum due to Mr. Peng YH amounted to RMB159,932,000, comprising a loan of RMB159,369,569 (the "**PYH Loan**") and advances totaling RMB 562,431 (the "**PYH Advance**"). In order to fully settle the PYH Loan, on 15 March 2017:-

(a) Mr. Peng YH as assignor, Vast Base and TEUR as assignees and our Company entered into a deed of assignment, pursuant to which Mr. Peng YH shall assign RMB79,684,784.50 which represents 50% of the PYH Loan to each of Vast Base and TEUR at its face value; and

(b) the Directors of our Company passed a resolution to capitalise the PYH Loan by way of allotting and issuing 1,000 Shares to Vast Base and 1,000 Shares to TEUR credited as fully paid.

After the capitalisation, each of Vast Base and TEUR holds 2,000 Shares and the PYH Loan has been fully settled. The PYH Advance was settled by cash on 13 March 2017. As at the date of the prospectus, no amount of advance from related party is outstanding.

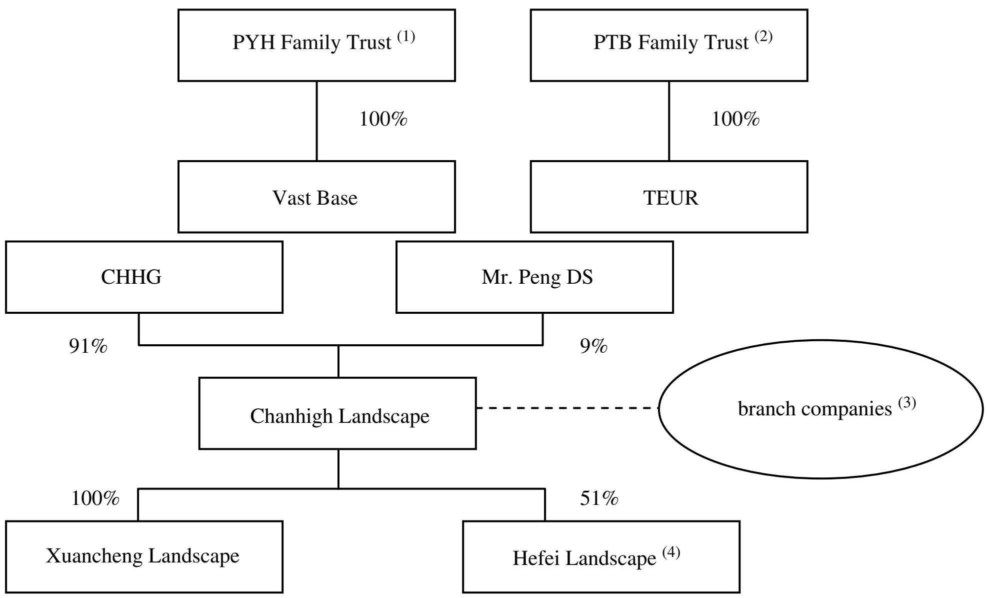
5. **Increase of authorised share capital of our Company**

On 15 March 2017, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares to HK$20,000,000 divided into 2,000,000,000 Shares by the creation of an additional 1,962,000,000 new Shares.

6. **Capitalisation Issue**

Conditional upon the share premium account of our Company being credited as a result of the Global Offering, our Directors are authorised to capitalise an amount of HK$4,499,960 from the share premium account of our Company and apply such amount in paying up in full at par for allotment and issue to each of Vast Base and TEUR 224,998,000 Shares respectively. As a result, each of Vast Base and TEUR holds 225,000,000 Shares.

The corporate structure of our Group immediately before the Reorganisation is set out as below:



Notes:

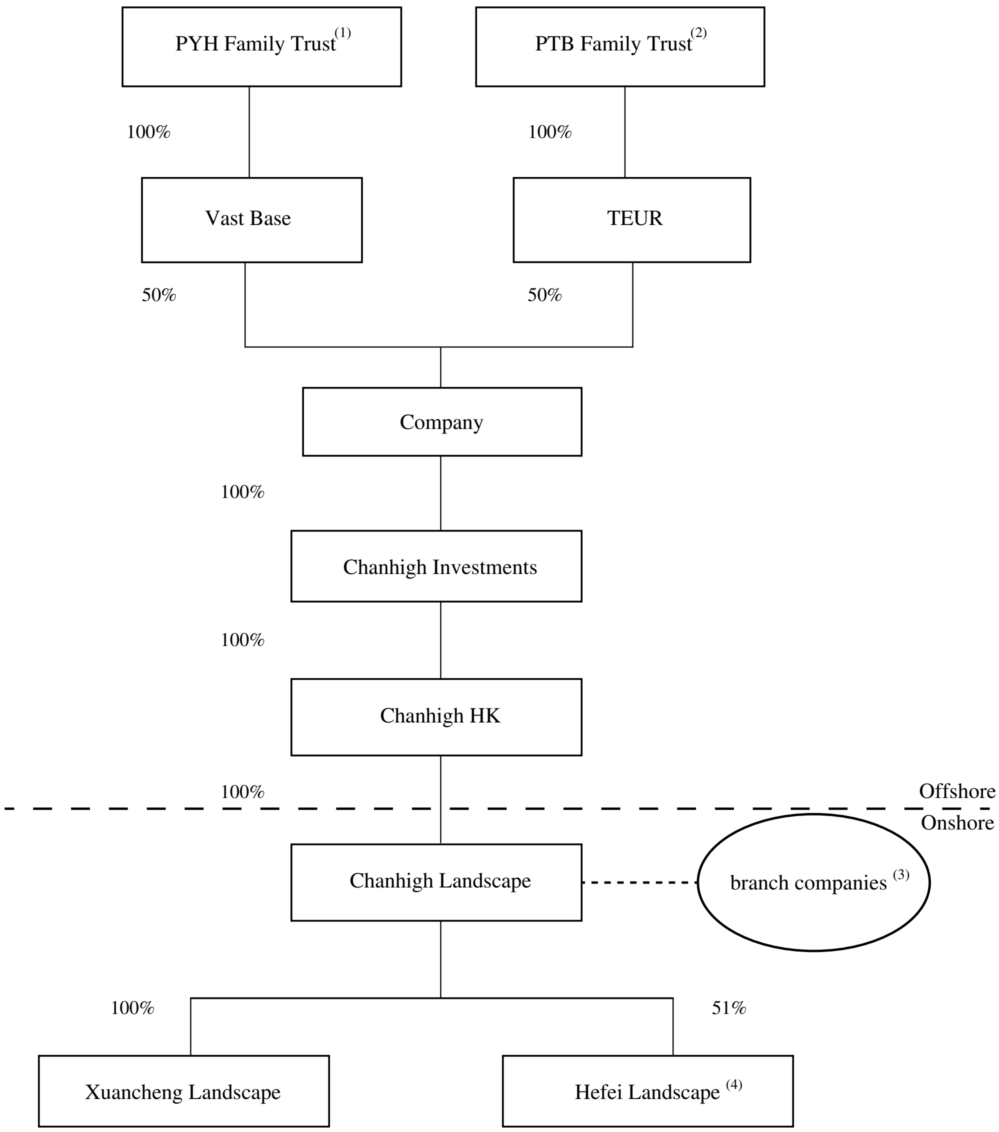
(1) The sole shareholder of Vast Base is Mr. Peng YH, who holds the shares of Vast Base as trustee on trust for the PYH Family Trust. PYH Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng YH and his descendants who carry the "PENG (彭)" surname. Mr. Peng YH is the settlor and the Trustee of the PYH Family Trust. On 16 December 2016, Mr. Peng YH, Mr. Peng DS and Ms. Wang SF were appointed as protectors of the PYH Family Trust.

(2) The sole shareholder of TEUR is Mr. Peng YH, who holds the shares of TEUR as trustee on trust for the PTB Family Trust. PTB Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng TB and his descendants who carry the "PENG (彭)" surname. Mr. Peng YH is the settlor and the Trustee of the PTB Family Trust. In addition to Mr. Peng TB, Mr. Peng DS and Ms. Wang SF were appointed as additional protectors of the PTB Family Trust on 16 December 2016.

(3) For further details of the branch companies, please refer to the paragraph headed "Branch companies of Chanhigh Landscape" in this section.

(4) 49% of the equity interests of Hefei Landscape is held by Mr. Kang Hu (康虎), which is an Independent Third Party.

The corporate structure of our Group immediately after the Reorganisation but before the completion of the Capitalisation Issue and the Global Offering is set out as below:



Notes:

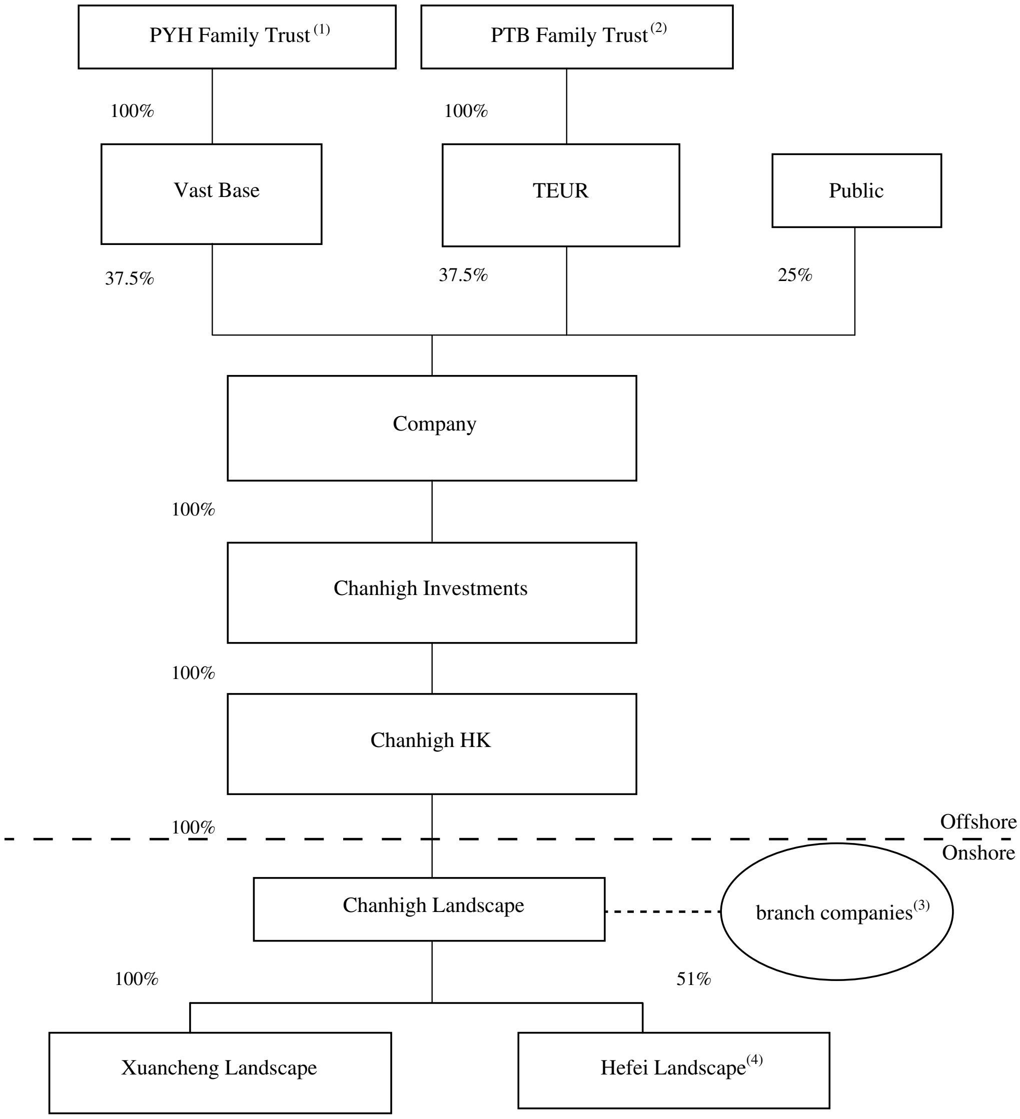
(1) The sole shareholder of Vast Base is Mr. Peng YH, who holds the shares of Vast Base as trustee on trust for the PYH Family Trust. The PYH Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng YH and his descendants who carry the "PENG (彭)" surname. Mr. Peng YH is the settlor and the Trustee of the PYH Family Trust. On 16 December 2016, Mr. Peng YH, Mr. Peng DS and Ms. Wang SF were appointed as protectors of the PYH Family Trust.

(2) The sole shareholder of TEUR is Mr. Peng YH, who holds the shares of TEUR as trustee on trust for the PTB Family Trust. The PTB Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng TB and his descendants who carry the "PENG (彭)" surname. Mr. Peng YH is the settlor and the Trustee of the PTB Family Trust. In addition to Mr. Peng TB, Mr. Peng DS and Ms. Wang SF were appointed as additional protectors of the PTB Family Trust on 16 December 2016.

(3) For further details of the branch companies, please refer to the paragraph headed "Branch companies of Chanhigh Landscape" in this section.

(4) 49% of the equity interests of Hefei Landscape is held by Mr. Kang Hu (康虎), which is an Independent Third Party.

The corporate structure of our Group immediately after completion of the Global Offering and the Capitalisation Issue (assuming no exercise of the Over-allotment Option) is set out as below:



Notes:

(1) The sole shareholder of Vast Base is Mr. Peng YH, who holds the shares of Vast Base as trustee on trust for the PYH Family Trust. The PYH Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng YH and his descendants who carry the "PENG (彭)" surname. Mr. Peng YH is the settlor and the Trustee of the PYH Family Trust. On 16 December 2016, Mr. Peng YH, Mr. Peng DS and Ms. Wang SF were appointed as protectors of the PYH Family Trust.

(2) The sole shareholder of TEUR is Mr. Peng YH, who holds the shares of TEUR as trustee on trust for the PTB Family Trust. The PTB Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng TB and his descendants who carry the "PENG (彭)" surname. Mr. Peng YH is the settlor and the Trustee of the PTB Family Trust. In addition to Mr. Peng TB, Mr. Peng DS and Ms. Wang SF were appointed as additional protectors of the PTB Family Trust on 16 December 2016.

(3) For further details of the branch companies, please refer to the paragraph headed "Branch companies of Chanhigh Landscape" in this section.

(4) 49% of the equity interests of Hefei Landscape is held by Mr. Kang Hu (康虎) who is an Independent Third Party.

M&A RULES

On 8 August 2006, six PRC regulatory authorities in China (including CSRC, MOFCOM and SAFE) jointly promulgated Regulations on the Mergers and Acquisitions of Domestic Enterprises by Foreign Investors (《關於外國投資者併購境內企業的規定》), which became effective on 8 September 2006 and were subsequently amended on 22 June 2009, (the "**M&A Rules**"). The M&A Rules specifies that, where a foreign investor establishes a foreign-invested enterprise by merging or acquiring a domestic enterprise, it shall be subject to the approval of MOFCOM or ministry of commerce at the provincial level, and shall apply for registration or change of registration with State Administration of Industry & Commerce or local administration of industry & commerce. All parties involved in the foreign investor's merger and acquisition of domestic enterprises shall abide by the applicable PRC laws and regulations on foreign exchange control and apply to SAFE or its local branches for approval, registration, filing for record and alteration formalities in a timely manner. In addition, the M&A Rules include provisions that purport to require offshore special purpose companies, controlled directly or indirectly by PRC companies or individuals with a view to list in an oversea stock exchange with their operating companies or assets in China, to obtain the approval of the CSRC prior to the listing and trading of their securities in any overseas stock exchange.

As advised by our PRC Legal Advisers, the transfer of Chanhigh Landscape from CHHG and Mr. Peng DS to Chanhigh HK would constitute a change of Chanhigh Landscape from a domestic enterprise to a wholly foreign owned enterprise. Since Mr. Peng YH, as the legal owner of the Shares of our Company, has acquired the right of permanent residence in the Islamic Republic of The Gambia and has renounced his status in China's residential registration system, he does not fall within the definition of domestic natural person under the M&A Rules and our Company is not a special-purpose company under the definition of the M&A Rules. Therefore, there is no requirement for our Company to obtain the approval of the CSRC prior to the Listing. In view of the PRC laws and regulations and as confirmed by Ningbo Municipal Commission of Commerce, Ningbo Municipal Commission of Commerce is the competent authority which can approve the abovementioned transfer. On 3 May 2016, Chanhigh Landscape obtained an approval issued by Ningbo Municipal Commission of Commerce (寧波市商務委員會) for such transfers and obtained the Certificate of Approval for establishment of enterprise with Investment of Taiwan, Hong Kong, Macao and overseas Chinese in the People's Republic of China issued by the Ningbo Municipal People's Government. As such, the abovementioned transfer complied with the M&A Rules.

CIRCULAR NO. 75 AND CIRCULAR NO. 37

On 21 October 2005, SAFE issued the Circular on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Investing and Financing Overseas and Roundtrip Investment via Special Purpose Vehicles, ("**Circular 75**"). According to Circular 75, a domestic resident shall, before establishing or controlling an overseas special purpose company, apply to the local branch or office of SAFE (the "**SAFE Branch**") for foreign exchange registration of overseas investments. The SAFE Branch shall, after examining and checking the materials to be inerrant, affix the special seal for foreign exchange business for capital account transactions on the Certificate of Foreign Exchange Registration of Overseas Investments or the Form of Foreign Exchange Registration of Overseas Investments of the Domestic Individual Resident.

On July 4, 2014, SAFE promulgated the Notice of the State Administration of Foreign Exchange on Relevant Issues Concerning Foreign Exchange Administration for Domestic Residents to Engage in Investing and Financing Overseas and Roundtrip Investment via Special Purpose Vehicles Circular 37 which superseded Circular 75. Domestic residents who invest in special purpose vehicles with legitimate assets or equity interest inside and outside the PRC prior to the implementation of Circular 37, but fail to conduct the foreign exchange registration of overseas investments shall submit explanatory statement and state the reasons to the bureau of foreign exchange administration. The bureau of foreign exchange administration may allow complementary registration under the principles of legality and legitimacy.

As advised by our PRC legal Advisers, Mr. Peng YH, has completed the registration as required by Circular 37 as at 12 April 2016. As such, our PRC Legal Advisers are of the view that the registration by Mr. Peng YH of his investment in our Group is legal and valid in accordance with the applicable PRC rules and regulations.

OVERVIEW

We are one of the prominent municipal landscape and municipal works construction service providers in Zhejiang Province, with footprint covering 12 provinces, three municipalities and two autonomous regions in China, including Zhejiang, Jiangsu, Shandong, Anhui and Hubei Provinces and Chongqing Municipality. As of June 2016, according to Frost & Sullivan, we were one of the few construction service providers in the PRC possessing five first-grade qualifications with respect to landscape and municipal works constructions. Through over a decade of commitment to delivering construction works of consistently high-quality, we have gained word-of-mouth reputation and successfully consolidated our position in the market. In recognition of our industry standing, we were the recipient of highly regarded honours, such as Top 100 Landscaping Enterprise in the PRC in terms of Comprehensive Competitive Strength (中國園林綠化綜合競爭力百強企業) for the years 2013 and 2014 and Top 50 Urban Landscaping Enterprise in the PRC (全國城市園林綠化企業50強) for three consecutive years from 2013 to 2015, details of which are set out in the paragraph headed "Awards and recognitions" in this section. According to Frost & Sullivan, in 2015, we were one of the top five municipal landscape construction companies in terms of revenue from municipal landscaping projects in the Yangtze River Delta and Zhejiang Province.

Our main service scope comprises landscape and municipal works constructions. In each project undertaken by us, we, as a contractor, undertake to complete the works awarded to us, arrange the required labour to work on-site, lease major equipment and machineries, procure raw materials, coordinate with different parties and monitor the work progress of the project from commencement to post-completion maintenance. We began our landscape construction business in 2001. The scope of our landscape construction services comprise undertaking a variety of municipal and private landscaping projects, which include planting of trees, shrubs and flowers, lawns, modifying the layout of land, constructing hard landscaping features, paving garden pathways as well as carrying out related foundation work. Landscape construction has been one of our core businesses. Revenue derived from our landscape construction business accounted for 42.0%, 58.5%, 40.8% and 40.5% of our total revenue for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, respectively.

As our business continues to grow, we expanded our service scope and began our municipal works construction business in 2005. The scope of our municipal works construction business comprises municipal road and bridge constructions, lighting works, water works, such as improvement of waterways, construction of drainage, sewage systems, and pipeline networks in cities. Our customers under this segment are mainly state-invested enterprises and local governments. Revenue from this segment grew steadily during the Track Record Period, accounting for 41.1%, 34.0%, 52.5% and 48.4% of our total revenue for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, respectively. To enrich our main service offering, in addition to landscaping and municipal works, we also undertake (i) building works such as construction of gas stations, auto repair shops, office building and temporary warehouses; and (ii) other works such as provision of maintenance services, heritage building restoration and renovation works.

We distinguish ourselves from our competitors in terms of the diversity of projects that we are able to undertake, which is attributable to the professional qualifications possessed by us. Among our eight professional qualifications, we currently hold the First-Grade Urban Landscape Construction Enterprises Qualification Certificate (城市園林綠化企業資質證書壹級), which allows us to undertake landscaping projects in any scale and form across the PRC. We also hold the First-Grade General Contractor for Municipal Public Works (市政公用工程施工總承包壹級), the First-Grade Professional

Contractor for Urban and Street Lighting Projects (城市及道路照明工程專業承包壹級), the First-Grade Professional Contractor for Building Renovation Projects (建築裝修裝飾工程專業承包壹級) and the First-Grade Professional Contractor for Historic Building Projects (園林古建築工程專業承包壹級). Please refer to the paragraph headed "Major Qualifications and Certificates" in this section for further details. We believe that our professional qualifications and strong service capability place us in an advantageous position to capture business opportunities arising from small- to large-scale landscaping and municipal works in China.

We pride ourselves in our over 10 years of experience in handling state-funded projects. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we had 107, 142, 177 and 286 customers, a majority of which were either state-invested enterprises or local governments. As landscaping and municipal projects in the PRC shall normally be awarded through tendering process, we believe that our active participations in these projects enable us to develop in-depth understanding of the project requirements imposed by our customers and reinforce customers' confidence in our services. Further, benefiting from the accelerating pace of urbanisation and increasing awareness of environmental protection in China, we have expanded our footprint to various parts of China, with strategic focus in Zhejiang and Jiangsu Provinces of the Yangtze River Delta, which are affluent regions with growing government expenditure on urban planning and environmental conservation.

Our business growth is underpinned by our strong and dedicated workforce. For each project, we form a project team led by a project manager who shall be a qualified constructor (建造師). Our project team is backed by our professional workforce of 126 staff members as at 31 October 2016 who possessed civil engineer and/or constructor qualification(s), with experience in construction ranging from less than one year to 23 years. We provide on-the-job trainings for our staff in the areas of construction technique, seminars on work safety to enhance their execution capability and provide support for our staff to study and apply for qualifications relevant to our operations. In addition, to ensure a stable and sufficient supply of labour force, we outsourced manual works to labour service providers with requisite qualifications to undertake the works assigned by us, which are under the supervision of our project manager. We have a quality inspection officer in each project team primarily responsible for supervising and monitoring raw materials procurement and work quality. Our project management is accredited with ISO9001:2008 (in respect of the construction of municipal engineering and the construction conservation of landscaping) and ISO14001:2004 (in respect of the construction of municipal engineering and the construction conservation of landscaping and correlative management activity) as well as national standards such as GB/T28001-2001 (in respect of the construction of municipal engineering and the construction conservation of landscaping and correlative management activity), seeking to develop a sound management system and continuous improvement and performance-oriented culture among our project teams. We believe that our strong and professional workforce together with our systematic project management reinforce our capability in undertaking diversified and sophisticated landscaping and municipal works projects and their wealth of experience and technical know-how have contributed to our consistently high-quality performance in project implementation.

During the Track Record Period, we achieved a stable growth in our revenue and net profit. Our revenue increased from RMB554.9 million to RMB659.3 million and further to RMB1,006.3 million for the years ended 31 December 2013, 2014 and 2015, respectively, representing a CAGR of 34.7% from 2013 to 2015. Our net profit (including other income and gains derived from inter-company lending) increased from RMB26.8 million to RMB51.9 million and further to RMB95.2 million for the years ended 31 December 2013, 2014 and 2015, respectively, representing a CAGR of 88.5% from

2013 to 2015. For the ten months ended 31 October 2015 and 2016, our revenue amounted to RMB767.8 million and RMB1,285.0 million, respectively, representing a growth rate of 67.4% over the same period, while our profit (including other income and gains derived from inter-company lending) for the same period amounted to RMB76.5 million and RMB96.2 million, respectively, representing a growth rate of 25.6% over the same period.

COMPETITIVE STRENGTHS

We believe that the following strengths distinguish us from our competitors and contribute to our ability to compete effectively in our target market:

We are a prominent landscape and municipal works construction service provider with word-of-mouth reputation in the industry

We are a prominent landscape and municipal works construction service provider, with market presence across various parts of China, including Zhejiang, Jiangsu, Shandong, Anhui and Hubei Provinces and Chongqing Municipality. Leveraging our over 10 years of accumulated industry experience and technical expertise, we have grown from a local landscaping company to an award-winning contractor having undertaken a diverse range of landscaping and municipal works in the PRC. According to the Frost & Sullivan Report, in 2015, we were one of the top five municipal landscape construction companies in terms of revenue from municipal landscaping projects in the Yangtze River Delta and Zhejiang Province. In recognition of our strength and market position, we were awarded several highly regarded honours in the industry such as:

- Top 100 Landscaping Enterprise in the PRC in terms of Comprehensive Competitive Strength (中國園林綠化綜合競爭力百強企業) for two consecutive years from 2013 to 2014
- Top 50 Urban Landscaping Enterprise in the PRC (全國城市園林綠化企業 50 強) for three consecutive years from 2013 to 2015
- Landscaping Enterprise with Credit Grade AAA in the PRC in 2016

Examples of award winning projects undertaken by us during the Track Record Period include:

- "Outstanding Landscape Construction" Silver Prize (優秀園林綠化工程銀獎) for 2013 in respect of the Phase I of Construction of Wenzhou City Yangfu Mountain City Park Project (Section II Greening) (溫州市楊府山城市公園建設工程一期綠化II標段)
- Zhejiang "Outstanding Landscape Construction" Golden Prize (浙江省優秀園林工程金獎) for 2014 in respect of the Economic and Social Service Centre Ancillary Project in Pinghu Economic Development Zone (平湖經濟開發區經濟社會服務中心配套工程)
- Ningbo "Yongjiang Construction Cup" for 2015 in respect of Premium Construction Award in respect of the rejection items of the Extension of Wanjin Road (寧波市"甬江建設杯"優質工程獎 — 萬金路延伸段工程甩項部份)
- Zhejiang "Outstanding Landscape Construction" Silver Prize (浙江省"優秀園林工程"銀獎) for 2015 in respect of the Gardening and Landscaping Project of Wenzhou Cuiwei Mountain Park (Section II) (溫州市翠微山公園園林景觀工程二標段)
- Zhejiang "Outstanding Landscape Construction" Gold Prize (浙江省"優秀園林工程"金獎) for 2016 in respect of landscaping and greening project of Tianhe Ideal City (Section I and Section II) (天河•理想城景觀綠化工程I標段、II標段)

For further details, please refer to the paragraph headed "Awards and Recognitions" in this section.

According to Frost & Sullivan, the landscaping and the public works markets are highly regionalised and featured by high level of fragmentation. We believe our market position and industry recognition have translated into a word-of-mouth reputation and increased customer's confidence in our services, which in turn allowed us to stand out and compete effectively over our peers in the market, consolidate our market share, attract new customers and recruit talents. Our reputation in our target market has also provided us with a stronger position during our procurement process to secure high-quality materials at competitive prices from our suppliers.

We are well positioned to capture opportunities from the continuing urbanisation and increasing awareness of environmental conservation in China

The rapid economic growth, continuing urbanisation and increasing public awareness of environmental conservation in the PRC have fostered the expansion of landscape and municipal works construction industry. According to Frost & Sullivan, urbanisation in the PRC increased from 49.9% in 2010 to 56.1% in 2015. The government's completed investment in urban landscape construction in the PRC grew from RMB91.5 billion in 2009 to RMB159.5 billion in 2015, representing a CAGR of 9.7% over the period from 2009 to 2015. The average green coverage ratio of urban built-up area increased from 38.2% in 2009 to 40.2% in 2014 in the PRC. Meanwhile, the number of city parks in China increased from 9,050 in 2009 to 13,037 in 2014, representing a CAGR of 7.6% from 2009 to 2014. These development trends reflect the increasing government's attention to optimise the ecological environment and to develop a sustainable environment in China. As such, this creates a good deal of business opportunities for enterprises possessing the requisite qualifications and skills for providing landscape and municipal works construction services in alignment with the government initiatives.

In addition, to reduce pressure on urban drainage system in rainy season and to better manage water resources, since 2015, the PRC government has launched a pilot scheme on "Sponge Cities" by directing various cities in the PRC (which currently cover Beijing, Tianjin, Dalian, Shanghai, Ningbo, Fuzhou, Qingdao, Zhuhai, Shenzhen, Sanya, Yuxi, Qingyang, Xining and Guyuan, etc.) to build an urban landscape-based water ecology system, such as developing ponds, filtration pools and wetlands, as well as to build permeable roads and public spaces that enable stormwater to soak into the ground, aiming at reducing flooding in urban areas and achieving sustainable management of water resources. Further, in 2015, the PRC's government announced "Beautiful China" as a significant development strategy in the 13th Five-year Plan. The concept of "Beautiful China" highlights the prominent position of ecological civilisation construction to achieve sustainable development in China. Driven by the "Beautiful China" strategy, urban development of the PRC is anticipated to focus more on environmental protection, ecological restoration, energy saving and improvement of resource utilisation. The introduction of "Sponge Cities" and "Beautiful China" and further promotion of these strategies are expected to drive the demand for landscape and municipal works constructions in urban districts, further fueling the growth of this sector.

Benefited by these drivers and government initiatives, the landscaping and the overall public works (including municipal landscaping and municipal works) markets grew at an accelerating pace. According to Frost & Sullivan, the size of landscaping market in the PRC in terms of the aggregated completed contract value of landscaping projects in the respective year expanded from RMB410.4 billion in 2010 to RMB647.4 billion in 2015, representing a CAGR of 9.5%. During the same period, the size of public works market (including municipal landscaping and municipal works) in terms of the aggregated completed contract value of public works projects in the respective year expanded from RMB1,652.3 billion in 2010 to RMB2,027.8 billion in 2015, representing a CAGR of 4.2%. As a prominent landscape construction service provider in the Yangtze River Delta together with our proven track record of completed projects, we believe that we are well-positioned to take advantage over these drivers to grow our business. We also believe that our flexibility in undertaking a diverse range of projects have and will continue to put us in a favourable position to tap into this fast-growing industry and to compete effectively over our industry peers when opportunity arises.

We pride ourselves in our strong service capability, which allows us to undertake a diverse range of landscaping, municipal and building works in China

We possessed eight professional qualifications with respect to landscaping, municipal and building works as at the Latest Practicable Date, allowing us to participate in a diverse range of projects in China. Among these professional qualifications, the following are the first-grade qualifications held by us and their key authorised scope:

- First-Grade Urban Landscape Construction Enterprises Qualification Certificate (城市園林綠化企業資質證書壹級), which allows us to undertake landscaping projects of any scale and type across the PRC.

- First-Grade General Contractor for Municipal Public Works (市政公用工程施工總承包壹級), which allows us to undertake all types of municipal public works construction.

- First-Grade Professional Contractor for Urban and Street Lighting Projects (城市及道路照明工程專業承包壹級), which allows us to undertake all types of urban and street lighting projects.

- First-Grade Professional Contractor for Building Renovation Projects (建築裝修裝飾工程專業承包壹級), which allows us to undertake all types of renovation works and their ancillary works.

- First-Grade Professional Contractor for Historic Building Projects (園林古建築工程專業承包壹級) which allows us to undertake projects of any scale and form in respect of pseudo-classical structures, landscape architecture and restoration works of historic buildings.

For further details of the authorised scope of work under these qualifications, please refer to the paragraph headed "Major Qualifications and Certificates" in this section. The professional qualifications possessed by us demonstrate our technical expertise and strength. According to Frost & Sullivan, as of June 2016, in the PRC, 1,471 landscaping companies held the First-Grade Urban Landscape Construction Enterprises Qualification Certificate (城市園林綠化企業資質證書壹級), 3,729 companies held the First-Grade General Contractor for Municipal Public Works (市政公用工程施工總承包壹級), 283 companies held the First-Grade Professional Contractor for Historical Building Projects (園林古建築工程專業承包壹級), 454 companies held the First-Grade Professional Contractor for Urban and Street Lighting projects (城市及道路照明工程專業承包壹級), 4,549 companies held the First-Grade Professional Contractor for Building Renovation Projects (建築裝修裝飾工程專業承包壹級), and only nine of them held these five first-grade qualifications at the same time. Further, according to Frost & Sullivan, as of June 2016, we were the only company in Zhejiang Province possessing all of such five first-grade qualifications. We believe that the possession of these five first-grade qualifications will place us in an advantageous position when securing projects that require construction service providers to hold multiple qualifications. Our strong service capability is a key to expand our business reach as we are well-positioned to capture business opportunities arising from small- to large-scale landscaping and municipal works, which require service providers to possess different levels of technical expertise in related discipline(s). The diverse range of work that could be undertaken by us also enables us to diversify our revenue source, maintain a balanced growth and respond to changing economic cycle and market conditions in a timely manner.

We have proven track record in landscape and municipal works constructions

Our industry standing is grounded in our proven track record of undertaking landscaping and municipal works in the PRC. Capitalising on our professional qualifications and technical expertise, we have participated in a number of projects. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we had a total of 79, 99, 143 and 100 projects completed, and as at 31 December 2013, 2014 and 2015 and 31 October 2016, we had a total of 64, 93, 84 and 115 projects in progress.

With our proven track record, we have developed extensive experience participating in state-funded projects. Our major customers comprise mainly state-invested enterprises and local governments, which are the key stakeholders in landscaping and public works sectors in China according to Frost & Sullivan. Projects awarded by these customers in aggregate contributed 85.2%, 89.7%, 81.1% and 80.7% of our total revenue for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, respectively. Since state-funded projects are normally awarded by state-invested enterprises and local governments by way of public tenders, our active participations in state-funded projects in different regions demonstrate our in-depth knowledge of and strong ability in adapting to the varying requirements imposed by these customers. Further, our major customers generally have good reputation and stronger financial strengths, and our visibility in their projects allows us to enhance our brand image and industry standing.

We have a dynamic and seasoned senior management team

Our success to date is largely contributed by our senior management team members who have extensive experience and outstanding track record in construction industry. Our history can be traced back to 2001, when Mr. Peng DS, the founder of our Group, established Chanhigh Landscape. Over a decade of development, Mr. Peng DS has built a solid foundation and blueprint that enable our Group to grow rapidly in recent years. Our management team is currently led by Mr. Peng TB and Mr. Peng YH, our executive Directors and the sons of Mr. Peng DS. Working with Mr. Peng DS for over 10 years, Mr. Peng TB and Mr. Peng YH possess strong leadership and entrepreneurial skills and wealth of industry experience in the landscape and municipal works construction.

Our other senior management has extensive technical knowledge and possesses well-developed practical skills, experience and relevant professional qualifications as required for the landscape and municipal works construction. Most of them have over 10 years of experience in the landscape and municipal works construction. With an average age of about 40, our executive Directors and senior management team are energetic and adaptable to challenges and changing economic environment. The vision and entrepreneurial spirit of our senior management is integral to building our brand and developing our business, which have played a crucial role in shaping our industry recognition, market reputation and business success. For further details, please refer to the section headed "Directors, Senior Management and Employees" in this prospectus. We believe that an experienced, stable and committed management team will contribute significantly to our future growth.

We have developed a professional and dedicated workforce with systematic project management

Our business growth is underpinned by our strong and dedicated workforce. As at 31 October 2016, we had 126 professional workforce possessing different qualifications such as civil engineer and/or constructor, with less than one year to 23 years of experience in the construction industry. We provide for our staff on-the-job training in the area of construction technique to enhance work efficiency, provide support to them to study and apply for the professional qualifications relevant to our operations and keep them abreast of the latest trends of development in the industry. Apart from technical capability, we place great emphasis on ensuring work quality delivered by our staff. We have in place an organisational structure for quality control. Our general manager is responsible for setting the overall quality control decisions, managing and assessing the effectiveness of the quality control measures. We have quality and safety department, which is responsible for formulating and monitoring the implementation of quality control policies, receiving and reporting quality control issues and making recommendations to our general manager to enhance work quality. At project site, in addition to project managers, we have quality control personnel in each project team primarily responsible for day-to-day monitoring of our quality control measures, such as supervising raw materials procurement and carrying out work quality inspections.

To establish a systematic management system and to standardise our quality control procedures, our project management is in conformity to international standards comprising ISO9001:2008 (in respect of the construction of municipal engineering works and the construction conservation of landscaping) and ISO14001:2004 (in respect of the construction of municipal engineering works and the construction conservation of landscaping and correlative management activity) as well as national standard GB/T28001-2001 (in respect of the construction of municipal engineering works and the construction conservation of landscaping and correlative management activity).

We believe that our strong and professional workforce together with our systematic management reinforce our capability in undertaking diversified landscaping and municipal works and that our stringent quality assurance system has contributed to our consistently high quality performance in the projects undertaken by us.

BUSINESS STRATEGIES

We plan to implement the following strategies:

Continuing to enhance our core competitive strengths through horizontal and vertical integrations

According to Frost & Sullivan, the overall landscaping market size had reached RMB647.4 billion in 2015 and is expected to grow at a CAGR of 8.2% from 2016 to 2020. Spurred by the increasing attention and support from the government, the municipal landscaping segment is expected to embrace faster growth than overall landscaping in the future, while the private and non-governmental landscaping segments would continue to grow at a steady rate. Further, the landscaping market in the PRC is featured by fragmentation. For example, according to Frost & Sullivan, as of June 2016, there were 1,471 landscaping companies holding the First-Grade Urban Landscape Construction Enterprises Qualification Certificate and 267 architectural design firms possessing first-grade qualification in architectural design across different parts of the PRC. Nevertheless, as the market continues to expand and with the emergence of some market players with strong competitive and financial strengths, in recent years, the industry has been moving towards consolidation and increasing concentration as there is an increasing number of municipal landscaping enterprises seeking to expand their business scope and to achieve vertical integration along the value chain. The geographical coverage of the landscape construction market in the PRC also reveals the trend of gradual expansion from the east to the west, reflecting the rising market and increasing government attention to urban development in Central and Western China. Against this background, in addition to organic growth, we plan to implement expansion strategies including horizontal integration with landscape construction companies in other regions of China and vertical integration through selective acquisitions of and/or investments in architectural design firm(s) in order to enhance our core competitive strength, capture business opportunities and maintain growth momentum. We identify and assess the potentials of suitable target through market research on publicly available information such as government websites on the registered construction companies, our business network and the annual reports published by listed companies. We will proceed to approach and negotiate the terms of acquisition or investment after identification of suitable candidates, conduct due diligence on the legal and financial aspects of the target, execute formal agreements if we are satisfied with the results of our due diligence and the proposed terms of the acquisition or investment, and close the transaction upon obtaining all necessary approvals and fulfilment of conditions precedent. Any acquisition or investment after Listing will be carried out in accordance with the requirements under Chapter 14 and 14A of the Listing Rules. Effective upon Listing, we have established a Strategy Committee comprising Mr. Peng TB, an executive Director, as chairman, Mr. Peng YH, an executive Director, and Mr. Fan Rong, an independent non-executive Director, as members, who are primary responsible for reviewing, studying and advising our Group's business strategies, and monitoring the progress of the application of the net proceeds from the Global Offering and implementation of our business strategies. Status of our application of the net proceeds from the Global Offering will also be disclosed in our annual reports for the year ended 31 December 2016 and the year ending 31 December 2017. Having considered the market size and prospect, the availability of the acquisition or investment target(s) that fulfils our criteria, the complexity of the work that may be involved in carrying out our expansion plan and leveraging on the business network already established by our Group which has kept us abreast of the latest market developments in different regions of the PRC for preparing our expansion plan, in the absence of unforeseen circumstances such as political or economic upheavals or material change in the laws or regulations in the PRC which might cause significant market downturn or otherwise restrict the industry development, our Directors believe, and the Sole Sponsor concurs, that our expansion plans will be materialised without major obstacles or difficulties. For further details of the risks involved in relation to our expansion plan, please refer to the section headed "Risk Factors — Risks Relating to Our Business - If we cannot successfully implement our expansion plans, our business and growth prospects may be adversely affected" in this prospectus.

Horizontal integration with local landscape construction companies to expand our business coverage

Subject to prevailing market condition, we will actively seek expansion opportunities in regions including Hubei Province of Central China, Sichuan Province and Chongqing Municipality of Western China and the Pearl River Delta region of Southern China, where we do not have a long history of market presence but we expect to have strong business potential in light of the increasing level of urbanisation, the continuing promotion of "Sponge Cities" and "Beautiful China" strategies and/or increasing government investments in landscaping in these regions. Given that the industry is featured by strong localisation, we believe that the implementation of this strategy would provide us with an effective way to expand our business coverage, increase market share and replicate our success to the target market in different parts of China.

To achieve this, we plan to either establish joint venture(s) with local business partner(s) or to acquire local landscaping enterprise(s) which we believe could facilitate our business expansion. In identifying an investment or acquisition target(s), we will conduct feasibility study and take into account the service and execution capability of the target, the expected commercial benefit that we could derive from the acquisition, whether the target possesses any professional qualification(s) that are required by the projects we would like to secure in the future, whether the potential business partner(s) or the senior management of the target company shares the same corporate value with us, whether the expansion would effectively facilitate our business expansion into a particular region where we consider with strong business potential, the existing coverage of business network and customer base already established by the target company and the cost of acquisition. As the municipal landscaping market is featured by fragmentation and regionalisation, through investing in or acquiring a well-established landscaping enterprise(s) in our target market with proven track record of handling local projects, our proposed expansion will allow us to establish a stronghold in these regions and strengthen our overall competitiveness to secure contracts during the tendering process.

Pursuant to our expansion plan, we intend to invest in or acquire one landscaping company situated in Wuhan of Hubei Province and one landscaping company situated in Guangzhou of the Pearl River Delta region to serve the market in the vicinity. For the Pearl River Delta region, even though major cities such as Shenzhen and Guangzhou are already urbanised, the municipal works and landscaping market in this region is expected to continue to be driven by strong government initiatives. For instance, according to the 13th Five-Year Plan of Shenzhen and Guangzhou, Shenzhen plans to invest a total sum of RMB350 billion in urban renewal and Guangzhou plans a total area of 85 million sq. km. for urban renewal. In addition, according to the Implementation Opinion on the Promotion of Sponge City Development (關於推進海綿城市建設的實施意見) published by the General Office of the People's Government of Guangdong Province (廣東省人民政府辦公室) in June 2016 (the "**Implementation Opinion**"), through the urban renewal of old districts, development and planning of green land system, improvement of road and sewage networks and promotion of water conservation and ecological system, it is targeted for 20% and 80% of the developed urban area in Guangdong Province to attain the standard of "Sponge City" by 2020 and 2030, respectively. Under the Implementation Opinion, as part of the government plan, the local government will further enhance the cooperation framework between private enterprises and government bodies, increase government's investments and explore and strengthen fund raising channel for related projects. We believe that such continuous government initiatives and corresponding policy supports will provide us with an attractive business environment to build and expand our footprint in this region. Our investment or acquisition targets shall possess First-Grade Urban Landscape Construction Enterprises Qualification Certificate. The following table sets forth the details of our acquisition/investment plan in respect of landscaping companies:

Location	**Current status**	**Expected acquisition date**	**Estimated total cost**
Wuhan of Hubei Province, Central China	Target selection stage	Second half of 2017	RMB75.0 million
Guangzhou of the Pearl River Delta region, Southern China	Target selection stage	Second half of 2017	RMB75.0 million

We intend to apply in aggregate HK$168.5 million, representing 62.1% of the proceeds from the Global Offering, to fund the potential acquisition or establishment through joint ventures as mentioned above. The amount intended to be applied for each acquisition or establishment is determined based on our evaluation of a number of key factors relating to the target, including the registered capital, technical capability, financial conditions, local business network and sales coverage, project flow and business potential as well as the prevailing market condition. Upon identification of a suitable acquisition target or cooperation party which has fulfilled our selection criteria, we will proceed to commercial negotiation, complete the necessary legal and financial due diligence and enter into the acquisition or joint venture agreement if the commercial terms are acceptable to us. In addition to the acquisition or investment target as mentioned above, as part of our long-term strategy, we will continue to explore growth opportunities in other parts of our target regions by establishing new subsidiaries or acquiring existing landscaping companies from third parties where we consider appropriate and beneficial to our Group, subject to our then capital requirement. As at the Latest Practicable Date, we did not have any specific acquisition target or joint venture plan and had not entered into any definitive agreement nor engaged in any active discussion with any potential target. We will continue to screen suitable candidates through referrals and market research and commence the negotiation process once a suitable candidate has been identified. We will obtain all necessary approvals and licences before we set up or acquire a new company.

Vertical integration through selective acquisitions of and investments in architectural design firm(s) to enrich our service capability

According to Frost and Sullivan, it is the trend for major players in landscaping and municipal works industry to pursue expansion through vertical integration. According to Frost and Sullivan, such vertical integration would involve the entity seeking to expand their business scope via acquiring or establishing upstream business, which includes architectural business, landscape planning and design, sapling cultivation and sales, R&D on technologies and materials, and project management along the value chain in order to enhance project efficiency, maximise profit margins by having stronger control over cost allocation in the project, achieve synergies via economies of scale, and strengthen the overall competitiveness in the tendering process given that it could leverage its diverse knowledge, skills and execution capability to offer a full-service solution to customers.

Accordingly, to become a fully integrated services provider, to better serve the varying needs of our customers and to increase our competitiveness during the tendering process, we intend to build up our own architectural design capability to complement our core business, aiming at providing one-stop and full-service construction solutions. By equipping our Group with architectural design capability, we will also be able to participate in and exercise stronger influence over project designs and hence, increase our control over project expenditures and resources allocation.

To achieve this, we will actively seek acquisition opportunities in or enter into strategic cooperation with, one or more companies in the PRC possessing first-grade qualification in architectural design with proven track record in the design of landscaping or municipal works projects. When implementing this plan, we will pursue selective investment strategy, identifying architectural design firm(s) located in the Yangtze River Delta region with strong technical expertise and sound financial conditions and sharing the same corporate culture with us to shorten the integration process. According to Frost & Sullivan, the Yangtze River Delta contributed more than half of the landscaping market share of Eastern China in terms of total contract value of landscaping projects, and the market in this region has been growing at a faster pace than other parts of China on average. The Yangtze River Delta is also one of the affluent regions in China, with high government's expenditure on infrastructure construction. We believe that the architectural design firms situated in the Yangtze River Delta have more access to landscaping or municipal projects of larger scale and higher level of complexity. We have already established a proven record in handling landscaping and municipal works in the Yangtze River Delta and our vertical integration strategy will allow us to take advantage of the well-established expertise and experience of the architectural design firm(s) in the region, which will enrich our service offering and contribute to the continuous development of our business in this region in the long-run. We also consider that investing in an established design firm will be more efficient than developing our own architectural design capabilities as it may take a longer time for us to acquire the relevant professional qualification and to build a proven track record in architectural design with a newly established team. Given the solid experience of our senior management in landscape and municipal works construction industry and our frequent cooperation and interactions with architectural designers in each project, we believe we have been equipped with the capability to manage the architectural design firm(s) to be acquired in the future.

The following table sets forth details of our acquisition/investment plan in respect of an architectural design firm:

Location	Current status	Expected acquisition/ investment date	Estimated total cost
Yangtze River Delta region	Target selection stage	First half of 2017	RMB70.0 million

We intend to apply HK$78.7 million, representing 29.0% of the proceeds from the Global Offering, to fund the potential acquisition of or strategic investment in an architectural design firm as mentioned above. The amount intended to be applied for the acquisition or investment is determined based on our evaluation of a number of key factors relating to the target, including the registered capital, design capability and number of design staff required, track records in architectural design and financial conditions as well as the prevailing market condition. Upon identification of a suitable acquisition or investment target which has fulfilled our selection criteria, we will proceed to commercial negotiation, complete the necessary legal and financial due diligence and enter into the acquisition or investment agreement if the commercial terms are acceptable to us. As at the Latest Practicable Date, we did not have any specific acquisition target or investment plan and had not entered into any definitive agreement nor engaged in any active discussion with any potential target. We will continue to screen suitable candidates through referrals and market research and commence the negotiation process once a suitable candidate has been identified. We will obtain all necessary approvals and licences before we set up or invest in a new company or commence a new business line.

Increasing marketing efforts in private sector and enhancing cooperation with stakeholders in public sector to enlarge our customer base

Increasing cooperation with developers and contractors in private sectors

According to Frost & Sullivan, driven by the rapid growth of the real estate industry in the PRC in the past five years, the private and non-governmental landscaping segment has been growing at a CAGR of 10.0% over the period from 2010 to 2015, which is faster than the CAGR of municipal landscaping segment of 8.9% during the same period. In 2015, the share of private and non-governmental landscaping segment represented around 59.4% of the total market, demonstrating a vast business potential to us given that our customers, which are private enterprises, contributed a comparatively small proportion of our total revenue during the Track Record Period. Despite recently there has been a sign of market uncertainty in the real estate sector in the PRC due to the recent government's initiatives to curb the overheated market, given the market size of this segment, we will continue to explore cooperation opportunity with developers and contractors through submitting joint tenders for residential and commercial landscaping projects, developing our sales team and elevating our reputation through increasing sales and marketing efforts to these target customers to secure landscaping and related projects in newly developed residential or commercial areas, to diversify our revenue source, to develop a diverse customer base and to tap into landscaping projects in the private sector.

Exploring different forms of cooperation with local government

In addition to exploring business opportunities in private sector, leveraging on our rich experience in undertaking state-funded projects, we will actively seek business opportunities through exploring different forms of cooperation with government entities. According to Frost & Sullivan, given the fiscal constraints of local government and the national policies to encourage participations of private capital in public sector, PPP is increasingly adopted in the infrastructure construction projects in China. PPP refers to "Public — Private — Partnership", an arrangement under which the private party provides a public service and assumes substantial financial, technical and operational risks in the project. According to statistics from the NDRC, by the end of 2015, the total number of PPP projects released in the PRC reached 2,125, with the total investment of RMB3.5 trillion from the government. For the projects involving PPP, depending on the project requirements imposed by the government, the project may be managed or conducted on a BT, BOT, BOO or other similar basis. Whilst PPP and other similar type of projects will present or create business opportunity, such form of cooperation would require significant capital commitment and management resources on the part of the project operator and may expose the project operator to credit and liquidity risks, as the project operator needs to undertake the financing, design, construction, operations and/or maintenance aspects of the project, in return for various fees such as finance fee, construction fee and/or repurchase and/or operation fees, which would become payable over certain periods after completion of the construction. For details of the risks involved, please refer to the section headed "Risks Factors — We face risks associated with undertaking PPP or other similar type of projects" in this prospectus.

We believe that partnering with government entities in the public sector will give us more access to landscaping and municipal works of larger scale which in turn will effectively enrich our knowledge, experience and skills in managing more sophisticated and larger-scale projects. In addition, partnering with government entities in well-known or large-scale projects will allow us to develop the reputation as a premium construction service provider in the public sector, thereby further reinforcing our market position. Nevertheless, to properly manage the risks involved, we will take a prudent approach to bidding or participating in the project which will be operated under or involved PPP or its associated operational arrangements. Before undertaking any project of such nature, we will undergo stringent internal assessment and conduct feasibility study, taking into account factors such as the form of cooperation, our capital requirement, the expected duration of the project, the nature of risks involved, the estimated rate of return from the project, the required management resources and our expertise. Save as disclosed in the paragraph headed "Construction Contracts" in this section, during the Track Record Period and up to the Latest Practicable Date, we had not undertaken any project under BT, BOT, BOO or other similar arrangement. As at the Latest Practicable Date, except where we undertake a project in the capacity as a contractor, we did not have project to be operated by us that would involve PPP in the pipeline.

Continuing to retain and attract, motivate and develop high-calibre and experienced staff

Our ability to recruit, retain, motivate and develop high-calibre employees will be one of the keys to our continuing success and implementation of future strategies. We intend to focus on recruitment and development of well-qualified employees and provide on-job training to them to improve their technical know-how and work efficiency. To attract new recruits with technical expertise, we offer internship opportunities to students from local education institute and arrange technical exchange programme with such institute. Such internship programme allows us to identify and recruit high-calibre candidates from school before they enter into the job market. We will also continue to encourage our staff to study and apply for the relevant professional qualifications such as civil engineers, surveyors, quality and safety technicians and cost engineers, etc. through providing allowances and on-going training. Maintaining a working environment that promotes our employee's personal and professional development is considered to be of utmost importance to our continuous growth. In alignment with our acquisition and investment plans, we will also actively recruit architectural designers and management personnel with relevant experience to support our business expansion.

Continuing to enhance project execution efficiency and work quality

Project execution efficiency and work quality are key considerations to our customers when assessing the candidate during the tendering process. Project execution efficiency is mainly reflected by our ability to meet work schedule and our budget control. We will continue to enhance project execution efficiency through detailed planning and coordination with other stakeholders at the initial stage of the project, standardisation of work procedures, optimisation of manpower allocation, computerisation of budget management, on-going review of work progress and adoption of the latest construction technology.

According to Frost & Sullivan, large-scale landscape and municipal works companies are often equipped with professional monitoring and supervision capability with respect to work undertaken during construction and post completion, as the customers place greater emphasis on quality of the construction work and incoming raw materials. To address the customer's requirement and to benefit our business development, we plan to establish a specialised inspection centre to carry out construction works and raw materials inspections and analysis, in addition to our existing quality control management system and measures. To achieve this, we plan to acquire or establish a new inspection centre which shall be accredited with the qualification(s) to carry out the inspection, analysis and testing on the incoming materials to be used for construction, and/or the inspection and supervision of construction works. We believe that the inspection centre to be acquired or established will elevate our overall quality control and monitoring capability in our project execution. We will also continue to improve the workmanship of our project team through on-job training and application of new technique or technology towards our work.

The following table sets forth details of our acquisition/establishment of the new inspection centre:

Location	Current status	Expected acquisition/ establishment date	Estimated total cost
Zhejiang	Company selection stage	First half of 2017	RMB6.0 million

We intend to apply HK$6.7 million, representing 2.5% of the proceeds from the Global Offering, to fund the potential acquisition or establishment of a new inspection centre to carry out inspection, analysis and testing on the incoming materials to be used for construction, and/or the inspection and supervision of construction works. As at the Latest Practicable Date, we did not have any specific acquisition targets or establishment plans and had not entered into any definitive agreements nor engaged in active discussion with any potential targets.

OUR BUSINESS MODEL

We principally provide landscape and municipal works construction services to our customers. In addition, we undertake building works and renovation works, and provide other services such as provision of maintenance and heritage building restoration services. During the Track Record Period, we provided landscape and municipal works construction services mainly to state-invested enterprises and local governments. We act as a contractor and are responsible for the construction of landscaping and municipal works which fall within the scope of our professional qualifications. The project awarded to us is either the entire project of landscaping or municipal works or a pre-defined aspect of works within a large project, depending on the project nature and scale. We also closely interact with other stakeholders throughout the project such as our customers, workers on-site, construction supervisors and architects, provide feedbacks and refine project implementation to enhance work efficiency. Our projects are awarded mainly by way of tendering. We charge our customers on a per-project basis and in accordance with the agreed terms and milestones as stated in the tender documents or the construction contracts signed with our customers.

Set out below is the breakdown of our revenue by business segments during the Track Record Period:

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000	%
Landscape construction	232,930	42.0	386,024	58.5	410,230	40.8	310,278	40.4	520,248	40.5
Municipal works construction	227,848	41.1	224,135	34.0	528,746	52.5	409,137	53.3	622,454	48.4
Building works	73,363	13.2	33,207	5.0	51,261	5.1	36,731	4.8	109,712	8.5
Others *(Note)*	20,761	3.7	15,958	2.5	16,102	1.6	11,689	1.5	32,601	2.6
Total	**554,902**	**100.0**	**659,324**	**100.0**	**1,006,339**	**100.0**	**767,835**	**100.0**	**1,285,015**	**100.0**

Note: Others refer to the provision of maintenance services and undertaking renovation and heritage restoration works by us during the Track Record Period.

Landscape construction

We commenced our landscape construction business in 2001. We undertake a variety of municipal and private landscaping projects and our service scope under this segment includes:

- modifying the shape and elevation of terrain through grading, backfilling, mounding and terracing;
- planting of trees, shrubs and flowers, lawns and seedlings;
- building and constructing parks such as community parks, wetland and gardens;
- constructing facilities such as bridges, cascade pools, lighting utilities, paving garden pathways and other hard landscaping features, such as paths, patios or decks;

- carrying out foundation work for landscape constructions; and

- carrying out post-completion maintenance work for landscaping projects completed by us during the warranty period.

Customers under this segment comprise mainly state-invested enterprises and local governments, who initiate municipal landscaping projects for the purpose of improving the landscape and living environment of a city or a district. There are also customers which are private enterprises engaging us for undertaking landscaping works for the commercial or residential properties built or owned by them. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we had 49, 48, 58 and 48 landscaping projects completed, and as at 31 December 2013, 2014 and 2015 and 31 October 2016, we had 25, 39, 35 and 32 landscaping projects in progress, respectively.

Set out below are examples of the landscaping projects completed by us during the Track Record Period:

Pinghu Economic-Technological Development Zone, Jiaxing, Zhejiang

Binhai 1st Road of Hangzhou Bay, Zhejiang

Cihu Middle School, Ningbo, Zhejiang

Pinghu Economic-Technological Development Zone, Jiaxing, Zhejiang

Binhai 1st Road of Hangzhou Bay, Zhejiang

Cihu Middle School, Ningbo, Zhejiang

Municipal works construction

We undertake municipal works such as municipal road construction, water and lighting works. Municipal road works generally include construction of municipal transport interchanges, carriageway, walkways, footbridge, vehicular bridge and other ancillary facilities or greenery works. Water works include sewage construction and improvement works comprising drainage channel, waterways, outfall pipe, pumping station, sewage treatment facilities and other ancillary facilities in cities. Lighting works include construction of street and road lights and architectural lighting, such as scenery lighting, nightscape lighting and festive lighting. Given the public nature of the works involved, our customers under this segment are mainly state-invested enterprises and local governments. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we had 20, 31, 51 and 38 municipal projects completed, and as at 31 December 2013, 2014 and 2015 and 31 October 2016, we had 22, 36, 28 and 43 municipal projects in progress, respectively.

Set out below are examples of the municipal road projects completed by us during the Track Record Period.

Xiaying Avenue, Ningbo

South Tiantong Road, Ningbo

Fuming Road, Ningbo

Building works

We undertake building works such as the construction of gas stations, auto repair shops, office buildings and temporary warehouses. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we had two, nine, 16 and nine building works projects completed, and as at 31 December 2013, 2014 and 2015 and 31 October 2016, we had nine, eight, 11 and 19 building works in progress, respectively.

Others

After the expiration of the warranty period in respect of the projects undertaken by us, we may, upon request or invitation by our customers, participate in the tendering (where required) for a fixed term contract for the provision of maintenance services. The term of contract is usually up to three years. The scope of maintenance services includes plant maintenance, repairing facilities and removal and replacement of dead plants. During the Track Record Period, apart from the projects undertaken by us, we also provided maintenance services to the landscaping and municipal works undertaken by third parties.

In addition to the provision of maintenance services, under this segment, we undertook renovation works, which consisted of indoor and outdoor renovation for buildings, gymnasia and shopping malls and building fit-outs during the Track Record Period. We also undertook historic heritage building restoration and related work. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we had eight, 11, 18 and five completed projects under this segment, and as at 31 December 2013, 2014 and 2015 and 31 October 2016, we had eight, 10, 10 and 21 projects under this segment which were in progress.

MAJOR QUALIFICATIONS AND CERTIFICATES

The following table sets out the major qualifications or certificates which we have obtained:

Category	Issuing organisation or authority	Holder	Qualification	Expiry date	Authorised scope
1. Urban Landscape Construction Enterprises Qualification Certificate (城市園林綠化企業資質證書)	Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部)	Chanhigh Landscape	First-Grade	15/6/2019	1. Undertaking landscaping projects of any scale and type. 2. Undertaking land levelling, cultivation, renovation and installation of facilities and fittings such as flower beds, garden pathways, water system, fountains, mountains, sculptures, square pavements, revetment, pedestrian bridge and docks. 3. Undertaking landscape maintenance and management projects of any scale and type. 4. Cultivation, production and management of plants. 5. Provision of technical consultation, training and information services in landscaping.
2. General Contractor for Municipal Public Works (市政公用工程施工總承包)	Ministry of Housing and Urban-Rural Development of the PRC (中國住房和城鄉建設部)	Chanhigh Landscape	First-Grade	13/11/2019	Municipal public works construction of any type.
3. Professional Contractor for Urban and Street Lighting Projects (城市及道路照明工程專業承包)	Zhejiang Bureau of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳)	Chanhigh Landscape	First-Grade	2/2/2020	Undertaking all types of urban and street lighting projects.
4. Professional Contractor for Building Renovation Projects (建築裝修裝飾工程專業承包)	Zhejiang Bureau of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳)	Chanhigh Landscape	First-Grade	2/2/2020	Undertaking all types of renovation works and their ancillary works.

Category	Issuing organisation or authority	Holder	Qualification	Expiry date	Authorised scope
5. Professional Contractor for Historic Building Projects (園林古建築工程專業承包)	Zhejiang Bureau of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳)	Chanhigh Landscape	First-Grade	2/2/2020	Undertaking projects of any scale and in any form in respect of pseudo-classical structures, landscape architecture and restoration works of historic buildings.
6. General Contractor for Housing Construction Projects (房屋建築工程施工總承包)	Zhejiang Bureau of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳)	Chanhigh Landscape	Second-Grade	2/2/2020	Undertaking the following construction works: 1. industrial and residential buildings with a height not exceeding 100 metres. 2. structures with a height not exceeding 120 metres. 3. Standalone industrial or residential building with a gross floor area not exceeding 40,000 sq.m. 4. buildings with a single span not exceeding 36 metres.
7. Professional Contractor for Environmental Projects (環保工程專業承包)	Housing and Urban-Rural Development Committee of Ningbo City (寧波市住房和城鄉建設委員會)	Chanhigh Landscape	Third-Grade	17/11/2019	Undertaking the small- and medium-sized environmental protection projects for pollution restoration projects and domestic waste disposal projects.
8. General Contractor for Water Supply and Drainage and Electrical Projects (水利水電工程施工總承包)	Housing and Urban-Rural Development Committee of Ningbo City (寧波市住房和城鄉建設委員會)	Chanhigh Landscape	Third-Grade	17/11/2019	Undertaking the following construction works with individual contract value not exceeding five times of the registered capital of the holder: 1. hydraulic and hydro-power engineering and auxiliary production facilities, installation and foundation construction with capacity not exceeding 10 million cubic meters and building capacity not exceeding 10MW.

Category	Issuing organisation or authority	Holder	Qualification	Expiry date	Authorised scope
					2. construction include: Various types of dams, power plant, water and drainage structures, navigation structures, foundation projects, sand and gravel production, hydraulic generators, power transmission construction and installation, fabrication and installation of metal structures, pressure cylinder, gate production and installation, levee, pumping station, culvert, tunnels, roads, bridges, river dredging, irrigation and drainage.
9. Safety Production Permit (安全生產許可證)	Zhejiang Bureau of Housing and Urban-Rural Development (浙江省住房和城鄉建設廳)	Chanhigh Landscape	N/A	13/1/2020	Undertaking building construction.

As advised by our PRC Legal Advisers, we had obtained all qualifications and certificates necessary for undertaking the projects awarded to us and the projects undertaken by us fell within the authorised scope of the qualifications held by us. Our PRC Legal Advisers have not noticed that we had been penalised for any failure to comply with the authorised scope of the qualifications held by us in respect of our projects during the Track Record Period.

WORKS UNDERTAKEN BY US

The projects undertaken by us are mostly one-off in nature. Depending on the scale and complexity of the works, the duration of each project, from commencement to completion, generally ranges from five days to 15 months for projects with contract value of RMB5 million or less and from one and a half months to 60 months for projects with contract value exceeding RMB5 million. We divide our projects into two categories based on stages of development, namely (a) completed projects — projects for which the relevant completion certificate or report has been issued; and (b) projects in progress — projects for which we have commenced work but have not yet completed.

The following table sets forth the breakdown of our revenue and number of the projects completed and in progress by geographical location for or as at the periods indicated:

	For the year ended/As at 31 December												For the ten months ended/As at 31 October 2016			
	2013				2014				2015							
Location	Revenue recognised for the year	%	No. of projects completed during the year	No. of projects in progress as at the year end	Revenue recognised for the year	%	No. of projects completed during the year	No. of projects in progress as at the year end	Revenue recognised for the year	%	No. of projects completed during the year	No. of projects in progress as at the year end	Revenue recognised for the period	%	No. of projects completed during the period	No. of projects in progress as at the period end
	(RMB '000)				*(RMB '000)*				*(RMB '000)*				*(RMB '000)*			
Zhejiang	362,428	65.3	63	56	369,933	56.1	86	71	732,265	72.8	118	59	796,034	61.9	65	85
Jiangsu	56,952	10.2	6	2	105,135	16.0	6	8	70,953	7.0	9	8	127,677	9.9	10	7
Shandong	96,888	17.5	5	—	22,947	3.5	2	1	55,917	5.5	2	2	30,903	2.4	2	2
Anhui	10,454	1.9	2	1	40,509	6.1	2	2	7,118	0.7	1	3	82,527	6.4	6	6
Chongqing	1,188	0.2	—	1	31,406	4.8	—	3	48,915	4.9	4	1	55,910	4.4	4	1
Hubei	—	—	—	—	29,142	4.4	—	2	23,798	2.4	1	2	35,803	2.8	2	2
Others	26,992	4.9	3	4	60,252	9.1	3	6	67,373	6.7	8	9	156,161	12.2	11	12
Total:	**554,902**	**100.0**	**79**	**64**	**659,324**	**100.0**	**99**	**93**	**1,006,339**	**100.0**	**143**	**84**	**1,285,015**	**100.0**	**100**	**115**

Note: Others include Fujian, Jiangxi, Shanghai, Guangdong, Guangxi, Hainan, Inner Mongolia, Hunan, Sichuan, Tianjin and Yunan.

The following map illustrates the provinces in which our projects (completed projects and projects in progress) were located as at 31 October 2016:

The following table sets forth the breakdown of our revenue by the contract value of the relevant projects (comprising completed projects and projects in progress) for the periods indicated:

	For the year ended 31 December									For the ten months ended 31 October		
	2013			2014			2015			2016		
	Revenue recognised	No. of projects (completed or in progress)	% to total revenue	Revenue recognised	No. of projects (completed or in progress)	% to total revenue	Revenue recognised	No. of projects (completed or in progress)	% to total revenue	Revenue recognised	No. of projects (completed or in progress)	% to total revenue
	(RMB in millions)			*(RMB in millions)*			*(RMB in millions)*			*(RMB in millions)*		
Over RMB50 million	154.5	5	27.9	66.6	4	10.1	267.3	9	26.6	479.0	19	37.3
Over RMB10 million to RMB50 million	257.0	25	46.3	410.2	41	62.2	447.1	51	44.4	577.9	60	45.0
Over RMB5 million to RMB10 million	55.6	18	10.0	98.3	29	14.9	183.8	50	18.3	122.8	33	9.6
Up to RMB5 million	87.9	95	15.8	84.2	118	12.8	108.1	117	10.7	105.3	103	8.1
Total	**555.0**	**143**	**100.0**	**659.3**	**192**	**100.0**	**1,006.3**	**227**	**100.0**	**1,285.0**	**215**	**100.0**

Completed projects

For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we completed totally 79, 99, 143 and 100 projects, respectively, in the PRC. These completed projects contributed 56.9%, 47.2%, 40.2% and 39.2%, respectively, of our total revenue recognised for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016. The following table sets forth key operational data about our 10 largest projects (in terms of total revenue recognised) completed for the Track Record Period:

Province	Type of works	Project period	Awarded contract value	Revenue recognised for the year 2013	2014	2015	Revenue recognised for the ten months ended 31 October 2016	Total	Month and year of completion
		(month)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	
1. Zhejiang	Municipal (Road construction)	25	61,371	43,351	16,772	12,649	—	72,772[Note 1]	February 2015
2. Zhejiang	Municipal	17	68,866	—	—	14,837	48,557	63,394	November 2016
3. Shandong	Landscaping	18	65,949	—	14,500	27,776	17,880	60,156	June 2016
4. Zhejiang	Municipal (Public transportation utility)	14	52,807	—	—	42,502	13,811	56,313[Note 1]	June 2016
5. Zhejiang	Landscaping	18	60,143	—	—	23,170	30,540	53,710	November 2016
6. Zhejiang	Building works	28	74,200	48,593	—	—	2,257	50,850[Note 2]	May 2013
7. Zhejiang	Landscaping	22	46,771	—	—	21,563	23,034	44,597	October 2016
8. Shandong	Landscaping	8	43,031	42,741	—	—	—	42,741	August 2013
9. Jiangsu	Landscaping	5	42,000	—	40,596	—	1,404	42,000	May 2014
10. Zhejiang	Landscaping	10	46,758	17,098	21,757	—	2,105	40,960	August 2014

Notes:

(1) The difference between the awarded contract value and the total revenue recognised in respect of the relevant completed project is primarily attributed to the adjustment of value of the work as a result of subsequent modification(s) of construction design or requirement or workload during the relevant project construction period.

(2) The difference between the awarded contract value and the total revenue recognised in respect of the relevant completed projects primarily attributed to (a) the revenue recognised prior to the Track Record Period; and (b) the subsequent modification(s) of construction design or requirement or workload during the relevant project construction period.

Projects in progress

As at 31 December 2013, 2014 and 2015 and 31 October 2016, we had a total of 64, 93, 84 and 115 projects in progress, respectively. These projects in progress contributed 43.1%, 52.8%, 59.8% and 60.8%, respectively, of our total revenue recognised for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016. The following table sets forth key operational data about our 10 largest projects in progress (in terms of revenue recognised during the Track Record Period) as at 31 October 2016:

Province		Type of works	Estimated completion time	Awarded contract value	Revenue recognised for the year			Revenue recognised for the ten months ended 31 October 2016	Total	Estimated revenue recognised for the two months ended 31 December 2016
					2013	2014	2015			
				(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)	(RMB'000)
1.	Zhejiang	Municipal (Road, lighting and water works)	June 2017	166,723	—	22,091	94,149	21,637	137,877	4,407
2.	Zhejiang	Municipal (Road construction)	October 2017	107,481	—	—	41,435	36,601	78,036	1,032
3.	Jiangsu	Landscaping	March 2017	67,251	—	—	—	54,938	54,938	1,811
4.	Guangdong	Municipal (Logistic centre)	March 2017	64,027	—	—	—	54,782	54,782	—
5.	Zhejiang	Building works	December 2018	62,976	—	—	8,565	34,966	43,531	6,211
6.	Hubei	Landscaping	March 2017	45,360	—	27,893	14,599	—	42,492	—
7.	Hubei	Municipal	September 2017	86,363	—	—	—	29,334	29,334	12,875
8.	Zhejiang	Municipal	April 2017	48,500	—	—	7,473	20,726	28,199	10,416
9.	Jiangsu	Landscaping	June 2017	35,773	—	—	20,562	7,345	27,907	—
10.	Auhui	Landscaping	June 2017	42,989	—	—	989	25,982	26,971	4,353

New projects subsequent to 31 October 2016

Subsequent to 31 October 2016 and up to 31 January 2017, we had secured 21 new projects with a total contract value of RMB158.3 million. As at 31 January 2017, we had commenced work on nine of these projects. For the backlog of our projects, please refer to the paragraph headed "Works Undertaken by Us — Our project backlog" in this section.

Our project backlog

The aggregate value of backlog of our projects represents the estimated total contract value of our works that remains to be completed as at a certain date. The following table sets forth the movement of backlog of our projects during the periods indicated:

	2013	2014	2015
	RMB'000	RMB'000	RMB'000
Opening value of backlog as at 1 January	510,646	541,376	798,107
Net value of new projects / Net adjusted project value for the year ended 31 December *(Note 1)*	585,632	916,055	1,547,408
Revenue recognised for the year ended 31 December *(Note 2)*	(554,902)	(659,324)	(1,006,339)
Closing value of backlog as at 31 December *(Note 3)*	**541,376**	**798,107**	**1,339,176**

	2016
	RMB'000
Opening value of backlog as at 1 January	1,339,176
Net value of new projects / Net adjusted project value for the ten months ended 31 October *(Note 1)*	1,465,319
Revenue recognised for the ten months ended 31 October *(Note 2)*	(1,285,015)
Closing value of backlog as at 31 October *(Note 3)*	**1,519,480**

Notes:

(1) Net value of new projects refers to the total contract value of new construction contracts which were awarded to us during the relevant year/period indicated. After the contract has been awarded, the contract value will be recognised as revenue in accordance with the progress of the project. Net adjusted project value represents net adjustments on the contract value of the existing projects due to variation orders or prolongation of the project period.

(2) Revenue recognised refers to the revenue that has been recognised during the relevant year/period indicated, such amounts are before deducting business tax.

(3) Closing value of backlog refers to the total contract value for the remaining work of the projects before the percentage of completion of such projects reaches 100% as at the end of the relevant year/period indicated.

Assuming that there will be no change in the value the backlog due to subsequent variation orders (including additions, reductions, modifications and/or other changes in scope of works), if any, placed by our customers or change in project period, during the course of project execution and based on the term of the relevant contracts and our Directors' estimation, the estimated completion dates of most of the projects (excluding those projects which were completed during November 2016 to December 2016) to which the closing value of the backlog as at 31 October 2016 is related ranged from 2017 to 2018, with a substantial number of them to be completed during 2017 and contributed to our revenue for the year ending 31 December 2017.

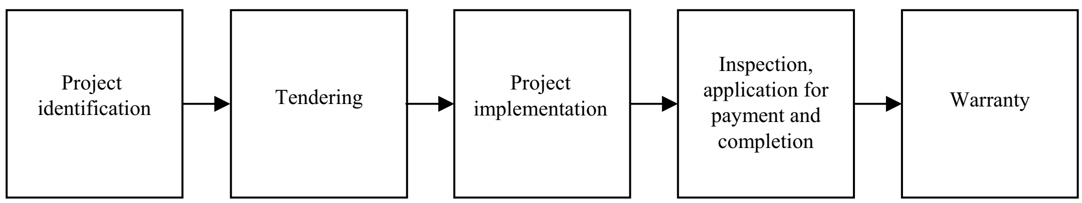
Tenders success rate

For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, the number of bids submitted by us was 778, 1,133, 1,362 and 1,145, respectively, and during the same period, we recorded the tender success rate of 6.7%, 8.7%, 6.0% and 5.8%, respectively. As we have been actively seeking business opportunities, developing customers' relationship and maximising our sales coverage, during the Track Record Period, provided that we possessed the requisite professional qualification(s), we adopted a pro-active approach to submitting tenders in response to tender invitations from our new and potential customers and hence recorded relatively low tender success rates during the same period. Going forward, to increase our tender success rate, in addition to continue to enhance our core competitive strengths, we will implement horizontal and vertical integrations strategies to expand our service scope and coverage of our business as detailed in the paragraph headed "Business Strategies" in this section.

OUR OPERATION FLOW

Operational procedures

The following diagram illustrates our simplified operation flow for the projects undertaken by us:



Project identification

We identify business opportunities through a number of sources. We identify potential projects mainly through public tender invitations published on newspapers or government's websites. For some projects, tenders may be organised by private invitations, where tender notices are sent by post to certain selected qualified contractors for tendering. For small-scale projects or projects owned by private enterprises, we also identify business opportunities through referrals.

Tendering

Pre-qualification submission

We are often required to prepare pre-qualification submissions prior to being officially invited to submit a tender bid. Such pre-qualification submission is a process required by our customers for them to assess the eligibility of the applicants for the tender. Factors including our credentials, qualifications possessed by us and our engineers, our proposed resource commitment, our project implementation proposal and our safety records will be considered.

Preparation of tender documents

For each potential project, project particulars and specifications as stated in the tender invitation will be sent to our different business units including project management, procurement and safety and quality control departments, for review and analysis. Our operation management department is responsible for the coordination of inputs from different business units and the preparation of the tender documents. The tender preparation process includes a thorough assessment of the project to be undertaken such as technical requirements and risks, followed by collection of cost data. The cost data include quotations from potential suppliers for materials and services to be used in the project, estimates on management resources required and total materials and labour costs. In addition, we may conduct site visits to evaluate site conditions, environmental issues and project constraints.

Our engineering, operational management and finance departments will jointly arrange for the submission of tender documents in accordance with the requirements set out in the tender invitation. We may be required to pay a refundable deposit to the potential customer or tender organiser for our tender submission.

Project implementation

Formation of a project team

If our bid is successful, a notice of award will be issued to us and we will enter into a construction contract with our customer. Our project management department will form a project team, in accordance with the construction contract or tender document, which usually comprises a project manager, a technical supervisor and other personnel such as procurement manager, safety officer, technicians and site workers. The size of the project team and its composition vary, depending on the project scale, technical complexity involved and customers' specific requirements. We may set up a branch office in the region where the project is situated to facilitate project management and serves as our primary point of contact in respect of the project.

Each project team is under the supervision of our project manager who is responsible for the general and day-to-day management of the project, coordination with suppliers, workers on-site, architects and sub-contractors, regularly reporting the progress of the project to our project management department and relevant parties, such as project owner and customer's representative (usually the construction supervisor) and ensuring the work implementation fulfills the project milestones. As required by most of the construction contracts, the project manager shall be a qualified constructor. Our project managers are holding either class A or class B constructor licenses with industry related experience from less than one year to over eight years.

Raw materials, equipment and machineries and labour

After we have been awarded a new contract, our procurement department will plan for the raw materials and equipment required and place procurement orders for the raw materials and lease equipment and machineries in accordance with the project requirements. We make the procurement plan at the tender preparation stage and fine tune the plan at the project preparatory stage with the objective of ensuring that the materials and equipment and machineries required will be delivered ahead of time and the procurement expenditure and wastage are under control. We estimate the amount of materials to be ordered and specify the location, delivery time and quantity to our suppliers on a project-by-project basis. The project team will inspect the incoming materials and the equipment and machineries on-site to ensure they meet our quality standards. Any incoming raw materials of unsatisfactory quality will be returned to our supplier for replacement or refund, if appropriate.

Further, to optimise the labour costs while maintaining sufficient supply of workers, during the Track Record Period, we outsourced manual works to labour service providers who arranged the required labour force to work on-site and undertake the works assigned by us, including carpentry, steel bar derusting, straightening, connecting, welding, greenland leveling, seedling plantation, fertilisation, concrete mixing, plastering, casting, brick laying, painting, scaffolding, electrical and other site works. For details, please refer to the paragraph headed "Employees and Labour Outsourcing — Labour outsourcing" in this section.

Project management

Before commencement of work, our project manager will formulate an execution plan in accordance with the terms of the construction contracts, designs as well as the blueprints and drawings provided by our customers. During the course of the project, we closely interact with different stakeholders such as our customers, construction supervisors, workers on-site, other contractors engaged by our customers, architects and suppliers to ensure smooth and efficient project execution. We have policy in place which standardises the procedures and reporting line for monitoring work progress and conducting work inspections. We require our project team to submit internal reports for our review and for monitoring of work progress. Progress reports will be submitted by us to our customers periodically along the project timeline as stated in the construction contract for certifying the value or volume of the work completed by us.

At project implementation stage, we require our project team to be familiar with the requirements as specified in the tender documents, strictly implement our execution plans and budget planning, overseeing the use of raw materials and minimise wastage. Our project management department manages project costs through requiring approval for material expenditure, conducting cost analysis and ensuring balanced resources allocation.

Inspection, application for payment and completion

Quality control and inspection

To achieve consistent performance in our project execution, we have adopted comprehensive control and assurance measures to monitor the quality of materials used and the project progress.

Our project manager and quality inspection officer in each project team are responsible for quality assurance and ensuring that our customer's specifications in each project have been met. Delivery schedule and project requirements are set out in the project plan and are discussed and reviewed regularly by the project managers, engineers, and the safety officers throughout the project period. We conduct regular reviews, surveys and inspections on key control points to minimise risks of error. Where any work fails to pass our inspection, our project manager will formulate an action plan and take rectification actions as appropriate. We arrange our project manager and quality inspection officer to conduct site inspections in accordance with our internal policy and report irregularities or defects in a timely manner in order to arrange for remedial work. Our customers or independent construction supervisors (監理) engaged by our customers also conduct regular inspections of our works to ensure the work progress and work quality have fulfilled the project requirements and customers' expectation.

Application for payment

We apply for progress payments to our customers in accordance with the project milestones as specified in the relevant contract and after the customer's appointed construction supervisor has inspected and certified the value or volume of the work completed. For further details, please refer to the paragraph headed "Construction Contracts" in this section.

Completion and delivery

When the work undertaken by us is substantially completed, completion inspection will be arranged between us, our customers, construction supervisor, auditor, responsible government bureau and other working parties, and a project completion report will be prepared for final acceptance. Upon acceptance, handover of the work will be arranged with the customer's representative and completion certificate or report will be signed by us, our customers, construction supervisors, auditor, responsible government bureau and other working parties, which marks the completion of the project. The issue of a signed completion certificate or report means that the works required to be completed under the contract have been substantially completed and there is no major outstanding work. It also marks the beginning of the warranty period. Settlement Audit will be commenced after the project is accepted by our customers. Upon completion of the Settlement Audit, all outstanding payment (other than the retention money) shall become payable to us.

Warranty

During the warranty period, we are responsible for carrying out maintenance work for the projects completed by us which typically includes plant care, removal and replacement of dead plants, and repairs and maintenance of hard landscaping facilities for landscaping projects, and repairs and maintenance and remedial works of roads and facilities for municipal projects. During the warranty period, the cost of maintenance has been included in the total contract value of the projects. During the Track Record Period, we did not incur significant expenses during the warranty period of the construction contracts for carrying out repairs and maintenance of the projects completed by us.

Upon the expiration of the maintenance period, our customers are required to settle the retention money in accordance with the terms of the construction contracts. We may, upon request or successfully bidding, enter into a separate contract with our customers for the provision of maintenance services after warranty period and charge our customer for the services provided based on mutual agreement.

CONSTRUCTION CONTRACTS

We enter into a written contract with each of our customers before work commencement. Depending on the requirement of our customers, the standard terms and form of the construction contract may be included or specified in the tender invitation or notice. A typical construction contract consists of a tender notice, standard terms and conditions (usually specified in the tender invitation), specific terms and conditions (based on mutual negotiation), project specifications, technical standards and budget (if not included in the specific terms and conditions). The major terms of a typical construction contract entered into between us and our customer are summarised as follows:

Terms		Description
Work specifications	:	The contract contains work scope, project designs, layout, project team composition, technical specifications, materials required and the expected date of delivery of the works.
Contract price	:	The contract price is either expressed in a total amount for undertaking the project or in unit price for each piece or quantity of work with a total volume of such work agreed to be undertaken by us. Some contracts (usually state-funded projects) contain cost-fluctuation clauses which provide for adjustments in labour and direct materials costs with reference to the selected labour and materials index or price adjustment mechanism upon occurrence of specified events, such as the fluctuation in the price of raw materials beyond a specified percentage. Adjustment in contract price may also be allowed in case of variation of work scope or volume or change in project design (in the absence of fault on the part of the contractor) or upon the occurrence of force majeure events. In the absence of any such clause, contingencies for cost fluctuations are usually built into the tender or contract price. We did not experience any material cost overrun for projects during the Track Record Period.
Payment terms	:	After commencement of the project, subject to the terms of the contracts, we submit progress reports to our customers on a monthly basis in respect of the value or volume of the work we have performed, which are required to be certified by the construction supervisor appointed by our customers. We claim for progress payment (usually measured by reference to a prescribed percentage of the certified value or volume of work completed) upon meeting an agreed project milestone(s).

Terms		Description
		When the work undertaken by us is substantially completed, our customer will conduct or arrange for inspection and acceptance of the project, and prepare a Settlement Audit after acceptance. A final contract value is determined and certified (mainly based on the value or volume of work completed by us) by our customer's designated cost consultant or audit agency during the Settlement Audit, and all outstanding payments (other than the retention money) shall become payable upon completion of the Settlement Audit. Based on the terms of our major construction contracts, usually from 70% to 85% in aggregate of the total contract value shall become payable and be paid in a series of progress payment(s) during the construction period up to Settlement Audit. In some cases, we require our customers to make an upfront payment of around 10% of the total contract value at the time of signing the contract or shortly after the commencement of the project. Upon completion of the Settlement Audit, usually up to 5% to 25% of the total contract value as certified by the cost consultant or audit agency shall become payable, with the remaining amount as retention money.
Retention money	:	The contract provides for the entitlement of our customer to retain a pre-fixed percentage (normally ranging from 5% to 10%) of the total contract value as retention money, which will be released to us upon expiry of the warranty period.
Performance guarantee	:	We may be required to provide a guarantee to our customer to secure the performance of our obligations under the contract. The performance guarantee may take in the form of performance bond or guarantee deed as stipulated in the construction contract.
Quality assurance	:	We provide quality assurance in respect of work undertaken by us. A quality control team may require to be formed and quality control points will be specified in the contract. During the warranty period, we are responsible for rectifying defects in respect of works undertaken by us (such as preserving the viability of the plants in respect of our landscaping projects). The warranty period is normally up to two years. Once defects have been identified by our customers, we may receive a defect report from our customers or its appointed construction supervisor. We must remedy such defects within a specified time, failing which we may be held liable for such defects and any cost incurred by our customers for undertaking such repairs may be deducted from the retention money. During the Track Record Period, we did not incur any costs of significant amount to rectify any defective work.

Terms		Description
Variation of orders	:	We may be given variation orders where our customers amend the specifications and scope of works of the original contract. Unless otherwise specified in the construction contract or the contract price is expressed in unit price, the price for the variation order will need to be separately agreed between our customer and us.
Termination events	:	The contract provides for the termination of the parties' obligations upon occurrence of certain events such as force majeure, and contains clause imposing the liability on the defaulting party in case of project delay, sub-standard work quality and other events of breach of contract.

During the Track Record Period, we were in material compliance with the terms of the construction contracts with our major customers, and we had not experienced nor were we aware of any circumstance leading to early termination of construction contracts or contractual disputes with or claims by our major customers.

To gain more frequent access to projects of larger scale and maximise our tender success rate, we and other company(ies) may form a consortium and submit a joint bid for a potential project, and we would separately agree with the joint bidder(s) the detailed work allocation of our role as a contractor or adviser in the project. If the joint bid is successful, we and other joint bidder(s) will enter into an agreement with the customer setting out the terms and conditions of the project management and form of cooperation, which may involve BT arrangement. During the Track Record Period, we entered into two contracts involving BT arrangements under which we and the other joint bidder(s) had formed a consortium when making a bid and were collectively described in the contract as a contractor or a joint operation entity of the project, without further distinguishing the respective responsibilities between the parties in the initial contract. After signing these contracts, we separately agreed with our customers and the other joint bidder(s) in the work allocation memorandum that we undertook only the construction aspects of the landscaping and/or municipal works.

As confirmed by our PRC Legal Advisers and based on the construction contract and the work allocation memorandum signed by the relevant customers, under these contracts, we do not act in the capacity as a project operator, and other than the responsibility of undertaking the construction as a contractor, we are not responsible for the operation, investment or financing aspects of the project. Should the other joint bidder(s) who is or are the party to such agreement fails to fulfil its or their obligation, as advised by our PRC Legal Advisers, since the parties to the initial contract had executed the work allocation memorandum which supplemented and clarified our responsibility under the initial construction contract, and such memorandum is effective and binding on the respective parties thereto, we will not be held by our customer to be jointly liable for the breach or otherwise be required to perform the outstanding obligation of the defaulting party. Our Directors are of the view that, on the basis set out above and save as our contractual obligations for undertaking the projects as a contractor as mutually agreed between us, the other joint bidder(s) and our customers pursuant to the relevant construction contract and the work allocation memorandum, we did not and do not have other contractual commitment with respect to the operation, investment or financing aspects of these projects and accordingly, the BT arrangement in these projects did not and is not expected to have a material impact on our Group's financial conditions during and after the Track Record Period. Save as described above, during the Track Record Period and up to the Latest Practicable Date, we had not undertaken any project under BT, BOT, BOO or other similar arrangements.

PRICING, CREDIT MANAGEMENT AND MARKETING

Our pricing policy

We are required to prepare a bid or budget proposal in our tender documents or specify the price in the construction contract. In preparing our bid or budget, we take into account: (a) the scope and complexity of the work; (b) the delivery schedule; (c) the estimated cost of the required materials and services; (d) any relevant cost information or indices published by local government; (e) the prices that might be offered by other bidders; (f) our internal resources, such as manpower, that are to be allocated to the project; and (g) the prevailing market conditions.

As we make procurement for materials and lease the equipment and machineries after we have entered into the construction contract with our customer, there might exist unexpected price fluctuations, or existence of a significant time gap between the signing date of the contract with our customers, the time of procurement of materials and leasing of equipment and machineries and the date of delivery of works undertaken by us, giving rise to the possibility that the actual costs of undertaking a project will be higher than our estimated costs. To the extent that we are allowed under the construction contracts to fine tune and adjust the estimated project costs in response to changing circumstances, such increased costs can be transferred to our customers, otherwise any increased costs may not be transferable to our customers. To minimise the impact of possible cost fluctuations in the course of the project, we make procurement based on actual needs along the project timeline, seek quotations from multiple suppliers for key materials, prepare internal budgeting, estimate the amount of labour and raw materials to be required at the preparatory stage of the project, take into account historical price fluctuations and anticipated future price movements of raw materials, conduct cost analysis as well as closely monitor the use of raw materials in the course of the project to minimise wastage. During the Track Record Period, we did not experience any material cost overrun nor did we have any loss-making projects which had a significant impact on us.

Our payment terms and credit management

Our customers could choose to pay us by either bank remittance or cheque. After commencement of the project, subject to the contract terms, customers are required to make progress payment (usually measured by reference to a prescribed percentage of the certified value or volume of work completed) upon meeting an agreed project milestone as specified in the construction contract. The project milestone varies from project-to-project. Where the construction contract contains a provision for our entitlement to claim for progress payment based on project milestone(s), for major projects, each milestone is normally expressed in terms of a specified percentage, ranging from 20% to 30%, of the total value or volume of work, or in terms of a regular interval of one to two months during the construction period, or by reference to the completion of a specified section (i.e. the number of floors of the building) of work, as certified by our customers, before the stage of substantial completion of the project. Upon attaining the stage of substantial completion of the project, we are entitled to claim for the remaining progress payment(s) after completion of inspection of work by the relevant customer to its satisfaction and/or Settlement Audit (as the case may be), with the remaining balance (as retention money) to be payable upon expiry of the warranty period. For further details on the payment schedules under our major construction contracts, please refer to the paragraph headed "Construction Contracts" in this section and the section headed "Financial Information — Key Factors Affecting Our Results of Operations and Financial Information — Recognition of revenue from construction contracts" in this prospectus. Our trading terms with our customers are mainly on credit. We normally issue invoice for our services rendered after our customer has completed its inspection, examination and approval procedures in respect of the work completed to which the payment is related. The period required by our customers for completing such procedures varies greatly. For some customers, particularly state-invested enterprises and local governments, which need to go through lengthy internal payment approval procedures to settle the outstanding balances when the payment obligation arises, we may issue invoices and allow our customers to settle the outstanding progress payment long after meeting the project milestone. The decision on extending the payment period by our customers is made on a case-by-case basis at our senior management's discretion taking into account the customer's background, credibility and whether the internal procedures for settlement of our outstanding balance have been completed.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, our trade and bills receivables amounted to RMB355.0 million, RMB369.5 million, RMB455.6 million and RMB479.9 million, respectively. As at 31 January 2017, 47.5% of our Group's total trade and bills receivables outstanding as at 31 October 2016 had been settled. Our average trade and bills receivables turnover days were 250.7 days, 200.5 days, 149.6 days and 111.0 days for the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, respectively. For detailed discussions of our trade and bills receivables turnover days and ageing analysis during the Track Record Period, please refer to the section headed "Financial Information — Description of Certain Items of Consolidated Statements of Financial Position — Trade and bills receivables" in this prospectus. It is our policy to review overdue balances and our receivable balances on an ongoing basis and appropriate assessment is made by our management team to determine whether or not provision for impairment of trade receivables should be made. For the years ended 31 December 2013, 2014, 2015 and the ten months ended 31 October 2016, no provision was made for impairment of trade and bills receivables.

Marketing

We believe that our word-of-mouth reputation gathered over the years has been an effective marketing tool for us to expand our customer base. We receive referrals and invitation to bid for projects which we believe are based primarily on our reputation and established track record. In addition to leveraging our well-established industry reputation, we increase our visibility and maximise our exposure to landscaping and municipal projects through active involvements in state-funded projects of different localities to elevate our brand profile, active participation in bidding for tenders for state-funded projects which maximise our project flow from the relevant customers, and attending industry events to keep ourselves abreast of the latest development in the industry.

We have an operation management department primarily responsible for handling tender preparation. Our operation management department keeps a close track on the tender invitations published in the newspapers and government's websites from time to time to identify appropriate business opportunities. We require the staff of our operation management department which possess better understanding of our potential customers to participate in the tender document preparation and fine tune our bid, where desirable. Our operation management department also collects market intelligence from time to time in order to acquire first-hand knowledge of the latest local market development, understand our customers' needs and capture business opportunities when they arise. Our operation management, engineering and quality and safety departments work closely to manage customers' relationship and address their feedbacks or complaints during project implementation process.

OUR MAJOR CUSTOMERS

Our customers comprise state-invested enterprises, local governments, property owners and developers in private sector, entities that manage or operate construction projects and construction companies who act as the main contractor of the project and sub-contract a pre-defined section of the project to us. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we had 107, 142, 177 and 286 customers, of which 94, 112, 131 and 216 were state-invested enterprises or local governments, and the remaining customers were private enterprises. The table below sets forth the breakdown of our revenue by customer type for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October	
	2013		2014		2015		2016	
Customers	**Revenue**	**% to total revenue**	**Revenue**	**% to total revenue**	**Revenue**	**% to total revenue**	**Revenue**	**% to total revenue**
	(RMB'000)		*(RMB'000)*		*(RMB'000)*		*(RMB'000)*	
State-invested enterprises	252,759	45.6	332,201	50.4	554,378	55.1	671,429	52.3
Local governments	219,975	39.6	259,057	39.3	261,921	26.0	364,937	28.4
Private enterprises	82,168	14.8	68,066	10.3	190,040	18.9	248,649	19.3
Total:	**554,902**	**100.0**	**659,324**	**100.0**	**1,006,339**	**100.0**	**1,285,015**	**100.0**

Our five largest customers during the Track Record Period were mostly state-invested enterprises to which we provided landscape and/or municipal works construction services. Except for CHHG, our five largest customers during the Track Record Period were Independent Third Parties. CHHG is a company established in the PRC and is owned as to 30% by Mr. Peng TB, 20% by Mr. Peng DS and 50% by Ms. Wang SF, and hence a connected person of our Company. We undertook construction works for CHHG for the year ended 31 December 2013 and the ten months ended 31 October 2016 and renovation works for CHHG for the year ended 31 December 2014, and recorded revenue of RMB48.6 million, RMB2.3 million and RMB400,000, respectively, from the provision of such services to CHHG. Please refer to note 35 to the Accountants' Report set out in Appendix I to this prospectus for further details in respect of our transactions with CHHG during the Track Record Period.

As we secure projects from major customers mainly through tendering and contracts awarded to us are mostly on a one-off basis, the composition of our five largest customers varied from period-to-period during the Track Record Period. Nevertheless, we have had a stable and cooperative relationship with our five largest customers, which ranges from one year to 14 years. During the Track Record Period, revenue contributed by our largest customer accounted for 10.7%, 9.1%, 9.4% and 6.2%. respectively, of our total revenue, and during the same period, revenue contributed by our five largest customers, in aggregate, accounted for 43.8%, 25.1%, 25.9% and 21.4%, respectively, of our total revenue.

The table below sets forth the background information of our five largest customers during the periods indicated:

Customer	Amount of revenue attributable to relevant year (RMB'000)	Percentage of total revenue attributable to the relevant year	Nature of services provided	Location	Business description	Type of customer	Years of business relationship and relationship with us
For the year ended 31 December 2013							
Customer A	59,322	10.7%	Municipal and landscape construction services	Ningbo, Zhejiang	Development and construction of government projects	State-invested enterprise	14 years, Independent Third Party
Customer B	54,147	9.8%	Municipal and landscape construction services	Qingzhou, Shandong	Supply of industrial and domestic water; municipal water conservancy construction	State-invested enterprise	3 years, Independent Third Party
CHHG	48,613	8.8%	Building construction	Ningbo, Zhejiang	Municipal works, road and housing construction, water conservancy and hydropower projects, urban landscaping projects	Private enterprise	5 years, Connected person of our Company
Customer C	42,741	7.7%	Landscape construction services	Qingdao, Shandong	Regional infrastructure project and land development	Government	3 years, Independent Third Party
Customer D	38,267	6.9%	Landscape construction services	Xuzhou, Jiangsu	District infrastructure project and land development	Government	3 years, Independent Third Party
For the year ended 31 December 2014							
Customer E	59,834	9.1%	Landscape construction services	Xuzhou, Jiangsu	Development of landscape construction	Government	2 years, Independent Third Party
Customer F	27,893	4.2%	Landscape construction services	Xiaogan, Hubei	Land development and infrastructure projects	Government	1 year, Independent Third Party
Customer G	26,996	4.1%	Landscape construction services	Fuyang, Anhui	Investment, construction, operation, management and financing of infrastructure, basic industries and public projects	State-invested enterprise	1 year, Independent Third Party
Customer H	26,557	4.0%	Landscape construction services	Ningbo, Zhejiang	Government unit overseeing housing development	Government	1 year, Independent Third Party

Customer	Amount of revenue attributable to relevant year (RMB'000)	Percentage of total revenue attributable to the relevant year	Nature of services provided	Location	Business description	Type of customer	Years of business relationship and relationship with us
Customer A	24,299	3.7%	Municipal and landscape construction services	Ningbo, Zhejiang	Development and construction of government projects	State-invested enterprise	14 years, Independent Third Party
For the year ended 31 December 2015							
Customer I	94,149	9.4%	Municipal and landscape construction services	Wenzhou, Zhejiang	Development and management of industrial investment	State-invested enterprise	2 years, Independent Third Party
Customer A	44,624	4.4%	Municipal and landscape construction services	Ningbo, Zhejiang	Development and construction of government projects	State-invested enterprise	14 years, Independent Third Party
Customer J	42,502	4.2%	Municipal construction services	Ningbo, Zhejiang	Investment in public transport operating companies	State-invested enterprise	1 year, Independent Third Party
Customer K	41,435	4.1%	Municipal construction services	Wenzhou, Zhejiang	Construction and investment of projects and supporting services	State-invested enterprise	2 years, Independent Third Party
Customer L	37,675	3.7%	Municipal construction services	Chongqing	Urban infrastructure construction and land remediation	State-invested enterprise	2 years, Independent Third Party
For the ten months ended 31 October 2016							
Customer A	79,991	6.2%	Municipal and landscape construction services	Ningbo, Zhejiang	Development and construction of government projects	State-invested enterprise	14 years, Independent Third Party
Customer N	54,938	4.3%	Municipal construction services	Xinyi, Guizhou	Development and construction of government projects	State-invested enterprise	1 year, Independent Third Party
Customer M	54,782	4.3%	Municipal construction services	Zhongshan, Guangdong	Trading of medicine and related products	State-invested enterprise	1 year, Independent Third Party
Customer O	48,557	3.8%	Municipal construction services	Ningbo, Zhejiang	Development and construction of government projects	State-invested enterprise	2 years, Independent Third Party
Customer K	36,601	2.9%	Municipal construction services	Wenzhou, Zhejiang	Construction and investment of projects and supporting services	State-invested enterprise	2 years, Independent Third Party

Except for CHHG (a company owned by the members of the Peng Family), which was one of our five largest customers for the year ended 31 December 2013, to the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors or their close associates or any shareholder who owned more than 5% of our Company's issued share capital as at the Latest Practicable Date had any interest in any of the five largest customers of our Group during the Track Record Period. On 17 July 2016, we, as contractor, and Canghu, as principal, entered into a framework work agreement in respect of a municipal project. Canghu is a connected person to our Company under the Listing Rules and the framework agreement (and the transactions contemplated thereunder) entered into with Canghu will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon the Listing. For further details, please refer to the section headed "Continuing Connected Transactions - Non-exempt Continuing Connected Transaction" in this prospectus.

OUR PROCUREMENT AND MAJOR SUPPLIERS

Raw materials

Our principal raw materials include plants and saplings and construction materials (such as cements, steels, timbers, pipes, stones and sands). For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, our costs of materials consumed amounted to RMB337.5 million, RMB400.8 million, RMB602.4 million and RMB718.7 million, respectively, representing 69.0%, 71.6%, 71.8% and 65.6%, respectively, of our total cost of services rendered.

We procure raw materials from domestic suppliers and we believe our required raw materials are readily available in the PRC. As advised by our PRC Legal Advisers, the restrictions on the commercial deforestation on natural plantation which form part of the 13th Five-Year Plan as announced by the Central Committee of the Communist Party of China in October 2015 are not applicable to us. During the Track Record Period and up to the Latest Practicable Date, we procured plants and saplings from suppliers which, to the best knowledge and belief of our Directors, sourced or grew such materials from commercial plantations in the PRC rather than through deforestation on natural plantation or natural forests. On that basis, it is expected that the restrictions on the commercial deforestation on natural plantation in the PRC will not affect our procurement operation in any material respect. During the Track Record Period, we did not experience any material delay or shortage in the supply of raw materials required by us, and we do not anticipate significant difficulties in obtaining alternative sources of supply in the future.

Equipment and machineries

We rely on a range of equipment and machineries to carry out our business and we determine the type, duration and quantity of the equipment and machineries in respect of each project by reference to project size, project nature, cost and resource allocation and project specifications. During the Track Record Period, most of major equipment and machineries we used for our landscaping, municipal or building works projects were leased from our suppliers.

Major equipment and machineries leased by us for landscaping, municipal and building works include foundation machineries, road-making equipment, boring machines, cranes, dumping tracks, forklift machineries, mowing machines and water wagons. We enter into the framework agreement with our key equipment and machineries suppliers, which sets out the term of the agreement, list of equipment and machineries available for leasing, rental payment, machine operations, and maintenance and repairs arrangements. We would require the suppliers of the equipment and machineries to despatch their personnel to operate the equipment and machineries in accordance with our instructions at project sites. As we lease most of the equipment and machineries required for the works undertaken by us, we require the equipment and machineries suppliers to be responsible for transporting the equipment and machineries directly to the project sites designated by us. The rental for the leased equipment and machineries includes the transportation fee and the fee of despatching personnel to operate the equipment or machineries leased by us. In the event the leased equipment or machineries malfunction or are damaged (other than due to our fault), the equipment and machineries supplier is responsible for repair or replacement during the lease period.

Our suppliers

For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we made procurement from 338, 354, 603 and 736 suppliers across the PRC. Our suppliers are corporate entities or sole proprietors who are principally engaged in the supply or trading of plants and saplings and/or construction materials and/or leasing of equipment and machineries in the PRC. It is our policy to maintain multiple suppliers and seek quotations from at least three suppliers for purchase of major raw materials to avoid over-reliance on any single supplier. In addition, to minimise procurement cost and delivery time and given that certain standardised construction materials such as cements and steels are readily available in the PRC, we tend to make procurement from local suppliers which are in close proximity to the project sites whenever practicable. Our procurement department maintains a list of qualified suppliers. Such list of qualified suppliers are selected based on criteria such as price, quality, record of timely delivery, proximity to the project site, supply capacity and customer services. During the preparation of budget for each project, potential price fluctuations of raw materials are accounted for and any anticipated increase in costs will be taken into consideration and could be passed to our customers, to the extent feasible.

We make procurement orders or lease equipment and machineries only after we have secured the construction contracts. Our suppliers will issue an invoice to us containing the description, quantity and prices of our order. Except where the suppliers separately charge for the cost of delivery, the price of the raw materials or the rental for leasing the equipment and machineries includes the cost of delivery and our suppliers are usually responsible for arranging the delivery of the raw materials or leased equipment and machineries (as the case may be) to the project sites. As the raw materials or equipment and machineries required by us are readily available in the PRC and we had cooperated with our major suppliers for a number of years, except for major equipment and machineries suppliers which we have already signed the framework agreement, we do not enter into formal supply or framework agreement with our suppliers apart from placing orders. Based on our Directors' experience, the existing procurement arrangement with our suppliers which is governed by the relevant procurement orders is in line with industry practice. Despite we did not enter into formal supply or framework agreement with our suppliers in the past, during the Track Record Period, we did not encounter material defect in relation to the raw materials sourced from our suppliers. We do not foresee any material change of our supply arrangements with our suppliers in future.

Our five largest suppliers during the Track Record Period were corporate entities situated in Zhejiang, Shandong, Anhui and Jiangsu, principally engaged in the supply or trading of plants and saplings, steel and pipe, concrete and/or leasing of equipment in the PRC. Our five largest suppliers during the Track Record Period were Independent Third Parties. Our relationship with each of our five largest suppliers ranged from one year to six years. Our largest supplier accounted for 9.4%, 6.4%, 4.9% and 3.5%, respectively, of our total cost of services rendered for the years ended 31 December 2013, 2014, 2015 and the ten months ended 31 October 2016, respectively, and our five largest suppliers, in aggregate, accounted for 25.6%, 25.2%, 16.3% and 14.0%, respectively, of our total cost of services rendered for the same periods.

To the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors or their close associates or any shareholder who owned more than 5% of our Company's issued share capital as at the Latest Practicable Date had any interest in any of the five largest suppliers of our Group during the Track Record Period.

Inventory management

We make procurement of raw materials and lease equipment and machineries on a project-by-project basis and after we have secured the respective construction contract. As such, during the Track Record Period, we did not keep inventory of raw materials.

QUALITY ASSURANCE

Stringent quality control is critical to our reputation and success. As such, we adopt comprehensive quality control measures to ensure work quality. We have in place an organisational structure for quality control. Our general manager is responsible for setting the overall quality control decisions, managing quality control matters and assessing the effectiveness of the quality control measures. We have quality and safety department, which is responsible for formulating and monitoring the implementation of quality control policies, receiving and reporting quality control issues and making recommendations to enhance work quality. At project site, in addition to project manager, we have quality inspection officer in each project team primarily responsible for day-to-day monitoring of our quality control measures, such as supervising raw materials procurement and carrying out work quality inspections. The following is a summary of the key quality control measures we implement:

- *Inspection of raw materials:* We inspect incoming raw materials in accordance with our quality standards and the specifications of our customers in the construction contracts. We are typically required to provide a product certificate before using such raw materials for our construction projects;

- *Training:* We provide training to our staff to ensure their understanding of, and compliance with, our quality standards. In addition, we hold daily meeting with our staff working on-site to review construction safety measures and precautions;

- *Standardised construction:* We implement standardised construction methods and technique in our construction projects to facilitate the implementation of such methods and technique by workers on-site;

- *On-site inspections and rectification:* We conduct periodic inspections and spot checks on our construction projects, and require our personnel to implement immediate rectification measures if any quality control issues are identified. Upon rectification, we re-inspect the quality control issues to ensure that such issues have been resolved. Independent construction supervisor appointed by our customers will conduct periodic inspections and spot inspections of our construction projects; and

- *Quality control review:* After completion of each project and at the end of each quarter, we conduct a comprehensive review and analysis of any quality control issues.

As at 31 October 2016, our quality and safety department consisted of 44 personnel, and around 68.2% of our quality control and safety personnel had received tertiary education with a degree or diploma qualification. During the Track Record Period, we had established a management system which had been accredited with ISO9001:2008 (in respect of the construction of municipal engineering and the construction conservation of landscaping), ISO14001:2004 (in respect of the construction of municipal engineering and the construction conservation of landscaping and correlative management activity) and GB/T28001-2001 (in respect of the construction of municipal engineering and the construction conservation of landscaping and correlative management activity), to standardise our operational procedures, develop a sound management system and promote continuous improvement and performance-oriented culture among our project teams.

During the Track Record Period, we did not experience any material quality issues nor receive any material complaints from customers about the quality of our works.

WORK SAFETY

Work safety management system

We have in place stringent internal safety policies to ensure our work safety operations and our compliance with the relevant PRC laws and regulations. Our quality and safety department is responsible for overseeing our compliance with the relevant PRC laws and regulations, conducting regular reviews and inspections of our safety performance, conducting review of any material accidents, and ensuring that we maintain the necessary licences, approvals and permits to operate.

We implement a multi-tiers work safety management system. Our general manager, being the first tier, is responsible for formulating and overseeing the implementation of safety standards and reporting the status to our Directors. Our quality and safety department, being the second tier, together with our general manager, deputy general manager, head of our quality and safety department and project managers are responsible for the coordination and organisation of the safety management of our Group. Our project team, being the third tier, comprises safety officers, workers and group leaders are responsible for preparing and updating project logbook and inspecting safety management of our projects.

Training

Our Group organises vocational training on a regular basis and it is our policy that all staff and workers working on-site are required to attend not less than four days of training covering our safety policies and measures, relevant legal requirements, equipment operations, prevention measures and company protocols in the event of accidents. In addition, all employees of our Group are required to attend a safety seminar and pass an examination covering our production safety guidelines, safety knowledge and protocols on an annual basis.

Accident reporting system

Our safety management system includes a reporting and record system for safety accidents of our construction sites. All safety accidents must be immediately reported to the general manager of our Group. Personnel from the responsible project team are required to arrive at the site immediately to oversee the handling of the safety accident and ensure evidence of the accident is kept intact. Investigation of the accident will be conducted to find out the underlying cause, to establish accountability and to identify improvement measures.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had obtained the necessary qualification in connection with production safety for undertaking building construction and were in compliance with the regulatory requirements in relation to work safety in the PRC in material respects and that we had not been penalised by government authority for any significant amount due to any failure to comply with any work safety requirements under the PRC laws and regulations.

ENVIRONMENTAL PROTECTION

When undertaking construction work, we may generate noise and dust. We have adopted various environmental protection measures including noise control and construction dust control at the project site. To reduce dust, we spray water on-site when we undergo construction work, dismantling or cleaning up. We adopt various methods of noise control, which include isolation and enclosure of noisy equipment and limiting working hours. Our engineering department is responsible for the implementation of the environmental protection measures in the construction area at our project sites. Our quality and safety department is responsible for inspection and supervision of the environmental protection measures applicable to our project sites. We believe that our business operation does not generate hazardous materials that would have a significant adverse effect on the environment. As such, we did not incur significant expenditure on environmental compliance during the Track Record Period and no significant expenditure on environmental compliance is expected to be incurred in the future.

As advised by our PRC Legal Advisers, during the Track Record Period and up to the Latest Practicable Date, we had not been penalised by government authority for any significant amount due to our failure to comply with any environmental laws and regulations.

SEASONALITY

Due to the diverse range of projects we are able to undertake and as contracts are normally awarded by customers by way of tenders, historically there was no apparent pattern of distribution of contracts awarded throughout the year. Accordingly, we believe that our revenue and the number of projects were not subject to any significant seasonal trends during the Track Record Period.

COMPETITION

According to Frost & Sullivan, landscaping as well as the public works markets in the PRC are fragmented, featured by a large pool of construction companies possessing the requisite qualifications and competing for landscaping and public works projects in the tendering process. Further, the landscaping and public works markets are characterised by high level of regionalisation, as the tenderers of landscaping and public works projects usually expect the contractors to be very familiar with local social and geographical conditions, to possess strong local network and readily available labour force to manage the project. Thus, we believe that it is important for construction service providers to be equipped with cross-regional operational capability through developing a word-of-mouth reputation and a track record of completed projects across a wide geographical segments to enhance the tender success rate. To cope with the financial constraints of the local government in the PRC, there is also a trend of increasing PPP and similar forms of cooperation in public sectors, as a result of which, the number of projects to be rolled out and operated under PPP or similar arrangement is expected to increase in the future, creating business opportunities to construction companies with strong financing, execution and project management capabilities. For further details, please refer to the section headed "Industry Overview" of this prospectus.

Going forward, as with the overall construction industry in China, we will continue to face intense competition with entities carrying on business similar to us in terms of qualifications, service scope, pricing, raw materials sourcing, geographical coverage of the operations, capital strength and skilled labour. As more particularly disclosed in the paragraph headed "Competitive Strengths" in this section, we believe that our core competitive strengths, which are rooted in our strong service capability, proven track record in landscape and municipal works construction and good reputation have allowed us to compete effectively and have laid down for us a solid foundation to expand into other parts of the PRC. We also believe that our competitive advantages allow us to continue to distinguish ourselves from our competitors. In addition, benefited by the continuous growth of the market as a result of the increasing urbanisation and the implementation of favourable governmental initiatives such as the promotion of "Sponge Cities" and "Beautiful China" strategies to different parts of China, the market exhibits a strong growth potential for us and we are well-positioned to capture new business opportunities through the implementation of our expansion strategies, in addition to organic growth.

INSURANCE

We maintain insurance policies that are required under PRC laws and regulations. During the Track Record Period, in accordance with the relevant PRC laws and regulations, we maintained personal accident insurance for our personnel on-site for undertaking dangerous works. We are also required by the PRC social security laws and regulations to maintain mandatory social insurance policies and make contributions to mandatory social insurance fund for our employees, except as disclosed in the paragraph headed "Legal Compliance and Litigation" in this section. Consistent with customary industry practice in the PRC, we did not carry any business interruption or litigation insurance policies, which are not mandatory according to the laws and regulations of the PRC. We consider that our existing insurance coverage is in line with industry norm and is sufficient for our present operations. During the Track Record Period, we had not made nor had we been subject to any material insurance claims or insurance disputes.

INTELLECTUAL PROPERTY

We rely on a combination of patents, trademarks, domain names and contractual rights to protect our intellectual property. As at the Latest Practicable Date, we were the registered owner of a trademark in Hong Kong and had entered into a licence agreement with CHHG for the use of the trademarks registered under the name of CHHG, further details of which are set out in the section headed "Continuing Connected Transaction— Licence Agreement" in this prospectus. As at the Latest

Practicable Date, we were the registered owner of eight patents in the PRC and one domain name in Hong Kong. For details, please refer to the section headed "Statutory and General Information — B. Further Information about the Business — 2. Intellectual property rights" in Appendix V to this prospectus.

As at the Latest Practicable Date, we were not aware of any infringement by us of any intellectual property rights owned by third parties, or by any third parties of any intellectual property rights owned by us. Further, during the Track Record Period, we were not involved in any disputes or proceedings concerning any material claim of infringement, either threatened or pending, of any intellectual property rights initiated by or against us that had a material and adverse effect on our business.

EMPLOYEES AND LABOUR OUTSOURCING

We had a total of 339 employees as at 31 October 2016, all of who were based in the PRC. Set forth below is a breakdown of the number of our employees by functions as at 31 October 2016:

Functions	**Number of employees**
Administrative and human resources	44
Engineering	52
Finance and internal audit	27
Operational management	17
Procurement	17
Project management and technical team	127
Quality and safety	44
Senior management	11
Total	**339**

As at 31 October 2016, among our employees, we had 126 professional staff members possessing civil engineer and/or constructor qualification(s). We place great emphasis on the continuous professional development of our employees, and encourage our employees to study and apply for the qualifications relevant to our operations, in order to enlarge our pool of talents and strengthen our technical capabilities. The table below sets forth the professional qualifications possessed by our employees as at 31 October 2016:

	Qualification				
	Constructor		**Engineer**		
	Class A	**Class B**	**Senior engineer**	**Engineer**	**Assistant engineer**
Number of employees possessing the relevant qualification	25	45	20	109	25

Note: Some employees may possess more than one qualification.

Labour outsourcing

Landscape and municipal works constructions are labour intensive, requiring sufficient amount of skilled labour force working at the project site along the project timeline. As different nature of projects would impose different skills and labour requirements and such requirements are decided by our customers over which we have limited or no control, in order for us to be able to undertake a diverse range of projects, we consider that it is cost-inefficient to recruit and maintain a large pool of workers for projects to be undertaken by us. In line with industry practice and to optimise our labour costs while maintaining sufficient supply of manpower during the Track Record Period, we outsourced the manual works comprising mainly carpentry, steel bar derusting, straightening, connecting, welding, greenland leveling, seedling plantation, fertilisation, concrete mixing, plastering, casting, brick laying, painting, scaffolding, electrical and other site works to labour service providers, which are Independent Third Parties, on a project-by-project basis.

The labour service providers engaged by us are either corporate entities or sole proprietors, principally engaged in providing labour outsourcing services or undertaking manual works for construction companies in the PRC. Under such arrangement, the labour service providers are responsible for recruiting and arranging their own workers to undertake the manual works on-site as required and determined by us and under the supervision of our project manager. These workers are responsible for reworks if the quality of works delivered fails to fulfil our standards. We require the labour service providers and their workers to possess the necessary qualifications for carrying out such works. Such labour service providers shall engage their own workers and make social insurance and housing provident fund contributions for them. We have signed the framework agreement with some of the labour service providers to formalise the arrangements as described above. The typical terms of the framework agreements signed with these labour service providers comprise the contract term, duties of the service providers to manage and arrange qualified workforce, to comply with the labour protection and work safety as required by PRC laws and regulations and to pay wages (including social insurance and housing provident fund) of their workers, our rights to conduct inspections and impose quality standard and to require rework or replace workers if the work performed by them fails to fulfil our requirement, and standard payment terms. We will further agree with the labour service providers on the specific work scope, volume of work required, time of delivery and contract price when we source labour from them on a per project basis. The labour service providers will issue invoice to us for settlement after we have certified the work completed by them. Despite our labour outsourcing arrangement, we remain responsible for the project implementation, procurement of raw materials and directly accountable to our customers for the works delivered by the workers of such labour service providers.

We take into account a number of factors when selecting the labour service providers, such as (i) whether they possess the necessary qualification for undertaking the works; (ii) the availability of their workers; (iii) past working experience of their workers; (iv) the location of their workers; and (v) their pricing. During the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, we did not encounter any situation where the major labour service providers engaged by us failed to fulfil our requirements that had a material impact on us.

As advised by our PRC Legal Advisers, we are not required to make contributions to social insurance and housing provident fund for the workers who are employed or recruited by the labour service providers. In addition, as advised by our PRC Legal Advisers, given that there existed no employment relationship between us and the workers of the labour service providers, if we are at no fault, the relevant labour service providers, being the employer of such workers, are responsible for any claim made by their workers in respect of (i) work-related personal injuries; (ii) outstanding wage payments; and (iii) outstanding social security or housing provident fund contributions.

We pay labour service fees under the labour outsourcing arrangement. The labour service fee varies according to the work volume, the number of workers required, job nature and technical complexity of the works to be involved and time of delivery, and such fee is payable on a monthly basis or by reference to the volume of work completed. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, the labour service fees incurred by us amounted to RMB65.2 million, RMB50.0 million, RMB96.5 million and RMB181.8 million, respectively, representing 13.3%, 8.9%, 11.5% and 16.6%, respectively, of our cost of services rendered.

To the best knowledge and belief of our Directors after making all reasonable enquiries, none of our Directors or their core associates or any shareholder who owned more than 5% of our Company's issued share capital as at the Latest Practicable Date had any interest in any of the labour service providers engaged by us during the Track Record Period.

Employee salary and training

We believe that our long-term growth depends on the expertise, experience and development of our employees. The salaries and benefits of our employees depend primarily on their job nature, position, length of service with us, job performance, experience and qualifications, and local market conditions. In order to improve our employees' skills and technical expertise, we provide regular trainings to our employees. We have in-house training programmes to train our new joiners, mainly focusing on skills like construction technique and working procedures. Our training programmes also help us identify employees with potential provide upward mobility within our Group, foster employee loyalty and incorporate customised mentoring, coaching and training.

During the Track Record Period, we did not experience any material labour disputes, strikes or other material labour conflicts, receive any complaints, notices or orders from relevant government authorities or third parties, or receive any claims from our employees relating to social insurance or housing provident funds that had materially impaired our business operation or reputation. Except as disclosed in the paragraph headed "Legal Compliance and Litigation — Non-compliance incidents in respect of social insurance and housing provident fund contributions" in this section, we made contributions to social insurance and housing provident funds in accordance with the applicable laws and regulations.

PROPERTIES

Owned properties

As at the Latest Practicable Date, we, through Chanhigh Landscape, owned the land use right in respect of a parcel of vacant land in Yinzhou District, Ningbo City with a site area of 2,059 sq.m. (the "**Land**"). According to the confirmation issued by the Yinzhou branch of the Ningbo Municipal Bureau of National Land and Resources (寧波市國土資源局): (a) the Land has been classified as reserved land of the government for development of light rail; (b) Chanhigh Landscape legally owns the Land for a term up to 25 January 2053; and (c) as at the date of the confirmation, Chanhigh Landscape had completed the necessary procedures relating to the disposal, use and registration in respect of the Land in accordance with the national and local laws, regulations and provisions relating to land management and that there had been no circumstance under which Chanhigh Landscape had been or might be penalised for any failure to comply with the laws, regulations and provisions relating to land management. As advised by our PRC Legal Advisers, we have obtained the land use right certificate with respect to the Land for a term expiring on 25 January 2053, and during the term of the land use right certificate, we have the rights to occupy, use, transfer, lease and create encumbrances or otherwise dispose of the Land. Our Directors are of the view that, having taken into account the opinion of our PRC Legal Advisers and our daily operation which does not involve the use of the Land, the classification of the Land as the reserved land does not have any material impact on us.

Leased properties

As at the Latest Practicable Date, we as lessee had entered into a tenancy agreement for a term of two years from 1 January 2016 to 31 December 2017 with YZTB as lessor relating to a property situated in Yinzhou District, Ningbo City, Zhejiang Province, the PRC with a total floor area of 2,000 sq.m., which was being used for our headquarters and office premises. Pursuant to the terms of the tenancy agreement entered into with YZTB, the annual rental payable by us amounts to RMB1.1 million. YZTB is owned as to 90.18% by CHHG (a company owned by members of the Peng Family) and as to 9.82% by Ms. Wang SF and hence a connected person of our Company upon Listing. For further details, please refer to the section headed "Continuing Connected Transactions — Exempt Continuing Connected Transactions — Tenancy agreement" in this prospectus.

Apart from the tenancy agreement entered into with YZTB, as at the Latest Practicable Date, we as lessee had entered into tenancy agreements with the lessors which were Independent Third Parties relating to 25 properties situated in 10 provinces and two municipalities across the PRC. The term of these leases ranges from two years to 10 years (except for one lease which is open-term). The following sets forth the details of these leased properties in the PRC as at the Latest Practicable Date:

	Location	Approx. GFA (sq.m.)	Our use of property	Expiry date of the lease
1	Shengzhou, Zhejiang	72	Office	1 June 2018
2	Fenghua, Zhejiang	105	Office	19 March 2017
3	Wenzhou, Zhejiang	206	Office	24 April 2017
4	Yuhang, Zhejiang	180	Office	17 January 2018
5	Suzhou, Jiangsu	222	Office	31 December 2019
6	Yantai, Shandong	63	Office	7 July 2017
7	Qingdao, Shandong	92	Office	15 May 2019
8	Qingdao, Shandong	72	Office	30 March 2020
9	Dongying, Shandong	43	Office	30 April 2017
10	Jimo, Shandong	52	Office	1 June 2018
11	Pingdu, Shandong	50	Office	16 May 2018
12	Guangzhou, Guangdong	210	Office	9 June 2017
13	Qingyuan, Guangdong	131	Office	1 February 2018

	Location	Approx. GFA (sq.m.)	Our use of property	Expiry date of the lease
14	Zhongshan, Guangdong	20	Office	30 June 2018
15	Maanshan, Anhui	103	Office	31 October 2019
16	Xuancheng, Anhui	125	Office	30 June 2017
17	Hefei, Anhui	95	Office	open-term
18	Fuzhou, Fujian	367	Office	12 January 2018
19	Renqiu, Hebei	126	Office	15 July 2018
20	Haikou, Hainan	150	Office	19 April 2018
21	Kunming, Yunnan	268	Office	28 February 2019
22	Zhuzhou, Hunan	83	Office	1 June 2017
23	Shanghai	20	Office	1 April 2025
24	Chongqing	96	Office	3 April 2017
25	Shenzhen	176	Office	30 March 2020

In case where the lessor intends to terminate the lease before its expiration, generally a notice of three months is required to be served with us. For the years ended 31 December 2013, 2014 and 2015 and the ten months ended 31 October 2016, our rental expenses amounted to RMB883,000, RMB841,000, RMB605,000 and RMB1,009,000, respectively.

As at the Latest Practicable Date, we were not able to obtain from the relevant landlords or lessors the title certificates in respect of five leased properties with a total leased area of 827 sq.m.. These five properties are currently used as our office premises in Renqiu (任丘), Suzhou (蘇州), Kunming (昆明), Chongqing (重慶) and Xuancheng (宣城). As advised by our PRC Legal Advisers, where a lessor or landlord who does not possess valid title certificates enters into a lease agreement with a tenant, such lease agreement may be deemed invalid. Accordingly, pursuant to the prevailing laws and regulations in the PRC, the relevant government authorities may require us to evict from the relevant leased properties. Our Directors are of the view that, (a) these properties which are being used as our office premises are not considered material to our operation; and (b) in the event that we are required to evict from the properties, comparable properties at similar locations are readily available in the vicinity. Our PRC Legal Advisers have advised us that, save as described above, the relevant landlords or lessors have provided us with evidence of the necessary title documents, and the lease agreements we have entered into are legal, valid and binding.

We did not have property interest of property activities during the Track Record Period. As at 31 October 2016, none of our property interests that do not form part of our property activities had a carrying value of 15% or more of our consolidated total assets, and on this basis, we are not required by Rule 5.01A of the Listing Rules to include in this prospectus any valuation report. Pursuant to section 6(2) of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap. 32L of the Laws of Hong Kong), this prospectus is exempt from compliance with the requirements of section 342(1)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance in relation to paragraph 34(2) of the Third Schedule to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, which require a valuation report with respect to all of our interests in land or buildings.

AWARDS AND RECOGNITIONS

Over the past years, we have received numerous awards and recognitions. The following awards were granted in respect of the projects undertaken by us:

Award	Award-winning project	Awarding body	Year of grant	Recipient
"Outstanding Landscape Construction" Silver Prize for 2013 (2013 年優秀園林綠化工程銀獎)	Phase I of Construction of Wenzhou City Yangfu Mountain City Park Project (Section II Greening) (溫州市楊府山城市公園建設工程一期綠化II標段)	Chinese Society of Landscape Architecture (中國風景園林學會)	2013	Chanhigh Landscape
Zhejiang "Outstanding Landscape Construction" Golden Prize for 2014 (2014 年度浙江省"優秀園林工程"金獎)	Economic and Social Service Centre Ancillary Project in Pinghu Economic Development Zone (平湖經濟開發區經濟社會服務中心配套工程)	Zhejiang Society of Landscape Architecture (浙江省風景園林學會)	2014	Chanhigh Landscape
Zhejiang "Outstanding Landscape Construction" Silver Prize for 2014 (2014 年度浙江省"優秀園林工程"銀獎)	Landscaping and greening project of Binhai 1st Road West Extension, Hangzhou Bay New District (杭州灣新區濱海一路西延兩側景觀綠化工程)	Zhejiang Society of Landscape Architecture (浙江省風景園林學會)	2014	Chanhigh Landscape
Zhejiang "Outstanding Landscape Construction" Silver Prize for 2015 (2015年度浙江省"優秀園林工程"銀獎)	Gardening and Landscaping Project of Wenzhou Cuiwei Mountain Park (Stage II) (溫州市翠微山公園園林景觀工程二標段)	Zhejiang Society of Landscape Architecture (浙江省風景園林學會)	2015	Chanhigh Landscape
Chinese Society of Landscape Architecture "Outstanding Landscape and Greening Construction" Silver Prize for 2015 (2015年度中國風景園林學會"優秀園林綠化工程獎"銀獎)	Social and Economic Service Centre Ancillary Project in Pinghu Economic-Technological Development Zone (平湖經濟技術開發區社會經濟服務中心配套工程)	Chinese Society of Landscape Architecture (中國風景園林學會)	2015	Chanhigh Landscape

Award	Award-winning project	Awarding body	Year of grant	Recipient
Ningbo "Yongjiang Construction Cup" for 2015 — Premium Construction Award (2015年度寧波市"甬江建設杯" 優質工程獎)	Rejection items of the Extension of Wanjin Road (萬金路延伸段工程甩項部分)	Ningbo Housing and Urban-Rural Construction Committee (寧波市住房和城鄉建設委員會)	2015	Chanhigh Landscape
Zhejiang "Outstanding Landscape Construction" Gold Prize for 2016 (2016年度浙江省"優秀園林工程"獎金獎)	Landscaping and greening project of Tianhe Ideal City (Stage I & Stage II) (天河•理想城景觀綠化工程I標段、II標段)	Zhejiang Society of Landscape Architecture (浙江省風景園林學會)	2016	Chanhigh Landscape
Zhejiang "Outstanding Landscape Construction" Silver Prize for 2016 (2016年度浙江省"優秀園林工程"獎銀獎)	Landscaping and greening project of Land Lot No. 7, 2nd Phase, Qinglin Bay (Stage I) (青林灣二期7#地塊景觀綠化工程I標段)	Zhejiang Society of Landscape Architecture (浙江省風景園林學會)	2016	Chanhigh Landscape
Zhejiang "Outstanding Landscape Construction" Silver Prize for 2016 (2016年度浙江省"優秀園林工程"獎銀獎)	Urban ecological park construction project of Ou River Estuary New District, Wenzhou (溫州甌江口新區城市生態公園建設工程)	Zhejiang Society of Landscape Architecture (浙江省風景園林學會)	2016	Chanhigh Landscape
Ningbo "Camellia Cup" for 2016 - Outstanding Landscape Construction Gold Prize (2016年度寧波市"茶花杯"優秀園林工程獎金獎)	Urban ecological park construction project of Ou River Estuary New District, Wenzhou (溫州甌江口新區城市生態公園建設工程)	Ningbo Landscape Administration Bureau (寧波市園林管理局) and Ningbo Landscape and Garden Association (寧波市風景園林協會)	2016	Chanhigh Landscape

Award	Award-winning project	Awarding body	Year of grant	Recipient
Ningbo "Camellia Cup" for 2016 - Outstanding Landscape Construction Gold Prize (2016年度寧波市"茶花杯"優秀園林工程獎金獎)	Landscaping and greening project of Land Lot No. 7, 2nd Phase, Qinglin Bay (Stage I) (青林灣二期7#地塊景觀綠化工程I標段)	Ningbo Landscape Administration Bureau (寧波市園林管理局) and Ningbo Landscape and Garden Association (寧波市風景園林協會)	2016	Chanhigh Landscape

The table below sets out our major industry recognitions received in recent years:

Award	Issuing bodies	Year	Recipient
Top 50 Urban Landscaping Enterprise in the PRC (全國城市園林綠化企業50強)	Jointly issued by China Flower & Gardening News (《中國花卉報》社), Landscapes and Historic Buildings Construction Branch of China Construction Industry Association (中國建築業協會園林與古建築施工分會) and Landscape Construction Branch of Chinese Society of Landscape Architecture (中國風景園林學會園林工程分會)	2013, 2014 and 2015	Chanhigh Landscape
Top 100 Landscaping Enterprise in the PRC in terms of Comprehensive Competitive Strength (中國園林綠化綜合競爭力百強企業)	Jointly issued by the Organising Committee of the International Landscape Architecture Competition (風景園林國際競賽組委會), Chinese Flowers Gardening and Landscaping Industry Association (中國花卉園藝與園林綠化行業協會), World Landscape Magazine Office (世界園林雜誌社) and www.chla.com.cn (中國風景園林網)	2013 and 2014	Chanhigh Landscape

Award	Issuing bodies	Year	Recipient
"Honoring Contract and Keeping Promise" AAA Entity of Zhejiang Province Industrial and Commercial Enterprises for 2013 (2013年浙江省工商企業信用AAA級"守合同重信用"單位)	Zhejiang Province Administration for Industry and Commerce (浙江省工商行政管理局)	2013	Chanhigh Landscape
Enterprise of "Honoring Contract and Keeping Promise" for 2014-2015 (2014-2015年度"守合同重信用"企業)	State Administration for Industry and Commerce of the People's Republic of China (中華人民共和國國家工商行政管理總局)	2014 and 2015	Chanhigh Landscape
Bank Credit Grade AAA for 2015 and 2016 (2015年及2016年銀行資信等級AAA級)	Ningbo Fareast Credit Rating Co., Ltd. (寧波遠東資信評估有限公司)	2015 and 2016	Chanhigh Landscape
Advanced Enterprise for "Outbound Development" in the Construction Industry of Yinzhou District, Ningbo for 2015 (2015年度寧波市鄞州區建築業"走出去"發展先進企業)	Housing and Urban-Rural Construction Bureau of Yinzhou District, Ningbo (寧波市鄞州區住房和城鄉建設局)	2015	Chanhigh Landscape
Advanced General Contracting Enterprise for the Management of the District Worker Real-Name System for 2015 (2015年區務工人員實名制管理工作先進總承包企業)	Ningbo Construction Business Administration Office (寧波市建築企業管理處)	2015	Chanhigh Landscape
Landscaping Enterprise with Credit Grade AAA in the PRC (中國園林綠化AAA級信用企業)	China Engineering Construction Industry Association (中國工程建設行業協會) and Beijing Guoxin Lianhe Credit Service Co. Ltd. (北京國信聯合信用管理有限公司)	2016	Chanhigh Landscape
Advanced Party of Zhejiang Society of Landscape Architecture (浙江省風景園林學會先進集體)	Zhejiang Society of Landscape Architecture (浙江省風景園林學會)	2016	Chanhigh Landscape

LEGAL COMPLIANCE AND LITIGATION

As at the Latest Practicable Date, we had obtained all necessary qualifications, approvals, permits, licences and certificates that are material to our business operations from the relevant government authorities. We did not experience any material difficulties in renewing these qualifications, approvals, permits, licences and certificates during the Track Record Period and up to the Latest Practicable Date, and we currently do not expect to have any material difficulties in renewing the same (where required) upon their expiry. For details, please refer to the paragraph headed "Major Qualifications and Certificates" in this section.

Systemic non-compliance incidents

Except as disclosed below, our operations were in compliance with the applicable laws and regulations in all material respects in the PRC during the Track Record Period and up to the Latest Practicable Date. The following sets forth certain incidents of historical non-compliance with certain laws and regulations in the PRC during the Track Record Period, which our Directors believe are systemic in nature.

Non-compliance in respect of social insurance and housing provident fund contributions

During the Track Record Period, Chanhigh Landscape did not fully make contributions in respect of social insurance and housing provident fund for some of its employees.

Reasons for the non-compliance

The relevant employees declined to participate in the social insurance and housing provident fund schemes. Our Directors believe that these employees did not want to participate in the social welfare or housing benefit schemes of Ningbo where they intended to stay temporarily and preferred to cash payments in lieu of their contributions to the social insurance and housing provident fund.

Legal consequences including potential maximum penalty

As advised by our PRC Legal Advisers, if an employer fails to pay its social insurance contributions in accordance with the Social Insurance Law of the PRC (中華人民共和國社會保險法), the regulator may order it to pay the overdue amount within the prescribed time limit and impose an overdue fine equivalent to 0.05% of the overdue amount per day. If the employer still fails to pay within the prescribed time limit, the regulator may impose a fine of one to three times of the overdue amount.

If an employer fails to pay its housing provident fund contributions in accordance with the Regulations on the Administration of Housing Provident Fund (住房公積金管理條例), the regulator may order for payment of contributions within the prescribed time limit, failing which the regulator may apply to the People's Court for compulsory enforcement.

Rectification actions and impact on our Group

We have obtained letters of confirmation from the Human Resources and Social Security Bureau of Yinzhou District of Ningbo (寧波市鄞州區人力資源和社會保障局) and the Housing Provident Fund Administration of Yinzhou District of Ningbo (寧波市鄞州區住房公積金管理中心) on 29 March 2016 and 6 April 2016, respectively, confirming that we had not been penalised for violating the laws and regulations for social insurance and housing provident fund contributions. As advised by our PRC Legal Advisers, the Human Resources and Social Security Bureau of Yinzhou District of Ningbo and the Housing Provident Fund Administration of Yinzhou District of Ningbo have the authority and are competent to make the aforesaid confirmations and the possibility of our Group being sued or penalised for the aforesaid non-compliance matters is remote.

As advised by our PRC Legal Advisers, as at the Latest Practicable Date, we were in compliance with the requirements relating to social insurance and housing provident fund contributions in material respects and had made contributions for social insurance and housing provident fund in accordance with the Social Insurance Law of the PRC and the Regulations concerning the Administration of Housing Provident Fund.

We have already made provisions in the amount of RMB12.2 million in aggregate for the unpaid amounts of social insurance and housing provident fund contributions during the Track Record Period. We believe such provision is sufficient to cover our liabilities in respect of the unpaid social insurance and housing provident fund contributions.

In addition, our Controlling Shareholders have undertaken to, pursuant to the terms and condition of the Deed of Indemnity, indemnify us against any losses and penalties which we may suffer as a result of the failure of our Group to comply with relevant laws, rules or regulations concerning social insurance and housing provident fund contributions, to the extent that such amount of contribution has not been reflected from the provision made in the audited consolidated accounts of our Company.

Based on the facts that (i) we have received letters of confirmation from competent authorities; (ii) as at the Latest Practicable Date, we had not received any demand or order from the competent authorities requesting us to settle any overdue social insurance or housing provident fund contributions; (iii) our PRC Legal Advisers are of the view that the possibility of our Group being penalised due to the above non-compliance incidents is low; and (iv) in light of the rectification measures taken, our Directors are of the view that such historical non-compliance incidents do not and will not have any material financial or operational impact on us.

Non-compliance incidents related to inter-company lending activities

During the Track Record Period, Chanhigh Landscape made certain interest bearing advances mainly to its related party enterprises and it was in defiance of the Lending General Provisions (貸款通則). As at 31 December 2013, 2014 and 2015 and 31 October 2016, the balance of such advances amounted to RMB363.5 million, RMB263.0 million, RMB330.7 million and nil, respectively, and interest income derived from such lendings amounted to RMB18.7 million, RMB22.9 million, RMB24.6 million and RMB5.5 million, respectively, during the Track Record Period. These advances were fully repaid to us by the relevant borrowers by the end of October 2016.

Reasons for the non-compliance

The advances were made for providing financing flexibility to the relevant borrowers and we were not familiar with the regulatory requirements under the Lending General Provisions at the time when the advances were made.

Legal consequences including potential maximum penalty

As advised by our PRC Legal Advisers, enterprises in the PRC are not allowed to extend loans to each other without the PBOC's permission, and the PBOC may impose a fine on the lender who engages in inter-company lending activities in the amount ranging from one time to five times of the illegal income derived from such activities and issue an order to terminate such activities according to the Lending General Provisions (貸款通則).

As advised by our PRC Legal Advisers, pursuant to the Lending General Provisions (貸款通則), the maximum amount of penalty that can be imposed on our Group due to the inter-company lending activities is five times of the interest income set forth above. Nevertheless, according to the Provisions of the Supreme People's Court on Certain Issues Concerning Application of Law in Trial of Cases Involving Private Lending (最高人民法院關於審理民間借貸案件適用法律若干問題的規定) (the "**Provisions of the Supreme People's Court**") which became effective on 1 September 2015, loan agreements entered into between enterprises for the purpose of an enterprise's production and operation are valid and the People's Court should uphold them except in the circumstances where (i) the loan agreement is invalid under article 52 of the PRC Contract Law (合同法); (ii) the lender borrows funds from a financial institution and lend the fund at a higher interest rate to the borrower, who knows or ought to know about such arrangement; (iii) the lender borrows funds from another corporate bodies or raises the fund from its employees and lends the fund with the aim of making profit from the borrower, who knows or ought to know about such arrangement; (iv) the lender knows or ought to know that the loan is for an illegal purpose; (v) the loan violates public order or good moral standards; or (vi) the loan violates any compulsory provision in any other laws or administrative regulations of the PRC.

Our PRC Legal Advisers have confirmed that the relevant advances made by Chanhigh Landscape to the relevant borrowers do not fall under any of the above circumstances and are valid and enforceable and that based on the public searches conducted by them, no incidents of the PBOC imposing penalties on loan agreements entered into between enterprises for the purpose of an enterprise's production and operation were noted by our PRC Legal Advisers.

Rectification actions and impact on our Group

Our Directors have confirmed that the relevant advances to the relevant borrowers have been fully repaid to us by the relevant borrowers by the end of June 2016. Our Directors have further confirmed that we will not continue any lending activities for any enterprises.

In addition, our Controlling Shareholders have undertaken to, pursuant to the terms and condition of the Deed of Indemnity, indemnify us against any losses and penalties which we may suffer as a result of the failure of our Group to comply with relevant laws, rules or regulations concerning the non-compliance incidents related to inter-company lending activities.

Given that (i) we have already ceased the non-compliant inter-company lending activities since June 2016; and (ii) the relevant advances were fully repaid to us by the relevant borrowers, and based on the stipulations in the Provisions of the Supreme People's Court, our PRC Legal Advisers are of the view that the possibility for the PBOC to impose any penalty on us is remote. Based on the rectification measures and the view of our PRC Legal Advisers as set out above, our Directors are of the view that such non-compliance incidents do not and will not have any material financial or operational impact on us.

Administrative penalty relating to tendering

In July 2014, in bidding for a landscape project in Putuo, Zhoushan, Zhejiang Province (the "**Project**"), Chanhigh Landscape submitted an Application for Pre-qualification of Bidders (投標申請人資格預審申請書) (the "**Application Documents**") to the tenderer. During the inspection of the Application Documents by the Putuo Branch of Zhoushan Market Supervision Administration (舟山市市場監督管理局普陀分局) (the "**Administration**"), it was discovered that projects not undertaken nor completed by Chanhigh Landscape or its project managers were included in its credentials. In November 2014, Chanhigh Landscape was fined by the Administration with an administrative penalty of RMB100,000 for contravention of section 33 of the Tender and Bidding Law and section 68(1) of the Tender and Bidding Law Implementation Regulations due to the inclusion of certain false credentials in the Application Documents (the "**Breach**").

As confirmed by the Directors, the projects not undertaken nor completed by Chanhigh Landscape were included in Chanhigh Landscape's credentials since the then employee (the "**Responsible Employee**") had asked an individual (not under the employment of Chanhigh Landscape), who claimed herself to be familiar with the tendering matters of the local government, to prepare the Application Documents in order to increase the chance of success in bidding for the Project. The Responsible Employee was the business officer (營業員) of Chanhigh Landscape who was responsible for bidding for projects in Putuo district of Zhoushan city. The Application Documents were submitted by the Responsible Employee to the department head of operation management of Chanhigh Landscape for approval. They were further submitted to Mr. Peng DS (as the legal representative of Chanhigh Landscape) for endorsement as a routine procedure and the false credentials were not brought to the attention of Mr. Peng DS (the "**Incident**"). The whole set of the Application Documents was eventually submitted to the tenderer by the Responsible Employee after having been executed by Mr. Peng DS.

The management of Chanhigh Landscape was first aware of the Incident in the latter half of July 2014 after the submission of the Application Documents. After internal investigation, the employment of the Responsible Employee was terminated in August 2014. The Administration subsequently issued the administrative ruling in November 2014 that as Chanhigh Landscape was not awarded the Project, the Breach did not result in any actual damages and Chanhigh Landscape was fined with an administrative penalty of RMB100,000 for the Breach. Since Chanhigh Landscape was not successful in bidding for the Project, the Group did not record any revenue nor profit from the Project.

As advised by our PRC Legal Advisers, the Breach does not constitute a significant violation since:

(i) the administrative penalty of RMB100,000 imposed on Chanhigh Landscape is at the low end (as opposed to the corresponding fine in the amount of RMB300,000 or above for significant violations as stipulated under the Tender and Bidding Law Implementation Regulations);

(ii) the Breach does not fall into the ambit of any significant violations as set forth in the relevant provision of the Tender and Bidding Law Implementation Regulations;

(iii) the Administration has issued a certificate of integrity of an entity in the market (《市場主體誠信證明》) (the "**Certificate of Integrity**") on 24 May 2016 which stated that the Incident did not constitute a significant violation and that there was no other record of penalties on Chanhigh Landscape; and

(iv) pursuant to an interview with the Administration by our Company, our PRC Legal Advisers, the Sole Sponsor and the PRC legal advisers to the Sole Sponsor (the "**Administration Interview**"), the head of the Policies and Regulations Section (政策法規科科長) of the Administration confirmed that the Breach did not constitute a significant violation of laws and it will not affect Chanhigh Landscape's qualifications to bid for other projects in Putuo District of Zhoushan as well as the opportunities to get the award of tenders there (the "**Confirmation**"). As advised by our PRC Legal Advisers, since the administrative penalty was imposed by the Administration and the head of the Policies and Regulations Section of the Administration was responsible for handling administrative penalty for the Administration, the aforesaid personnel of the Administration had the authority and was a competent officer to provide the Confirmation.

Our Directors are of the view, which the Sole Sponsor concurs, that the Breach, which is not a significant violation of the laws as set out above, does not adversely affect the integrity and suitability of our Directors to act as directors under Rules 3.08 and 3.09 of the Listing Rules which renders our Company unsuitable for listing under Rule 8.04 of the Listing Rules having considered the followings:

(i) our Directors confirm that they did not have any knowledge of the Incident before the submission of the Application Documents since the Breach was committed by the Responsible Employee who was derelict in his duties by delegating the preparation of the Application Documents to an individual who was not under the employment of Chanhigh Landscape;

(ii) our Directors confirm that the falsified credentials of Chanhigh Landscape contained in the Application Documents were inadvertently overlooked by Mr. Peng DS when he endorsed the Application Documents because an application for pre-qualification of bidder is a standard document under the routine tendering procedure and it had been approved by Chanhigh Landscape's department head of operation management before submission to Mr. Peng DS for final endorsement;

(iii) to the best knowledge and belief of our Directors, during the Track Record Period and up to the Latest Practicable Date, save as the Incident, none of our Group members, their directors or employees were involved, or had been penalised by any government bureau for providing false credentials or materials in the tender documents (including pre-qualification documents) submitted in the name of the relevant Group member;

(iv) the Breach does not constitute a significant violation of the laws according to our PRC Legal Advisers as set out above;

(v) the issuance of the Certificate of Integrity by the Administration; and

(vi) the Confirmation obtained at the Administration Interview.

To avoid recurrence of similar incidents, all pre-qualification application documents were required to be reviewed by a supervisor before it is submitted to the department head of operation management for approval. The department head of operation management is required to review pre-project filings, registration documentation, application for pre-qualification of bidder and other documents relating to the tender process before an endorsement can be arranged by the administrative department. The scope of such reviews covers the accuracy and completeness of the contents of the tender document, including estimation of bid price and qualifications of the bidder contained in the relevant documents, which are required to be filled in by us during the tendering process. After completion of such review, an approval form will be signed by the staff preparing the tender documents and then by the supervisor and the department head of operation management for record.

Since June 2016, we have also issued policies to supervise the conduct of our employees and established a whistleblowing mechanism to report any misconducts of our employees. These policies include:

(i) tendering management policy, which specifies the procedures and standard forms used for review and approval of tender documents;

(ii) code of conduct, which provides guidelines to employees on ethical business conducts and preventing of conflict of interests; and

(iii) internal audit policy, which includes mechanism for anonymous reporting of any misconducts of our employees.

Our Directors believe, and the Sole Sponsor concurs, that the aforesaid measures are effective since these measures increased the level of supervision and control over the contents and accuracy of the documents submitted during the tender process, ensured these documents will not contained false credentials of the bidders, increased the accountability of management members at different levels by assigning them to review and holding them accountable to higher authority for the documents endorsed by them, and provided additional means for identifying and detecting employee wrongdoing or irregularities in the tender documents. None of our Group members, their directors or employees was penalised by any government bureau for providing false credentials in tender documents subsequent to the Incident to the best of our Directors' knowledge.

Administrative penalty under the Procedures for the Management of Invoices of the PRC 《中華人民共和國發票管理辦法》(the "Procedures")

Prior to the Track Record Period, pursuant to a decision (the "**Decision**") on tax administration penalty (稅務行政處罰決定書) (the "**Administrative Penalty**") issued by the Ningbo Yinzhou Office of the SAT (寧波市鄞州區國家稅務局) (the "**Yinzhou SAT**") dated 17 December 2012, Chanhigh Landscape was ordered by the Yinzhou SAT to pay a fine in the sum of RMB50,000.

Based on the Decision, four sets of the ordinary VAT invoices (增值稅普通發票) in the aggregate amount of RMB351,850.43 received by Chanhigh Landscape from one of its suppliers (the "**Relevant Supplier**"), an Independent Third Party, for the supply of raw materials to us were found to be invalidated invoices. These invoices were invalidated due to the Relevant Supplier's failure to report and settle its VAT tax payment to the Yinzhou SAT in respect of the subject transactions. Our finance department was primarily responsible for the invoice collection and management at the relevant time. As advised by our PRC Legal Advisers and based on the explanation statement dated 5 December 2016 issued by the Yinzhou SAT, which is a competent authority for issuing such statement, despite these invoices were not issued by us and the Relevant Supplier was primarily responsible for the invalidated invoices, we were penalised because we failed to carefully verify the relevant VAT invoices and was fined a penalty of RMB50,000, which was a usual practice by the Yinzhou SAT.

As advised by our PRC Legal Advisers, since the level of fine imposed on Chanhigh Landscape was at the low end under the relevant law, the Administrative Penalty is considered as minor under the Procedures. In addition, Chanhigh Landscape has fully settled the fine and that the Yinzhou SAT has issued a letter of confirmation confirming that Chanhigh Landscape had settled the fine in a timely manner and had neither committed any breach, nor been penalised for the violation of any laws and regulations related to invoice management for the period up to 5 December 2016 (being the date on which the aforesaid letter of confirmation was issued). In light of the above, our Directors are of the view that the Administrative Penalty did not and does not have any material impact on our Group.

To avoid recurrence of the incident mentioned above, our Company has adopted enhanced internal control measures including: (i) our finance department is required to check the relevant online tax system and match the content, date and amount of the invoices, as well as to check the anti-forgery marking of the invoices. The checking results with the signature of the responsible finance personnel are attached to accounting vouchers for an independent review; (ii) for invoices from new suppliers, the checking on the relevant online tax system should be conducted again after 25 days with sign-off evidence being retained. Any irregularities should be reported to our finance department and our general manager; and (iii) we have provided training to our employees on invoice checking and verification to ensure compliance with the above procedures. Since the Decision up to the Latest Practicable Date, we had neither been penalised under the Procedures nor had we been found to have violated the Procedures.

Enhanced internal control measures

To avoid recurrence of the historical non-compliance incidents described herein, in addition to the above, we have adopted certain enhanced internal measures to improve our corporate governance and internal control. Please refer to the paragraph headed "Internal Control" in this section for further details.

Legal proceedings

As at the Latest Practicable Date, save as disclosed below, we were not aware of any material legal proceedings, claims or disputes currently existing or pending against us, and no litigation, arbitration or claim of material importance was known to our Directors to be pending or threatened by or against us that might have a material adverse effect on our business, financial conditions or results of operations.

Completed legal proceedings during the Track Record Period

Fatal accident

A trespasser was drown dead at the construction site of the Nankang City One-River-Two-Banks Reconstruction Project* (南康市一江兩岸整治改造工程). The deceased's spouse sued the project design company of the said project, the manager of the construction site* (工程道路管理人), and Chanhigh Landscape in the capacity as the constructor of the said project. On 2 August 2013, Jiangxi Province Dayu County People's Court* (江西省大餘縣人民法院) made a civil judgment* (民事判決書), finding that the three defendants are 70% liable to this incident. The project design company was held responsible for not taking proper measurement of the depth of the river before making the design; the project management company was held responsible for demanding Chanhigh Landscape to lift parts of the enclosure of the construction site without putting warning signs; and Chanhigh Landscape was held responsible for not requesting the project design company or project management company to revise the design or to place water depth sign after discovering that the actual river depth exceeded the maximum depth in the design. The three defendants together were ordered to pay RMB256,849.25 as compensation for the death and funeral expenses, and RMB30,000 being compensation for emotional distress. The judgment sum has been fully settled.

In accordance with the requirement of the tender invitation documents issued by the tenderer, the Urban Management Bureau of Nankang City* (南康市城市管理局), Chanhigh Landscape maintained the required project related insurance at the time of the accident. Nevertheless, the insurance coverage did not include injury and death of trespassers. As advised by our PRC Legal Advisers, the insurance coverage Chanhigh Landscape maintained for the aforesaid project was in compliance with the requirements under the applicable laws and regulations in the PRC.

In order to avoid the occurrence of similar accidents, as at the Latest Practicable Date, Chanhigh Landscape had organised safety management education seminars to its project management personnel and conducted on-site safety checking periodically for all major projects. In addition, safety warning signs and slogans were set at the construction sites to prevent trespassers from entering into the construction sites and accidental injuries or death of trespassers. Moreover, for new project, where desirable, Chanhigh Landscape will negotiate with the insurance companies and take out insurance policy which covers third party liability in similar accidents.

Ongoing material legal proceeding as at the Latest Practicable Date

As at the Latest Practicable Date, we were involved in the following material legal proceeding as a defendant:-

On 8 March 2016, a complainant filed a Civil Complaint* (民事起訴狀) to Xuzhou City Jiawang District People's Court* (徐州市賈汪區人民法院). Pursuant to a construction agreement entered into in 2012 between Chanhigh Landscape and the complainant, Chanhigh Landscape engaged the said complainant to undertake certain manual works. It is alleged that Chanhigh Landscape had failed to pay the full contract sum according to the terms of the said agreement. The amount in dispute is RMB2.8 million. As confirmed by our Directors, the contract sum was withheld by Chanhigh Landscape since the complainant had failed to carry out the manual works in accordance with the terms and conditions of the contract.

As at the Latest Practicable Date, the aforesaid contractual dispute was at the trial stage and was still pending final judgment by the Xuzhou City Jiawang District People's Court* (徐州市賈旺區人民法院). In the event that we have to pay the outstanding sums, our Directors believe that there will have no material impact on our operations, financial conditions and reputation as advised by our PRC Legal Advisers.

INTERNAL CONTROL

To continuously enhance our corporate governance and to prevent recurrence of the non-compliance incidents as mentioned in the paragraph headed "Legal Compliance and Litigation — Systemic non-compliance incidents" in this section, we intend to adopt or have adopted the following measures:

(i) our Directors and senior management attended training sessions on applicable laws and regulations, including the Listing Rules, provided by our legal advisers prior to the Listing. We will continue to arrange various trainings to be provided by the legal advisers engaged by us from time to time and/or any appropriate accredited institution to update the knowledge of our Directors, senior management and relevant employees on the relevant laws and regulations;

(ii) we have appointed Mr. Tong Tai Alex as our company secretary. Please refer to the section headed "Directors and Senior Management" in this prospectus for further biographical information of Mr. Tong Tai Alex. Our Directors believe that our Company will be able to draw on his expertise and experience with respect to compliance with applicable legal and financial reporting requirements in Hong Kong;

(iii) we have established an internal audit department which is responsible for overseeing our Group's compliance with the relevant laws and regulations and the Listing Rules applicable to our Group, formulating internal control policies or rectification recommendations for our Group to implement and monitoring the implementation of the aforesaid internal control policies and rectification recommendations by our Group. Our Internal Audit Management Policy (內部審計管理制度) requires us to assess our internal audit resources on a periodic basis, and to obtain the necessary support on internal audit resources from an independent professional consulting firm if necessary;

(iv) we have appointed the Sole Sponsor as our compliance adviser who will advise us on ongoing compliance with the Listing Rules issues and other applicable securities laws and regulations in Hong Kong with effect from the date of Listing;

(v) we will provide our senior management and employees with policies, trainings and/or updates regarding the legal and regulatory requirements applicable to the business operations of our Group from time to time; and

(vi) we have also established an audit committee comprising three independent non-executive Directors as part of our measures to improve corporate governance. The primary duties of the audit committee are to provide our Directors with an independent review of the effectiveness of the financial reporting process, internal control and risk management system of our Group, to oversee the audit process and to perform other duties and responsibilities as assigned by our Directors.

In addition, we have adopted all of the following specific measures to help prevent the recurrence of the historical non-compliance incidents in respect of social insurance and housing provident fund contributions and inter-company lending activities as disclosed in the paragraph headed "Legal Compliance and Litigation — Systemic non-compliance incidents" in this section:

In respect of social insurance and housing provident fund contributions:

(1) we have provided our senior management and employees with training regarding the requirements in respect of the social insurance and housing provident funds stipulated under the applicable laws and regulations of the PRC and our human resources department will explain to our employees, whether new or current, that they are entitled to social insurance and housing provident fund contributions made by our Company and are required to make their respective contributions under the relevant laws and regulations of the PRC;

(2) our human resources department is responsible for regularly reviewing the payment certificates in respect of our contributions to social insurance and housing provident fund. Since May 2016, our human resources department has been responsible for preparing the monthly "Summary of Statistics of Payment for Employee's Insurances and Fund" (員工五險一金繳納情況匯總統計表), which shows the comparison of the actual contributions made against the contributions as required by the Social Insurance Law of the PRC and the Regulations concerning the Administration of Housing Provident Fund in order to ensure that the relevant contributions made are in compliance with the relevant laws and regulations of the PRC; and

(3) our internal audit department has established an internal audit plan in conducting periodic checks on our compliance with the relevant laws and regulations in respect of our social insurance and housing provident fund contributions. Any exceptions will be reported to our Board and the audit committee for further actions.

In respect of inter-company lending activities:

(1) we have adopted a revised capital management policy since June 2016, which explicitly prohibits capital borrowing and lending activities between members of our Group or between our Group and other third parties;

(2) we have provided our senior management and employees with policies and training in relation to capital borrowing and lending activities between members of our Group or between our Group and other third parties; and

(3) our internal audit department has established an internal audit plan to regularly reviewing the capital borrowing and lending activities of our Company to ensure that there are no non-compliant capital borrowing and lending activities. Any violation of our capital management policy will be reported to our Board and the audit committee for further actions.

For the enhanced internal control measures in respect of our tendering practice and invoice management, please refer to the paragraphs headed "Legal Compliance and Litigation — Administrative penalty relating to tendering" and "Legal Compliance and Litigation — Administrative penalty under the Procedures for the Management of Invoices of the PRC《中華人民共和國發票管理辦法》" in this section for details.

We have engaged an independent internal control consulting firm (the "**IC Consultant**"), which is a member firm of an international network of accounting and consulting firms, in February 2016 to assist our Group in reviewing our internal control system, including our tendering practice and invoice management and provide recommendations for improving our internal control system, including measures taken by us to address the non-compliance incidents as set out in the paragraph headed "Legal Compliance and Litigation" in this section. The IC Consultant conducted a follow-up review for the period from April 2016 to December 2016. Based on the results of the follow-up review, the IC Consultant confirmed that the Company has implemented all the above specific measures including those relating to our tendering practice and invoice management to help prevent the recurrence of the historical non-compliance incidents, and the IC consultant does not have further recommendations on enhancement of the internal control design in preventing the recurrence of the historical non-compliance incidents. Based on the above, our Directors are satisfied with the implementation of the remedial actions in relation to the enhanced internal control measures as suggested by the IC Consultant in preventing the recurrence of these historical non-compliance incidents.

CONTROLLING SHAREHOLDERS

Immediately following completion of the Capitalisation Issue and Global Offering (without taking into account any Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option), Vast Base and TEUR will respectively hold 225,000,000 and 225,000,000 issued Shares of our Company representing 37.5% and 37.5% of the issued share capital of our Company, respectively. As at the Latest Practicable Date, Vast Base and TEUR are wholly owned by Mr. Peng YH as the Trustee of the PYH Family Trust and the PTB Family Trust, respectively. Furthermore, based on the Acting-in-Concert Confirmation, the Peng Family is a single controlling group of Chanhigh Landscape. Therefore, our Controlling Shareholders, comprising the Peng Family, Vast Base and TEUR, are together entitled to control the exercise of the voting rights of 75% of the Shares eligible to vote in general meetings of our Company who will continue to be our Controlling Shareholders after the Listing.

Save as disclosed above, there is no other person who will, immediately following the completion of Capitalisation Issue and the Global Offering, be directly or indirectly interested in 30% or more of the Shares then in issue or have a direct or indirect equity interest in any member of our Group representing 30% or more of the equity in such entity.

Acting-in-Concert Confirmation

On 20 March 2011, Mr. Peng YH, Mr. Peng TB, Mr. Peng DS and Ms. Wang SF executed the Acting-in-Concert Confirmation confirming that: (i) with the same business goal of Chanhigh Landscape as well as to protect the common interests of the Peng Family, the Peng Family has been acting in concert in all material aspects in managing and exercising voting rights in Chanhigh Landscape since its establishment in 2001; and (ii) for all important decisions requiring approval in the shareholders' meetings and board meetings of Chanhigh Landscape, the Peng Family has been acting in concert and exercising their rights to propose, to nominate, to vote and to decide in a unitary manner since the Peng Family has obtained the shareholders' rights of Chanhigh Landscape. Each member of the Peng Family confirms that as at the Latest Practicable Date, there has been no termination or amendment of the Acting-in-Concert Confirmation.

Major terms of the Acting-in-Concert Confirmation are set forth as follows:-

(1) The Peng Family undertakes that, since the date of the Acting-in-Concert Confirmation, they will act in concert in daily operations, exercise of voting rights as a shareholder, and major decision making of Chanhigh Landscape as long as they hold direct or indirect interest in any company subject to the proposed listing (of Chanhigh Landscape). Regarding any important resolutions to be passed in the shareholders' meetings or board meetings under the applicable articles of association, listing rules and corporate governance documents, the Peng Family will exercise their rights to propose, to nominate, to vote and to decide in a unitary manner.

(2) Each member of the Peng Family undertakes to reach a consensus prior to discussing and approving any matters in the shareholders' meeting or board meeting of Chanhigh Landscape or CHHG and to exercise his/her voting right according to such consensus. In the event that the members of the Peng Family are not certain: (i) whether a particular matter shall be resolved in a board meeting or shareholders' meeting; or (ii) on the forms of voting (for instance, by votes or show of hands), Mr. Peng YH shall have right to make the final decision. Whether a resolution shall be agreed, objected or waived would depend on the unanimous decision of the Peng Family and no power to make final decision has been granted to Mr. Peng YH.

(3) The Peng Family undertakes that no members of the Peng Family can entrust any of his/her equity interests in Chanhigh Landscape or CHHG directly or indirectly in any manner (including by way of trust) to any party other than the members of the Peng Family.

(4) The Acting-in-Concert Confirmation shall become effective from the date of signing and remain effective unless all members of the Peng Family unanimously agree to amend or terminate. It is legally binding upon each member of the Peng Family and any entity holding equity interests in Chanhigh Landscape or CHHG indirectly.

(5) Without the prior consent of all the other members of the Peng Family, no member of the Peng Family can transfer the rights and obligations under the Acting-in-Concert Confirmation to any third party.

As advised by our PRC Legal Advisers:-

(1) the Acting-in-Concert Confirmation is legal, valid and binding on each member of the Peng Family. It does not violate any laws or regulations of the PRC;

(2) the Acting-in-Concert Confirmation regulates how the affairs of Chanhigh Landscape shall be managed by the members of the Peng Family and allows all members of the Peng Family to own and exercise control over Chanhigh Landscape as a single group;

(3) by virtue of the Acting-in-Concert Confirmation, even if there is any transfer of equity interests in Chanhigh Landscape among the members of the Peng Family, it will not change or impair the rights and influence of the Peng Family over the control and voting rights in Chanhigh Landscape and its subsidiaries. Interests and rights of the Peng Family in Chanhigh Landscape are to be owned and exercised as a single group unless unanimous consent is obtained from the Peng Family to amend or terminate the Acting-in-Concert Confirmation;

(4) pursuant to the Company Law of the PRC (中華人民共和國公司法), "the actual controlling persons of a company shall include any person who is not a shareholder of a company but nonetheless has actual control over the company through investment relationship, contractual or other arrangements". On that basis, given that the operation of the Acting-in-Concert Confirmation allows members of the Peng Family to manage and exercise control over the affairs of Chanhigh Landscape as a single group and that the Peng Family is in control of Chanhigh Landscape as a matter of fact, members of the Peng Family, remain as the "actual controlling persons" of Chanhigh Landscape; and

(5) if any member of the Peng Family breaches the terms of the Acting-in-Concert Confirmation, other members of the Peng Family can apply for the court's ruling under the PRC laws (i) to invalidate any resolution passed not in accordance with their consensus in the shareholders' meeting or board meeting; (ii) to re-approve such resolution according to their consensus; (iii) to request the breaching party to fulfil his or her obligations under the Acting-in-Concert Confirmation; and (iv) to request the breaching party to adopt remedial measures and to compensate the loss of the other complying parties.

In light of the above, our PRC Legal Advisers are of the view that the Peng Family, as a single group, has a common control and influence on the management, operations and voting rights of Chanhigh Landscape and its subsidiaries.

Undertaking Provided by Mr. Peng YH (the "PYH's Undertaking")

Pursuant to the Acting-in-Concert Confirmation, Mr. Peng YH on 31 October 2016 provided an irrevocable undertaking in favour of other members of the Peng Family that he will not exercise any power to change the directors and senior management and the current management structure of Chanhigh Landscape and its intermediate holding companies in our Group without first consulting with, and obtaining unanimous consent from, all other members of the Peng Family, including Mr. Peng DS, Ms. Wang SF and Mr. Peng TB. As advised by our PRC Legal Advisers, there is no time limit as to the effectiveness and validity of the PYH's Undertaking. It would therefore remain effective up to and after the Listing Date.

Mr. Peng YH also confirms that as at the date of the PYH's Undertaking, he has complied with, and undertakes to continue to comply with, the terms of the Acting-in-Concert Confirmation, pursuant to which he shall consult with other members of the Peng Family and act in accordance with the unanimous consent of the Peng Family whenever he makes any decision or exercises any right in respect of Chanhigh Landscape on behalf of the Peng Family.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Our Directors are satisfied that we are capable of carrying on our business independently from and do not place undue reliance on our Controlling Shareholders taking into consideration the following factors:

(i) Management independence

Our Board comprises three executive Directors, one non-executive Director and three independent non-executive Directors ("**INEDs**").

The Directors believe that our Group will be able to operate independently of our Controlling Shareholders and their close associates after Listing despite the overlapping directorship for the following reasons:

(i) our Board will comprise seven members of which there are three INEDs and our Directors believe that the INEDs can exercise independent judgment free from any conflict of interest;

(ii) with three INEDs out of a Board size of seven, our Directors believe that there is a strong element on our Board which can effectively exercise independent judgment in order to address any situations of conflict of interest and to protect the interests of the independent Shareholders;

(iii) each of our Directors is aware of his or her fiduciary duties as a Director which require, among other things, that he or she acts for the benefit and in the best interest of our Company and does not allow any conflict between his or her duties as a Director and his or her personal interests; and

(iv) in the event that there is a potential conflict of interest arising out of any transaction to be entered into between our Group and our Directors or their respective close associates, the interested Director(s) shall abstain from voting at our relevant Board meetings in respect of such transactions and shall not be counted in the quorum.

Having considered the above factors, our Directors are satisfied that they are able to perform their roles in our Company independently, and our Directors are of the view that we are capable of managing our business independently from our Controlling Shareholders after the Global Offering.

(ii) **Operational independence**

We have established our own organisation structure comprised of individual departments, each with specific areas of responsibilities. We have also established internal control procedures to facilitate the effective and efficient operation of our business. Each department takes a specific role in our operations. There are internal control procedures to ensure effective operation of our business. Furthermore, we have independent access to suppliers and customers who are Independent Third Parties.

Based on the above, our Directors believe that we are capable of carrying on our business independently from our Controlling Shareholders and their respective associates.

(iii) **Financial independence**

Our Group has an independent financial system and makes financial decisions according to our Group's own business needs. Our own accounting department is capable of discharging the treasury functions for cash receipts and payments, accounting, reporting and internal control independently of our Controlling Shareholders and their respective close associates.

Based on the above, our Directors believe that we are able to maintain financial independence from our Controlling Shareholders.

NON-COMPETITION UNDERTAKING

Each of our Controlling Shareholders (collectively be referred to as the "**Covenantors**") has entered into the Deed of Non-competition (being a material contract referred to in "Appendix V — Statutory and General Information" in this prospectus) pursuant to which each of the Covenantors has given an irrevocable non-competition undertaking (the "**Non-Competition Undertaking**") in favour of our Company namely, each of the Covenantors has, among other matters, irrevocably undertaken and covenanted with our Company (for itself or as trustee for the PYH Family Trust and the PTB Family Trust) that at any time during the Relevant Period (as defined below), each of the Covenantors shall directly or indirectly, and shall procure that their close associates and entities or companies controlled by them or its close associates (other than our Group) shall:

(a) not invest, be engaged, interested or otherwise involved, directly or indirectly, in any business in any form or manner (in each case whether as a shareholder, partner, agent or otherwise and whether for profit, reward or otherwise) that is or is likely to be in competition with the business that our Group carries out that includes landscape and municipal works construction business and any business in any form or manner that is or is likely to be in competition with that of any member of our Group or our Group as a whole from time to time (the "**Restricted Activity(ies)**");

(b) not directly or indirectly solicit, interfere with or endeavour to entice away from our Group any person, firm, company or organisation who to his/its knowledge is from time to time or has, at any time within the immediate past two years before the date of this prospectus, been a customer, supplier, or employee of our Group;

(c) not at any time employ any person who has been a director, manager, employee of or consultant to our Group who is or may be likely to be in possession of any confidential information or trade secrets relating to any business of our Group;

(d) not directly or indirectly solicit or persuade any person who has dealt with our Group or is in the process of negotiating with our Group in relation to our Group's business in the PRC and such other jurisdictions which our Group carries on the business from time to time (the "**Territory**"), or cease to deal with our Group or reduce the amount of business which the person would normally do with our Group in the Territory;

(e) not, without the prior written consent from our Company, make use of any information pertaining to the business of our Group which may have come to his/its knowledge for any purpose of engaging, investing or participating in any Restricted Activity in the Territory; and

(f) if there is any project or new business opportunity that relates to the Restricted Activity, refer such project or new business opportunity to our Group for consideration.

The undertaking set out in paragraph (a) above is subject to the exception that the Covenantors and their respective close associates (excluding our Group) are entitled to invest, participate and be engaged in any Restricted Activity or any project or business opportunity, regardless of value, which is either outside the Territory, or which has been offered or made available to our Group, provided always that information about the principal terms thereof has been disclosed to our Company and the Directors, and our Company shall have, after review and approval by the Directors (including the independent non-executive Directors without the attendance by any Director with beneficial interest in such project or business opportunities at the meeting, in which resolutions have been duly passed by the majority of the independent non-executive Directors), confirmed our Company's rejection to be involved or engaged, or to participate, in the relevant Restricted Activity and provided also that the principal terms on which the Covenantor or its relevant close associate (excluding our Group) invests, participates or engages in the Restricted Activity are substantially the same as or not more favourable than those disclosed to our Company. Subject to the above, if the relevant Covenantor or its relevant close associate (excluding our Group) decides to be involved, engaged, or participated in the relevant Restricted Activity, whether directly or indirectly, the terms of such involvement, engagement or participation must be disclosed to our Company and the Directors as soon as practicable. The Non-Competition Undertaking shall only take effect upon Listing.

Notwithstanding the undertakings under (a) to (f) above, nothing shall restrict any of the Covenantors from acquiring or holding interests in equity securities issued by any company engaged in any Restricted Activity provided that each of them (individually or together) will not directly or indirectly own more than 5% of the total issued share capital of such company or control the exercise of more than 5% of the voting rights thereof or control the composition of the board of directors of such company.

For the above purpose, the "**Relevant Period**" means the period commencing from the Listing Date and shall expire on the earlier of the dates below:

(i) the date on which the Covenantors and his/its associates (individually or taken as a whole) cease to own 30% of the then issued share capital of our Company directly or indirectly or cease to be the controlling shareholders of our Company for the purpose of the Listing Rules and do not have power to control our Board; and

(ii) the date on which the Shares cease to be listed on the Stock Exchange.

As at the Latest Practicable Date, none of our Controlling Shareholders nor their respective close associates has any interest in a business, other than our Group's business, which competes or is likely to compete, either directly or indirectly, with our Group's business.

CORPORATE GOVERNANCE MEASURES

Each of the Covenantors has undertaken under the Non-Competition Undertaking that he or it shall provide to our Company all information necessary for the annual review by our INEDs with regard to compliance with the terms of the Non-Competition Undertaking by the Covenantors and for the purpose of implementing the corporate governance measures adopted by our Company in this regard as set out in this prospectus and such other measures relating to non-competition adopted by our Company from time to time. Each of the Covenantors has also undertaken to make an annual declaration as to compliance with the terms of the Non-Competition Undertaking in our Company's annual report and to abstain from voting at any general meeting of our Company if there is any actual or potential conflict of interests. In order to properly manage any potential or actual conflict of interests between our Group and the Covenantors in relation to compliance and enforcement of the Non-Competition Undertaking, our Company will adopt the following corporate governance measures:

(i) our INEDs shall review, at least on an annual basis, compliance and enforcement of the terms of the Non-Competition Undertaking by the Covenantors;

(ii) our Company will disclose any decisions on matters reviewed by our INEDs relating to compliance and enforcement of the Non-Competition Undertaking either through our Company's annual report or by way of announcement;

(iii) our Company will disclose in the corporate governance report of its annual report on how the terms of the Non-Competition Undertaking have been complied with and enforced;

(iv) in the event that any of our Directors and/or their respective close associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Non-Competition Undertaking, he/she may not vote on the resolutions of our Board approving the matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in our Articles of Association; and

(v) our Company will engage the Sole Sponsor as our compliance adviser who shall ensure that our Company is properly guided and advised as to compliance with the Listing Rules and any other applicable laws and regulations.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between the Covenantors and their respective close associates and our Group.

Our Group entered into certain agreements with certain connected persons of our Company in the ordinary and usual course of business during the Track Record Period. Following the Listing, the following transactions will continue between our Group and the relevant connected persons, which will constitute continuing connected transactions for our Company under the Listing Rules. Details of such transactions are set out below.

EXEMPT CONTINUING CONNECTED TRANSACTIONS

The continuing connected transactions below are fully exempt from Shareholders' approval, annual review and all disclosure requirements under the Listing Rules.

Tenancy Agreement

As at 30 December 2015 and with effect from 1 January 2016, Chanhigh Landscape, a wholly-owned subsidiary of our Company (as tenant) entered into a tenancy agreement (the "**Tenancy Agreement**") with YZTB (as landlord) pursuant to which YZTB agreed to lease to Chanhigh Landscape and Chanhigh Landscape agreed to rent from YZTB the 17th and 18th Floors of Canghai Industry Building* (滄海實業大厦) located at No.3388 Canghai Road, Yinzhou District, Ningbo City, Zhejiang Province, the PRC (the "**Premises**") subject to the terms and conditions of the Tenancy Agreement. The Premises are for office use. The construction area of the Premises is 2,000 square metres. The Tenancy Agreement has a term commencing from 1 January 2016 to 31 December 2017 at an annual rent (exclusive of management fees and electricity and water charges) of RMB1,095,000.

As of the Latest Practicable Date, YZTB is a limited liability company established in the PRC which is owned as to 90.18% by CHHG and as to 9.82% by Ms. Wang SF and is principally engaged in leasing of self-owned property, property management and etc. CHHG is owned as to 20% by Mr. Peng DS, 30% by Mr. Peng TB and 50% by Ms. Wang SF, respectively. Mr. Peng DS and Mr. Peng TB are our executive Directors and Ms. Wang SF is our non-executive Director. Accordingly, YZTB is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction under the Tenancy Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon the Listing.

Pricing standard

The rent payable by Chanhigh Landscape to YZTB under the Tenancy Agreement was determined on an arm's length basis. Colliers International (Hong Kong) Ltd., the property valuer of our Company, has reviewed the rental payable by Chanhigh Landscape under the Tenancy Agreement and issued a fair rent letter on 29 June 2016 confirming that the annual rent under the Tenancy Agreement was fair and reasonable and consistent with the current market rents for similar premises in similar location. The Tenancy Agreement was entered into on normal commercial terms. The term of the tenancy under the Tenancy Agreement is two years and the rent payable for the Premises is to be reviewed when renewing the tenancy of the Premises, taking into account the market conditions and the prevailing market rent at the relevant time. The terms for renting the Premises from YZTB, a connected person of our Company should not be less favourable than those offered by Independent Third Parties.

Historical figures and annual caps

Part of the Premises, i.e. 17th Floor of Canghai Industry Building with gross floor area of 1,000 square metres, was leased by YZTB to Chanhigh Landscape during the Track Record Period. For the three years ended 31 December 2013, 2014 and 2015, the annual rent paid by Chanhigh Landscape to YZTB was RMB841,000, RMB841,000 and RMB605,100. Our Directors estimate that the maximum transaction amount under the Tenancy Agreement, including the annual rent, management fees, electricity and water charges, security deposits (for the Tenancy Agreement and have been paid), will not exceed RMB1,245,000 and RMB1,245,000 for the two years ending 31 December 2016 and 2017 respectively. Such estimate is based on the fixed annual rent, management fees and electricity and water charges payable under the Tenancy Agreement.

Since each of the percentage ratios (other than the profit ratios) for the transaction under the Tenancy Agreement is less than 5% on an annual basis and each of the annual caps is less than HK$3,000,000, the transaction under the Tenancy Agreement is exempt from the reporting, annual review, announcement, circular and independent Shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.76(1) of the Listing Rules.

Licence Agreement

On 6 May 2016, our Company entered into a trademark licence agreement (the ''**Licence Agreement**'') with CHHG, pursuant to which CHHG has granted an exclusive right to our Company and our subsidiaries to use a trademark owned by CHHG (classes 1 to 35 and 37 to 42 and 45 registered in the PRC) (the "**Trademark**") for our landscape and municipal works construction business in the PRC, for a term commencing from the Listing to 31 December 2018 for free. For details of the Trademark, see "Appendix V — Statutory and General Information — B. Further information about our business — 2. Intellectual property rights" in this prospectus.

As at the Latest Practicable Date, CHHG is owned as to 20% by Mr. Peng DS, 30% by Mr. Peng TB and 50% by Ms. Wang SF respectively. Mr. Peng DS and Mr. Peng TB are our executive Directors and Ms. Wong SF is our non-executive Director. As a result, CHHG is a connected person of our Company for the purpose of the Listing Rules. Accordingly, the transaction under the Licence Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon Listing.

Reasons for not injecting the Trademark into the Group

The Trademark was applied for the use of CHHG, which is the registrant of the Trademark. CHHG, a PRC company wholly owned by members of the Peng Family, is the holding company of various subsidiaries in the PRC. Its scope of business includes real estate development, property services, marketing, rental services, wholesale and retail of construction materials, hardware and metal products, and project investment. As at the Latest Practicable Date, CHHG held either directly or indirectly 11 subsidiaries, with business operations covering hotel management, property management, advertising, wholesale and retail, asset management and business management consulting.

The Trademark covers a broad range of goods and services in CHHG and the goods and services that relate to the principal business of our Group only constitute a small part of the Trademark. Notwithstanding the Licence Agreement, CHHG would continue to use the Trademark for its business operations. For the above reasons, the Trademark is not injected into our Group but is granted for our use pursuant to the Licence Agreement.

Historical figures and annual caps

There was no historical transaction amount for the three years ended 31 December 2013, 2014 and 2015. Based on the terms and conditions under the Licence Agreement, there will be no transaction amount under the Licence Agreement.

Since each of the percentage ratios (other than the profits ratio) for the Licence Agreement is less than 0.1% on an annual basis, the transaction under the Licence Agreement is exempt from the reporting, annual review, announcement, circular and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules as it falls within the de minimis threshold under Rule 14A.76(1) of the Listing Rules.

Directors' view

Our Directors (including our independent non-executive Directors) are of the view that the continuing connected transactions in respect of the Tenancy Agreement and the Licence Agreement have been entered into in the ordinary and usual course of business of our Group, on normal commercial terms or better, are fair and reasonable and in the interests of our Company and our Shareholders as a whole. Our Directors (including our independent non-executive Directors) are also of the view that the proposed annual caps in respect of the continuing connected transactions under the Tenancy Agreement and the Licence Agreement are fair and reasonable and in the interests of our Company and our Shareholders as a whole.

Compliance with the Listing Rules

If the material terms of the Tenancy Agreement and the Licence Agreement are altered to the extent that it is no longer an exempt continuing connected transaction or if we enter into any new agreements or arrangements with any connected persons in the future under which the aggregate consideration paid or payable by us exceed the limits for exempt continuing connected transactions referred to in the Listing Rules, we will comply with the relevant requirements of the Listing Rules.

NON-EXEMPT CONTINUING CONNECTED TRANSACTION

The following continuing connected transaction will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules upon the Listing.

Framework Agreement

Chanhigh Landscape (as contractor) and Canghu (as principal) entered into a framework agreement on 17 July 2016 (the "**Framework Agreement**") in respect of a municipal project under a PPP operated model by Canghu, i.e. Phase I of the construction of Xinyuan - Taihu International Health City supporting infrastructure (鑫遠•太湖國際健康城配套基礎設施建設一期工程PPP項目) (the "**XYTH Project**"). The principal terms of the Framework Agreement are set out as below.

Parties:	Canghu (as principal) Chanhigh Landscape (as contractor)
Date:	17 July 2016
Term:	from 1 July 2016 to 31 December 2018
Services to be provided:	construction work in relation to the XYTH Project, including construction of municipal roads (including bridges), buildings and ancillary greenery landscape
Total construction service fees:	not exceeding RMB340,000,000
Annual caps of construction service fees:	(i) the construction service fees payable by Canghu to Chanhigh Landscape from the date of the Framework Agreement to 31 December 2016 shall not exceed RMB90,000,000; (ii) the construction service fees payable by Canghu to Chanhigh Landscape from 1 January 2017 to 31 December 2017 shall not exceed RMB170,000,000; and (iii) the construction service fees payable by Canghu to Chanhigh Landscape from 1 January 2018 to 31 December 2018 shall not exceed RMB80,000,000.

As at the Latest Practicable Date, Canghu is a limited liability company established in the PRC and principally engaged in construction and building works of roads, bridges, water works, municipal public works and landscape projects. As at the Latest Practicable Date, 72.7% of the equity interest in Canghu is indirectly owned by CHHG and 20% of the equity interest is owned by a state-owned enterprise, namely Huzhou Nantaihu Municipal Construction Company Limited (湖州南太湖市政建設有限公司) ("**Nantaihu**"), which is an Independent Third Party. The remaining 7.3% of the equity interest in Canghu is indirectly owned by Mr. Peng TB and his spouse. CHHG is owned as to 20% by Mr. Peng DS, 30% by Mr. Peng TB and 50% by Ms. Wang SF respectively. Mr. Peng DS and Mr. Peng TB are our executive Directors and Ms. Wang SF is our non-executive Director. Accordingly, Canghu is a connected person of our Company under the Listing Rules and the transaction under the Framework Agreement will constitute a continuing connected transaction for our Company under Chapter 14A of the Listing Rules upon the Listing.

Reasons for transaction

CHHG obtained the XYTH Project through public tender. It entered into the main contract with Nantaihu on 9 March 2016 in respect of the XYTH Project (the "**Main Contract**"), pursuant to which CHHG and Nantaihu shall form a joint-venture project company to carry out the construction obligations and duties of CHHG under the Main Contract.

The principal businesses of CHHG include, but not limited to, real estate development and investment, and it does not possess the requisite qualifications to provide landscape and municipal works construction services as required under the laws and regulations of the PRC. Therefore, as a property developer, the role undertaken by CHHG in the XYTH Project is to manage and finance the project. It is not responsible for carrying out the construction works; whereas Chanhigh Landscape, as a landscape and municipal works construction service provider, has the relevant qualifications and capability to undertake the construction works. For that reason, Canghu contracted out most of the construction works under the Main Contract to Chanhigh Landscape by entering into the Framework Agreement. The aforesaid arrangement has been agreed by CHHG and Nantaihu after arm's length negotiation and is in compliance with the applicable laws and regulations of the PRC.

In view of the respective roles of CHHG and Chanhigh Landscape in the XYTH Project as indicated above, the Directors believe that CHHG will not be in competition with our Group.

Canghu and Chanhigh Landscape will enter into sub-agreement(s) (the "**Sub-Agreement(s)**") for different types of construction works during the term of the Framework Agreement with similar terms and conditions of the Framework Agreement. The terms of each of the Sub-Agreements shall not conflict with the general principles as set out in the Framework Agreement. Should there be any conflict between the Framework Agreement and any of the Sub-Agreements, the parties shall discuss and agree such adjustments to the Sub-Agreements so that general principles in the Framework Agreement should prevail.

As at the Latest Practicable Date, pursuant to the Framework Agreement, Canghu and Chanhigh Landscape had entered into two Sub-Agreements:-

(a) the Sub-Agreement dated 25 July 2016 in relation to construction of municipal roads, drainage, bridges, roadside lamp posts of the XYTH Project with a total contract sum of RMB150,000,000 ("**Sub-Agreement 1**"); and

(b) the Sub-Agreement dated 27 July 2016 in relation to construction of relocation apartments for the Meidong residents (梅東農民) of the XYTH Project with a total contract sum of RMB135,000,000 ("**Sub-Agreement 2**").

Pricing standard

The total amount of the construction fees under the Main Contract was approximately RMB500,000,000, which was determined by public tender and was published in details in the public tender documents. According to the Main Contract, the construction works in respect of the XYTH Project were divided into several separate parts according to the main roads/streets where the construction works will be carried out, e.g. Xingdugang North Road works (行瀆港北路工程), Yaojiaba Avenue works (姚家壩街工程) and Ganghou Street works (港後街工程). In order to determine the amount of the construction fees for each part of the construction works, the relevant construction fees were further divided into different types of construction works, i.e. construction fees for building roadbed, pavement, bridges and lighting works.

The construction fees charged for each of the aforesaid Sub-Agreements were determined based on (a) a detailed construction cost budget with reference to the information on construction costs published by the Construction Costs Management Association of Huzhou City (湖州市建設工程造價管理協會); and (b) a reasonable profit margin which is similar to those charged on similar projects offered to Independent Third Party customers of our Group. Our fees were determined jointly by our engineering department, operation management department, finance department and procurement department, taking into consideration of the above factors.

Furthermore, prior to entering into the Sub-Agreements, in addition to the two factors mentioned above, the Group shall also take into consideration with reference to the following guidelines when determining the price or the construction fees in the Sub-Agreements for estimating the construction costs:-

(a) Standard Method of Measurement for Public Utilities Works (《市政工程工程量計算規範》) (GB50857-2013) issued by Ministry of Housing and Urban-Rural Development of the PRC (中華人民共和國住房和城鄉建設部) and General Administration of Quality Supervision, Inspection and Quarantine of the PRC (中華人民共和國國家質量監督檢驗檢疫總局) (for municipal projects only);

(b) Budget Quota for Public Utilities Works of Zhejiang Province (《浙江省市政工程預算定額》) (for municipal projects only);

(c) Code of Valuation with Bill of Quantities of Construction Works of Zhejiang Province (2013 version) (《浙江省建設工程工程量清單計價規範》(2013版));

(d) Regulations on Calculation of Costs of Construction Works of Zhejiang Province (2010 version) (《浙江省建設工程計價規則》(2010版));

(e) Charge Quota for Construction Works of Zhejiang Province (2010 version) and Document No. 64 in relation to ancillary works《(浙江省建設工程施工費用定額》(2010版)及配套的浙建站計 [2013]64號文件); and

(f) Charge Quota for Construction Machinery of Zhejiang Province (2010 version) 《浙江省施工機械台班費用定額》(2010版)).

The total amount of the construction service fees not exceeding RMB340,000,000 in relation to the construction works contracted by Canghu to Chanhigh Landscape under the Framework Agreement represents approximately the aggregate amount of the construction fees specified in the Main Contract in respect of all the construction works (other than relocation work) to be subcontracted to Chanhigh Landscape.

The consideration for the amount of the construction service fees under the Framework Agreement is in line with the amount of the relevant construction fees under the Main Contract which was published in the public tender documents in respect of the XYTH Project. The amount of the construction service fees under the Framework Agreement was determined after arm's length negotiation between Canghu and Chanhigh Landscape with reference to the amount of construction fees guided by local government and competent authorities, the prevailing market prices of similar construction services and the experience, terms of service and expected quality rendered by the contractor.

Historical figures

There was no historical transaction amount for the three years ended 31 December 2013, 2014 and 2015. For the year ended 31 December 2016 and the one month ended 31 January 2017, the total construction fees under the Framework Agreement paid by Canghu to Chanhigh Landscape amounted to approximately RMB28,393,000 and RMB23,449,000 respectively.

Basis of annual caps

Our Directors estimate that the maximum transaction amount under the Framework Agreement will not exceed RMB170,000,000 and RMB80,000,000 for the two years ending 31 December 2017 and 2018 respectively. Such estimate is based on the terms and conditions of the Framework Agreement and the Main Contract (completion date of each individual construction work was specified under the Main Contract), our Directors' experience on the construction progress for similar projects as well as the financing arrangement of Canghu. Considering most of the construction works, e.g. construction of buildings, had been carried out during 2016 and will be carried out during 2017, the annual cap of the construction service fees to be paid by Canghu to Chanhigh Landscape for the year ending 31 December 2017 is higher than the annual cap for the year ending 31 December 2018.

Proposed annual caps

With reference to the completion dates under the Main Contract, and after taking into account of: (i) the sequence of the relevant construction works, e.g. construction of roads will be before construction of buildings and follow by construction of greenery landscape; and (ii) inflation, historical price trend of the plants and construction materials, our Directors proposed the annual caps for the amount of construction service fees to be received by Chanhigh Landscape for the two years ending 31 December 2017 and 2018 shall be RMB170,000,000 and RMB80,000,000, respectively.

Internal Control

The entering into of the Sub-Agreements under the Framework Agreement shall be overseen by our senior management, and shall be approved by our Board pursuant to our policy on related party transaction. Upon the Listing, Chanhigh Landscape shall adopt similar policy on connected transactions in accordance with the Listing Rules.

As such, our Directors are of the view that there are adequate internal controls in place to ensure that the entering into of the Sub-Agreements with terms and conditions in line with those of the Framework Agreement.

Directors' Views

Canghu is a specific joint-venture project company formed by CHHG and Nantaihu. The purpose of establishing Canghu is to provide financing and investments for the projects under the Main Contract. On the basis that (i) Canghu does not have any qualifications to carry out construction projects to be engaged by our Group under the Framework Agreement; and (ii) Canghu is a project company established solely for carrying out the XYTH Project, our Directors consider that (i) Canghu is not in competing business of our Group; and (ii) there is no reason for injecting Canghu into our Group as it does not share our business goal and objective in developing into a leading landscape and municipal works construction service provider in the PRC.

Waiver Application

The Directors consider that it would be unduly burdensome and impracticable, and would add unnecessary administrative costs to the Company if the continuing connected transaction under the Framework Agreement is subject to strict compliance with the requirements set out under Chapter 14A of the Listing Rules, including the requirement for publishing an announcement and a circular and obtaining approval of the independent Shareholders in relation to transactions under the Framework Agreement.

Based on the proposed annual caps for the transactions contemplated under the Framework Agreement, as at least one of the applicable percentage ratios calculated by reference to Rule 14A.75 of the Listing Rules will exceed 25% but will be less than 100%, the transaction contemplated thereunder will be subject to the reporting, annual review, announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules.

In respect of the non-exempt continuing connected transaction, our Company has applied to the Stock Exchange, and the Stock Exchange granted a waiver from strict compliance with the announcement and independent Shareholders' approval requirements under Chapter 14A of the Listing Rules subject to the following conditions:-

(a) apart from the announcement and independent shareholders' approval requirements of which a waiver is sought, our Company will comply with the relevant requirements under Chapter 14A of the Listing Rules, including setting the proposed annual caps; and

(b) our Directors and the Sole Sponsor confirming in their view that the transaction under the Framework Agreement has been entered into on normal commercial terms, in our Group's ordinary and usual course of business , and the terms and the proposed annual caps are fair and reasonable and in the interests of our Shareholders as a whole.

The Directors have confirmed that apart from announcement, circular and shareholders' approval requirement of which the waiver is sought, the Company will comply with the relevant requirements under Chapter 14A of the Listing Rules after the Listing.

Confirmations from our Directors

Our Directors, including the independent non-executive Directors, are of the view that (i) the Framework Agreement and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of our Group and are based on arm's length negotiations and on normal commercial terms or terms no less favourable than that offered by the Independent Third Parties; (ii) the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (iii) the proposed annual caps for the non-exempt continuing connected transaction under the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of us and our Shareholders as a whole.

Confirmations from the Sole Sponsor

The Sole Sponsor is of the view that (i) the Framework Agreement and the transactions contemplated thereunder have been entered into in the ordinary and usual course of business of our Group, based on arm's length negotiations and on normal commercial terms and the terms of the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of our Company and our Shareholders as a whole; and (ii) the proposed annual caps for the non-exempt continuing connected transaction under the Framework Agreement and the transactions contemplated thereunder are fair and reasonable and in the interests of us and our Shareholders as a whole.

Previous transactions with related parties

We entered into various related party transaction during the Track Record Period which are contained in the section headed "Related Party Transactions" in Appendix I to this prospectus. Our Directors are of the opinion that these transactions were conducted in the ordinary and usual course of our business and were on normal commercial terms. These transactions will be discontinued after listing of the Shares on the Stock Exchange, except for the continuing connected transactions set out in this section. Any connected transactions shall be conducted in compliance with the applicable provisions of the Listing Rules.

BOARD OF DIRECTORS

Our Board consists of seven Directors, including three executive Directors, one non-executive Director and three independent non-executive Directors. Our Directors are supported by our senior management in the day-to-day management of our business.

The table below sets forth information regarding our Board of Directors.

Name	Age	Position	Date of joining our Group	Date of appointment as a Director	Principal responsibility (Note)	Relationship among Directors and senior management
Mr. Peng Tianbin (彭天斌)	36	executive Director and chairman of our Company	February 2001	1 April 2016	Responsible for overall management, corporate policy making and strategic planning of our Group's business operations	son of Mr. Peng DS and Ms. Wang SF; brother of Mr. Peng YH; cousin of Ms. Bao Lvping
Mr. Peng Yonghui (彭永輝)	35	executive Director and chief executive officer of our Company	April 2004	1 April 2016	Responsible for overall management, financial operation and internal management of the Group	son of Mr. Peng DS and Ms. Wang SF; brother of Mr. Peng TB; cousin of Ms. Bao Lvping
Mr. Peng Daosheng (彭道生)	61	executive Director	February 2001	1 April 2016	Responsible for setting our Group's business directions and focus	father of Mr. Peng TB and Mr. Peng YH; spouse of Ms. Wang SF; uncle of Ms. Bao Lvping
Ms. Wang Sufen (王素芬)	55	non-executive Director	February 2001	1 April 2016	Responsible for providing objective advice and judgment to our Board	mother of Mr. Peng TB and Mr. Peng YH; spouse of Mr. Peng DS; aunt of Ms. Bao Lvping
Mr. Fan Rong (范榮)	53	independent non-executive Director	March 2017	15 March 2017	Providing independent judgment on the Group's strategy, performance, resources and standard of conduct	Nil
Mr. Yang Zhongkai (楊仲凱)	42	independent non-executive Director	March 2017	15 March 2017	Providing independent judgment on the Group's strategy, performance, resources and standard of conduct	Nil
Mr. Shi Weixing (施衛星)	54	independent non-executive Director	March 2017	15 March 2017	Providing independent judgment on the Group's strategy, performance, resources and standard of conduct	Nil

Note: Other than serving on the audit, remuneration, nomination and strategy committees, as is usual for a company of this size, non-executive directors and independent non-executive directors do not have specific operational responsibility but rather, with the benefit of their particular experience, provide strategic guidance to our Board.

Executive Directors

Mr. Peng Tianbin

Mr. Peng Tianbin (彭天斌), aged 36, was appointed as a Director on 1 April 2016 and then was redesignated as an executive Director and chairman of our Company on 15 March 2017. Mr. Peng TB was the vice general manager of Chanhigh Landscape from 2001 to 2005, and was appointed as the chairman of CHHG in 2005. Mr. Peng TB is responsible for overall management, corporate policy making and strategic planning of our Group's business operations. He is currently the general manager, director and legal representative of CHHG.

Mr. Peng TB obtained a diploma in computer application (計算機應用) in July 2000. He joined the Group in 2001, and has since then obtained over 15 years of experience in the landscape and public work construction industry.

Mr. Peng TB obtained the following qualifications over the past years:

Date of obtaining the relevant qualification	Professional qualification	Granting authorities
10 November 2003	Assistant Engineer (Municipal Works) (助理工程師(市政))	Yuecheng Personnel and Labor Bureau (越城區人事勞動局)
October 2007	Assistant Engineer (Highways and Urban Roads Engineering) (助理工程師(公路與城市道路工程))	Ningbo Municipal Personnel Bureau (寧波市人事局)
January 2011	Engineer (Municipal Works) (工程師(市政))	Ningbo Municipal People's Government (寧波市人民政府)

Mr. Peng TB is the son of Mr. Peng DS and Ms. Wang SF, and is the brother of Mr. Peng YH.

Mr. Peng Yonghui

Mr. Peng Yonghui (彭永輝), aged 35, was appointed as a Director on 1 April 2016 and was redesignated as an executive Director on 15 March 2017. Mr. Peng YH is the chief executive officer of our Company and the sole director of TEUR, Vast Base, Chanhigh Investments and Chanhigh HK. He is responsible for overall management, financial operation and internal management of our Group. Mr. Peng YH manages our Group's administrative, human resources and financial departments. He is also in charge of bank financing and other related matters of our Group.

Mr. Peng YH obtained a diploma in highways and urban roads engineering from Changsha University of Science and Technology (長沙理工大學) in June 2004, and a degree in civil engineering from Wuhan University of Technology (武漢理工大學) in June 2006 through an online course. Mr. Peng YH joined our Group in April 2004.

Mr. Peng YH obtained the following qualifications over the past years:

Date of obtaining the relevant qualification	Professional qualification	Granting authorities
25 April 2006	Assistant Engineer (Highways and Urban Roads Engineering) (助理工程師(公路與城市道路工程))	Ningbo Municipal Personnel Bureau (寧波市人事局)
January 2012	Engineer (Roads and Bridges) (工程師(道路橋樑))	Ningbo Municipal People's Government (寧波市人民政府)
26 February 2013	Senior Economist* (高級經濟師)	Zhejiang Human Resources and Social Security Department (浙江省人力資源和社會保障廳)

Mr. Peng Daosheng

Mr. Peng Daosheng (彭道生), aged 61, was appointed as a Director on 1 April 2016, and then was redesignated as an executive Director on 15 March 2017. Mr. Peng DS is the founder of our Group. Since our Group was established, Mr. Peng DS was responsible for its business development and quality control. As Mr. Peng TB and Mr. Peng YH joined our Group, they gradually took over the day-to-day business operations. Mr. Peng DS is now mainly responsible for setting our Group's business directions and focus. He is currently the general manager, director and legal representative of Chanhigh Landscape.

Mr. Peng DS obtained a bachelor's diploma of civil engineering from Changsha University of Science & Technology (長沙理工大學) in June 2004. He has over 15 years of experience in the landscape and public work construction industry. In January 2001, Mr. Peng DS established Chanhigh Landscape and acted as the general manager. In April 2005, CHHG was established and Mr. Peng DS was appointed as the president of CHHG.

Mr. Peng DS obtained the following qualifications in the past years:

Date of obtaining the relevant qualification	Professional qualification	Granting authorities
15 August 1997	Economist (經濟師)	Ningbo Municipal People's Government (寧波市人民政府)
18 June 1998	Intermediate Qualification (Construction and Economics) 中級資格(建築經濟)	Ministry of Personnel, People's Republic of China (中華人民共和國人事部)
9 September 2005	Class B registered Constructor (Highway Engineering) 二級註冊建造師 (公路工程)	Bureau of Construction, Zhehiang, China (浙江省建設廳)
		Bureau of Personnel, Zhejiang, China (浙江省人事廳)
24 February 2011	Senior Economist (高級經濟師)	Zhejiang Human Resources and Social Security Department (浙江省人力資源和社會保障廳)

Mr. Peng DS is the spouse of Ms. Wang SF, our non-executive Director, and father of Mr. Peng TB and Mr. Peng YH, executive Directors.

Non-executive Director

Ms. Wang Sufen

Ms. Wang Sufen (王素芬), aged 55, was appointed as a Director on 1 April 2016 and was then redesignated as a non-executive Director on 15 March 2017. Ms. Wang SF is responsible for providing objective advice and judgment to our Board in relation to major business decisions.

Ms. Wang SF has over 20 years of experience in the trading business. In October 1994, she established YZTB, which specialises in trading, and is the legal representative and general manager of such company.

Ms. Wang SF is the spouse of Mr. Peng DS, one of our executive Directors, and mother of Mr. Peng TB and Mr. Peng YH, also executive Directors.

Independent non-executive Directors

Mr. Fan Rong (范榮), aged 53, was appointed as an independent non-executive Director on 15 March 2017. He is a member of the Chinese Institute of Certified Public Accountants since 1995. In 1996, Mr. Fan was qualified as a certified public tax collector. Since October 2010, Mr. Fan has been working as a partner of Da Hua Certified Public Accountants (大華會計師事務所).

Mr. Fan was graduated from Anhui Open University (安徽廣播電視大學) with a bachelor's degree in accountancy in June 1986. In June 2002, Mr. Fan completed Graduate Programs for Advanced Studies of Sun Yat-Sen Business School (中山大學管理學院).

Mr. Fan worked at Guangzhou Tianhe Accounting Firm (廣州天河會計師事務所) and Lixin Dahua Accounting Firm Guangzhou Branch (立信大華會計師事務所廣州分所) before joining Da Hua Certified Public Accountants.

Mr. Yang Zhongkai (楊仲凱), aged 42, was appointed as an independent non-executive Director on 15 March 2017. He is currently a senior partner (高級合夥人) of Join & High Law Office (天津四方君滙律師事務所).

Mr. Yang studied in Nankai University. He obtained a master's diploma in Political Economy (Politics and Economic Management) (政治經濟學(經濟與政治管理)) from Tianjin Normal University (天津師範大學) in July 2003. On 8 October 2009, Mr. Yang obtained a Master of Arts (International Relations in Economy and Trade) from Flinders University through one of its offshore programmes.

Mr. Yang has been serving as the senior partner of Join & High Law Office (天津四方君滙律師事務所) since 2010.

Mr. Shi Weixing (施衛星), aged 54, was appointed as an independent non-executive Director on 15 March 2017.

Mr. Shi graduated from Tongji University (同濟大學) with a bachelor's degree in architecture (structural engineering) in July 1984. He obtained a master's degree in structural engineering in May 1987, and a doctorate degree in engineering in September 1990.

Mr. Shi is currently a professor at Tongji University. He is a member (副主任委員) of the National Committee for Standardization on Mechanical Vibration and Shock (全國機械振動與衝擊標準化技術委員會) since September 2004.

Save as disclosed in the section headed "Statutory and General Information" in Appendix V to this prospectus and above, each of our Directors has no interests in the Shares within the meaning of Part XV of the SFO and is independent from and is not related to any of our Controlling Shareholders, substantial Shareholders or senior management. Save as disclosed above in the biography of each of our Directors, each of our Directors has not held any directorship in any other public companies the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus, and has not been involved in any of the events described under Rules 13.51(2)(h) to 13.51(2)(v) of the Listing Rules that requires disclosure in this prospectus. Save as disclosed above, there are no other matters concerning each of our Directors which need to be brought to the attention of our Shareholders and the Stock Exchange and there are no other matters in connection with each of our Directors' appointment which require disclosure pursuant to Rule 13.51(2) of the Listing Rules.

Each of our Directors has confirmed that, save as disclosed in this prospectus in particular the section headed "Relationship with Controlling Shareholders", he/she does not have any interest in a business apart from ours which competes or is likely to compete, directly or indirectly, with us which is discloseable under Rule 8.10 of the Listing Rules.

SENIOR MANAGEMENT

The table below sets forth information regarding our senior management.

Name	Age	Position	Date of joining the Group	Date of appointment to the current position	Principal responsibility	Relationship among Directors and senior management
Tong Tai Alex (湯泰)	43	chief financial officer and company secretary of our Company	December 2015	1 December 2015	Responsible for financial management, regulatory compliance, reporting obligations	Nil
Bao Lvping (包綠萍)	32	deputy executive chairman of our Group	1 June 2006	1 April 2016	Responsible for administrative matters	cousin of Mr. Peng YH and Mr. Peng TB; niece of Mr Peng DS and Ms. Wang SF.
Xu Shengfeng (徐勝鋒)	51	deputy general manager of our Group	November 2015	1 April 2016	Responsible for administrative matters	Nil
Yang Jiannan (楊建南)	48	head of quality control department of our Group	16 August 2013	1 April 2016	Responsible for overseeing the quality control of production and construction safety	Nil
Zhu Guangqi (朱光啟)	35	head of procurement department of our Group	1 January 2015	1 January 2016	Responsible for the procurement of raw materials and quality control of the raw materials	Nil
Luo Yining (羅軼寧)	31	head of internal control department of our Group	1 January 2016	1 January 2016	Responsible for handling internal control matters of the Group and liaising work	Nil
Yuan Zhangyong (袁張勇)	33	head of human resources department of our Group	8 October 2010	1 April 2016	Responsible for the processing of administrative data and human resources related matters	Nil

Mr. Alex Tong Tai (湯泰), aged 43, is the chief financial officer and the company secretary of our Company. Mr. Tong joined our Group in December 2015 and is in charge of the finance department. He is responsible for overseeing financial management and regulatory compliance, as well as reporting obligations of the our Company.

Prior to joining to our Group, Mr. Tong worked in PricewaterhouseCoopers for approximately 15 years from September 1997 to November 2012, where the last position he served was as the Senior Manager of the Audit Department. In January 2015, he joined Gansu Heihe Clean Energy Company Limited (甘肅黑河清潔能源股份有限公司) as the company secretary.

Mr. Tong graduated with a bachelor's degree in business administration from The Chinese University of Hong Kong in December 1997. Mr. Tong is a member of Hong Kong Institute of Certified Public Accountants. He is also a member of the Chinese Institute of Certified Public Accountant since 17 February 2016.

Ms. Bao Lvping (包綠萍), aged 32, is the deputy executive chairman of our Group. Ms. Bao joined the Group on 1 June 2006 and has since then obtained over ten years of experience in administrative work. Ms. Bao is in charge of the administrative matters of our Group.

Ms. Bao obtained a diploma in economics from the China University of Geosciences (中國地質大學) in July 2005.

Ms. Bao has obtained the following qualifications in the past years:

Date of obtaining the relevant qualification	Professional qualification	Granting authorities
April 2007	Assistant Economist (助理經濟師)	Ningbo Municipal Personnel Bureau (寧波市人事局)
November 2008	Assistant Engineer (Landscaping) (助理工程師(園林綠化))	Ningbo Municipal Personnel Bureau (寧波市人事局)
December 2008	Municipal Materialman (市政材料員)	Zhejiang Province Construction Bureau (浙江省建設廳)
November 2009	Engineer (Landscaping) (工程師(園林綠化))	Ningbo Municipal People's Government (寧波市人民政府)
31 December 2010	Garden Inspector (園林質檢員)	Bureau of Housing and Urban-Rural Construction of Zhejiang Province (浙江省住房和城鄉建設廳)
2 June 2013	Class B Constructor (二級建造師)	Bureau of Housing and Urban-Rural Construction of Zhejiang Province (浙江省住房和城鄉建設廳)
30 May 2014	Class B Constructor (二級建造師)	Bureau of Human Resources and Social Security Zhejiang Province, China (浙江省人力資源和社會保障廳) Housing and Urban-Rural Development Department of Zhejiang Province (浙江省住房和城鄉建設廳)

Mr. Xu Shengfeng (徐勝鋒), aged 51, is the deputy general manager of our Group. He joined our Group in November 2015. Mr. Xu is primarily responsible for managing our Group's administrative matters, including human resources management and internal operation.

Mr. Xu obtained a bachelor's diploma in traffic construction engineering (交通土建工程) from Chongqing Jiaotong College (重慶交通學院) (predecessor of Chongqing Jiaotong University) on 30 June 2004. He has over 10 years of experience in the landscape and public work industry. Mr. Xu worked at Zhejiang Tiantai Tongda Road & Bridge Engineering Company Limited (浙江省天台縣通達路橋工程有限公司), Zhejiang Youli Construction Engineering Company Limited (浙江友力建設工程有限公司) and Youli Construction Group* (友力建設集團有限公司) and Zhejiang Weida Landscape Construction Company Limited (浙江偉達園林工程有限公司) before joining our Company.

Mr. Xu has obtained the following qualifications in the past years:

Date of obtaining the relevant qualification	Professional qualification	Granting authorities
20 January 2006	Class A Constructor (Highway) (一級建造師 (公路))	Ministry of Construction of the People's Republic of China (中華人民共和國人事部) Ministry of Personnel of the People's Republic of China (中華人民共和國建設部)
2 April 2008	Registered Architect (Highway Engineering) (註冊建造師 (公路工程))	Ministry of Construction of the People's Republic of China (中華人民共和國建設部)
30 December 2009	Senior Engineer (高級工程師 (公路工程))	Zhejiang Human Resources and Social Security Department (浙江省人力資源和社會保障廳)

Mr. Yang Jiannan (楊建南), aged 48, is the head of quality control department of our Group. Mr. Yang is responsible for overseeing the quality of production and construction safety of our Group.

Mr. Yang graduated from Zhejiang Agricultural University (浙江農業大學) (predecessor of Zhejiang University) with a bachelor's degree in engineering. Mr. Yang worked in Ningbo Rongshan Sports Ground Engineering Limited (寧波榮山運動場包房工程有限公司) before joining our Group in August 2013.

Mr. Yang has obtained the following qualifications in the past years:

Date of obtaining the relevant qualification	Professional qualification	Granting authorities
January 2006	Assistant Engineer (agricultural machinery) (助理工程師 (農業機械))	Ningbo Municipal Personnel Bureau (寧波市人事局)
20 March 2007	Class A Constructor (Municipal utilities) (一級建造師 (市政公用))	Ministry of Construction of the People's Republic of China (中華人民共和國人事部) Ministry of Personnel of the People's Republic of China (中華人民共和國建設部)
January 2012	Engineer (Water Supply and Drainage) 工程師(給水排水)	Ningbo Municipal People's Government (寧波市人民政府)
21 February 2014	Cost Engineer (civil engineering) (造價工程師(土建))	Ministry of Human Resources and Social Security, the PRC (中華人民共和國人力資源和社會保障部) Ministry of Housing and Urban Rural Development, the PRC (中華人民共和國住房和城鄉建設部)
25 February 2014	Senior Engineer (Municipal Works) 高級工程師(市政工程)	Zhejiang Human Resources and Social Security Department (浙江省人力資源和社會保障廳)

Mr. Zhu Guangqi (朱光啟), aged 35, is the head of the procurement department of our Group. Mr. Zhu joined our Group on 1 January 2015. He is in charge of the procurement of materials and quality control of the raw materials.

Mr. Zhu obtained a diploma in landscaping from University of Science and Technology Beijing (北京科技大學) in July 2006 through an online course. In November 2009, Fenghua City Personnel Bureau (奉化市人事局) granted the qualification of Garden Engineer (園林工程師) to Mr. Zhu.

Mr. Luo Yining (羅軼寧), aged 30, is the head of the internal control department of our Group. He is responsible for handling internal control matters of our Group and liaising work amongst the Group and its subsidiaries.

Mr. Luo graduated from Shijiazhuang Tiedao College (石家莊鐵道學院) (predecessor of Shijiazhuang Tiedao University) with a diploma in road and bridge construction in June 2007. In July 2014, Mr. Luo obtained a diploma in civil engineering from the China University of Geosciences through an online course offered by the university.

Mr. Luo worked at Ningbo Yinzhou Construction Co. Ltd. (寧波市鄞州建築有限公司) before joining our Company in January 2016.

In the past years, Mr. Luo obtained the following qualifications:

Date of obtaining the relevant qualification	Professional qualification	Granting authorities
4 November 2013	Class B Constructor (Architectural Engineering) (二級建造師 (建築工程))	Bureau of Human Resources and Social Security, Zhejiang China (浙江省人力資源和社會保障廳)
		Bureau of Housing and Urban-Rural Construction Zhejiang, China (浙江省住房和城鄉建設廳)
March 2016	Engineer (Building and Construction) (工程師(建築施工))	Ningbo Municipal People's Government (寧波市人民政府)

Mr. Yuan Zhangyong (袁張勇), aged 33, is the head of the human resources department of our Group. Mr. Yuan is responsible for the processing of administrative data and human resources related matters of our Group.

Mr. Yuan graduated from Zhejiang University of Technology (浙江工業大學) with a diploma in business administration in June 2006. Mr. Yuan joined our Group in August 2010.

Mr. Yuan obtained the qualification of an Assistant Engineer (landscaping) (助理工程師 (園林綠化)) in April 2015 from Ningbo Municipal Human Resources and Social Security Bureau.

Saved as disclosed above in the biography of each of our senior management, each of our senior management has not held any directorship in any public companies, the securities of which are listed on any securities market in Hong Kong or overseas in the three years immediately preceding the date of this prospectus.

COMPANY SECRETARY

Mr. Tong Tai Alex (湯泰), was appointed as the company secretary of our Group on 25 June 2016. For further details about Mr. Tong's biography, please refer to the sub-section headed "Senior Management" above.

COMPLIANCE WITH CORPORATE GOVERNANCE CODE

We have adopted the Corporate Governance Code and Corporate Governance Report as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") and have complied with the applicable Listing Rules.

BOARD COMMITTEES

Pursuant to a resolution of our Directors passed on 15 March 2017, we have established an audit committee, remuneration committee, a nomination committee and a strategy committee. The memberships of our Directors in each of the committees are set out below:

Directors	Position	Audit Committee	Remuneration Committee	Nomination Committee	Strategy Committee
Mr. Peng TB	executive Director and chairman		√		√ (Chairperson)
Mr. Peng YH	executive Director and chief executive officer			√	√
Mr. Fan Rong	independent non-executive Director	√ (Chairperson)			√
Mr. Yang Zhongkai	independent non-executive Director	√	√ (Chairperson)	√	
Mr. Shi Weixing	independent non-executive Director	√	√	√ (Chairperson)	

Audit Committee

We established an audit committee on 15 March 2017 in compliance with Rule 3.21 of the Listing Rules. Written terms of reference in compliance with Rule 3.22 and paragraph C3.3 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules has been adopted. The primary duties of the audit committee are mainly to make recommendation to the Board on the appointment and removal of external auditor; monitor the integrity of the financial statements, annual reports and interim reports and review significant financial reporting judgments contained in them; and oversee financial reporting system, risk management and internal control procedures. At present, our audit committee consists of three members who are Mr. Fan Rong, Mr. Yang Zhongkai and Mr. Shi Weixing. Mr. Fan Rong is the chairman of the audit committee.

Remuneration Committee

We established a remuneration committee on 15 March 2017 in compliance with Rule 3.25 of the Listing Rules. Written terms of reference in compliance with paragraph B1.2 of the Corporate Governance Code as set out in Appendix 14 of the Listing Rules has been adopted. The primary duties of the remuneration committee are mainly to make recommendation to our Board on the overall remuneration policy and structure relating to all Directors and senior management of our Group; review remuneration proposals of the management with reference to our Board's corporate goals and objectives; and ensure none of our Directors or any of their associates determine their own remuneration. At present, the remuneration committee consists of three members who are Mr. Yang Zhongkai, Mr. Shi Weixing and Mr. Peng TB. Mr. Yang Zhongkai is the chairman of the remuneration committee.

Nomination Committee

We established a nomination committee on 15 March 2017. Written terms of reference in compliance with paragraph A5.2 of the Corporate Governance Code as set out in Appendix 14 to the Listing Rules has been adopted. The primary function of the nomination committee is to review the structure, size, composition and diversity of our Board and make recommendations to our Board on the selection of individuals nominated for directorships, appointment or re-appointment of Directors and succession planning for Directors. The nomination committee consists of three members, namely Mr. Shi Weixing, Mr. Yang Zhongkai and Mr. Peng YH. Mr. Shi Weixing is the chairman of the nomination committee.

Strategy Committee

We established a strategy committee on 15 March 2017. The primary function of the strategy committee is to review, study and advise our Group's business strategies, monitoring the progress of the application of the net proceeds from the Global Offering and implementation of our business strategies. The strategy committee consists of three members, namely Mr. Peng TB, Mr. Peng YH and Mr. Fan Rong. Mr. Peng TB is the chairman of the strategy committee.

EMPLOYEES

Please refer to "Business" — "Employees" for further information in relation to our employees and their benefits.

REMUNERATION POLICY

Our Directors and senior management receive compensation in the form of salaries, benefits in kind and discretionary bonuses related to the performance of us. We also reimburse them for expenses which are necessarily and reasonably incurred for providing services to us or executing their functions in relation to our operations. We regularly review and determine the remuneration and compensation package of our Directors and senior management, by reference to, among other things, market level of salaries paid by comparable companies, the respective responsibilities of our Directors and the performance of us.

DIRECTORS' AND SENIOR MANAGEMENT'S REMUNERATION DURING THE TRACK RECORD PERIOD

For the years ended 31 December 2013, 2014 and 2015 and the 10 months ended 31 October 2016, the aggregate remuneration paid and benefits in kind granted to our Directors by us and our subsidiaries was approximately RMB166,000, RMB166,000, RMB182,000 and RMB257,000, respectively.

Save as disclosed in this prospectus, no other emoluments have been paid, or are payable, by us to our Directors in respect of the years ended 31 December 2013, 2014, and 2015 and the 10 months ended 31 October 2016.

Under the arrangements currently in force, we estimate that the aggregate remuneration payable to, and benefits in kind receivable by, our Directors for the year ending 31 December 2017 will be approximately RMB2,910,000.

During the Track Record Period, no remuneration was paid by us to, or received by, our Directors or the five highest paid individuals as an inducement to join or upon joining us or as compensation for loss of office. There was no arrangement under which a director waived or agreed to waive any remuneration during the Track Record Period.

For additional information on Directors' remuneration during the Track Record Period as well as information on the highest paid individuals, please refer to the Accountants' Report set out in Appendix I to this prospectus.

COMPLIANCE ADVISER

We have appointed the Sole Sponsor as our compliance adviser pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance adviser will advise us in the following circumstances:

(a) before the publication of any regulatory announcement, circular or financial report;

(b) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;

(c) where we propose to use the proceeds of the Global Offering in a manner different from that detailed in this prospectus or where our business activities, developments or results deviate from any forecast, estimate, or other information in this prospectus; and

(d) where the Stock Exchange makes any inquiry of us regarding unusual movements in the price or trading volume of the Shares under Rule 13.10 of the Listing Rules.

The term of the appointment shall commence on the Listing Date and end on the date on which we distribute our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment may be subject to extension by mutual agreement.

So far as our Directors are aware, other than a Director or chief executive of our Company, the following persons will, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of Over-allotment Option) and the Capitalisation Issue, have an interest or short position in the Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested, in 10% or more of the nominal value of any class of shares carrying rights to vote in all circumstances at general meetings of any other member of our Group:

		Shares held immediately prior to the completion of the Global Offering and the Capitalisation Issue		**Shares held immediately following the completion of the Global Offering and the Capitalisation Issue**	
Shareholder	**Nature of interest**	**Number of Shares**	**Percentage of shareholding (%)**	**Number of Shares**	**Percentage of shareholding (%)**
Vast Base	Beneficial interest *(Note 2)*	2,000 (L) *(Note 1)*	50%	225,000,000 (L)	37.5%
TEUR	Beneficial interest *(Note 2)*	2,000 (L)	50%	225,000,000 (L)	37.5%
Mr. Peng YH	Trustee *(Note 2)*	4,000 (L)	100%	450,000,000 (L)	75.0%
Mr. Peng TB	Interests under section 317 *(Note 3)*	4,000 (L)	100%	450,000,000 (L)	75.0%
Mr. Peng DS	Interests under section 317 *(Note 3)*	4,000 (L)	100%	450,000,000 (L)	75.0%
Ms. Wang SF	Interests under section 317 *(Note 3)*	4,000 (L)	100%	450,000,000 (L)	75.0%

Notes:

(1) the Letter "L" denotes the entity/person's long position in the Shares.

(2) Vast Base is wholly owned by Mr. Peng YH as the Trustee of the PYH Family Trust. The PYH Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng YH and his descendants who carry the "PENG (彭)" surname. On the other hand, TEUR is wholly owned by Mr. Peng YH as the Trustee of the PTB Family Trust. The PTB Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng TB and his descendants who carry the "PENG (彭)" surname. Under the SFO, Mr. Peng YH as the Trustee of the PYH Family Trust and the PTB Family Trust is deemed to be interested in all Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust.

(3) Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of section 317 of the SFO.

Save as disclosed in the prospectus, our Directors and our chief executive are not aware of any other person who will, immediately following the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of Over-allotment Option) and the Capitalisation Issue, have an interest or short position in any Shares or underlying Shares which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of the SFO, or who are, directly or indirectly interested, in 10% or more of the nominal value of any class of shares capital carrying rights to vote in all circumstances at general meetings of any other member of our Group.

AUTHORISED AND ISSUED SHARE CAPITAL

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

		HK$
Authorised share capital:		
2,000,000,000	Shares	20,000,000

Assuming the Over-allotment Option is not exercised, the issued share capital of our Company immediately following the Global Offering will be as follows:

		HK$
600,000,000	Shares	6,000,000
Issued and to be issued, fully paid or credited as fully paid, upon completion of the Global Offering and the Capitalisation Issue:		
2,000	Shares in issue as at the Latest Practicable Date	20
2,000	Shares issued pursuant to the capitalisation of the PYH Loan	20
449,996,000	Shares to be issued under the Capitalisation Issue	4,499,960
150,000,000	Shares to be issued under the Global Offering	1,500,000
600,000,000	Shares in total	6,000,000

Assuming the Over-allotment Option is exercised in full, the issued share capital of our Company immediately following the Global Offering will be as follows:

		HK$
622,500,000	Shares	6,225,000
Issued and to be issued, fully paid or credited as fully paid, upon completion of the Global Offering and the Capitalisation Issue:		
2,000	Shares in issue as at the Latest Practicable Date	20
2,000	Shares issued pursuant to the capitalisation of the PYH Loan	20
449,996,000	Shares to be issued under the Capitalisation Issue	4,499,960
172,500,000	Shares to be issued under the Global Offering and the Over-allotment Option	1,725,000
622,500,000	Shares in total	6,225,000

ASSUMPTIONS

The above table assumes that the Global Offering becomes unconditional but does not take into account of any Shares which may be issued or repurchased pursuant to the general mandate given to the Directors for issue and allotment of Shares referred to in "Statutory and General Information — A. Further Information about our Company — 4. Resolutions in writing passed by our Shareholders passed on 15 March 2017" in Appendix V to this prospectus or the Repurchase Mandate referred to in "Statutory and General Information — A. Further Information about our Company — 6. Repurchase of Shares by our Company" in Appendix V to this prospectus, as the case may be.

MINIMUM PUBLIC FLOAT

Pursuant to Rule 8.08(1)(a) of the Listing Rules, at all times after Listing, our Group must maintain the minimum prescribed percentage of 25.0% (or such applicable percentage as prescribed by the Stock Exchange) of the issued share capital of our Group in the hands of the public (as defined in the Listing Rules).

RANKING

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

GENERAL MANDATE

Subject to the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with the Shares (otherwise than pursuant to, or in consequence of, the Global Offering, a rights issue or any scrip dividend scheme or similar arrangements, or a special authority granted by our Shareholders) not more than the sum of:

- 120,000,000 Shares, representing 20% of the aggregate number of Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares to be issued pursuant to the exercise of the Over-allotment Option); and

- the aggregate number of Shares repurchased by our Company (if any) pursuant to the Repurchase Mandate.

This general mandate to issue Shares will remain in effect until the earliest of:

- the conclusion of our Company's next annual general meeting;

- the expiration of the period within which our Company's next annual general meeting is required by any applicable laws of the Cayman Islands or the Articles of Association to be held; or

- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

Particulars of this general mandate to allot, issue and deal with Shares are set forth under "Statutory and General Information — A. Further Information about our Company — 4. Resolutions in writing passed by our Shareholders passed on 15 March 2017" in Appendix V to this prospectus.

REPURCHASE MANDATE

Conditional on the Global Offering becoming unconditional, the Directors have been granted a general unconditional mandate to exercise all our powers to repurchase up to 60,000,000 Shares, representing 10% of the aggregate number of Shares in issue immediately following the completion of the Global Offering and the Capitalization Issue (without taking into account any Shares to be issued pursuant to the exercise of the Over-allotment Option).

The Repurchase Mandate only relates to repurchases made on the Stock Exchange, or on any other stock exchange on which the Shares are listed (and which is recognised by the SFC and the Stock Exchange for this purpose), and made in accordance with all applicable laws and the requirements of the Listing Rules. A summary of the relevant Listing Rules is set out in "Statutory and General Information — A. Further Information about our Company — 4. Resolutions in writing passed by our Shareholders passed on 15 March 2017" in Appendix V to this prospectus.

The Repurchase Mandate will remain in effect until the earliest of:

- the conclusion of our Company's next annual general meeting; or
- the expiration of the period within which our Company's next annual general meeting is required by any applicable law or the Articles of Association to be held; or
- it is varied or revoked by an ordinary resolution of our Shareholders in general meeting.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

Our Company has only one class of shares, namely ordinary shares, each of which ranks pari passu with the other shares.

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

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

You should read this section in conjunction with our consolidated financial information, including the notes thereto, as set out in the Accountants' Report set out in Appendix I to this prospectus. The consolidated financial information has been prepared in accordance with IFRSs. You should also read the following discussion and analysis in conjunction with our unaudited preliminary financial for the year ended 31 December 2016 and the accompanying notes in Appendix III, as well as "Appendix III — Unaudited Preliminary Financial Information for the Year ended 31 December 2016 — Management Discussion and Analysis".

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

The following discussion and analysis also contain certain amounts and percentage figures that have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures preceding them and all monetary amounts shown are approximate amounts only.

OVERVIEW

We are one of the prominent landscape and municipal works construction service providers in Zhejiang Province, with footprint covering 12 provinces, three municipalities and two autonomous regions in China. In each project undertaken by us, we, as a contractor, undertake to complete the works awarded to us, arrange the required labour to work on-site, lease major equipment and machineries, procure raw materials, coordinate with different parties and monitor the work progress. Capitalising on our professional qualifications, project execution capability and industry experience accumulated over the years, our service scope has been expanded to include a variety of landscaping and municipal works.

For FY2013, FY2014 and FY2015, our total revenue amounted to RMB554.9 million, RMB659.3 million and RMB1,006.3 million, respectively, representing a CAGR of 34.7% over the three years ended 31 December 2015, while our profit (including other income and gains derived from inter-company lending) for the year amounted to RMB26.8 million, RMB51.9 million and RMB95.2 million, respectively, representing a CAGR of 88.5% over the three years ended 31 December 2015.

For the ten months ended 31 October 2015 and 2016, our total revenue amounted to RMB767.8 million and RMB1,285.0 million, respectively, representing a growth rate of 67.4% over the same period, while our profit (including other income and gains derived from inter-company lending) for the same period amounted to RMB76.5 million and RMB96.2 million, respectively, representing a growth rate of 25.6% over the same period.

BASIS OF PRESENTATION OF FINANCIAL INFORMATION

During the Track Record Period, our Group had adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting periods beginning on 1 January 2015. IFRSs comprise IFRS, International Accounting Standards and Interpretations.

Our Group has not applied the new IFRSs that have been issued but are not yet effective. Our Directors anticipate that the new and revised IFRSs will be adopted in this section when they become effective. Our Group is in the process of assessing, where applicable, the potential effect of all new and revised IFRSs that will be effective in future periods but is not yet in a position to state whether these new and revised IFRSs would have a material impact on its results of operations and financial position. For details, please refer to note 3 of the Accountants' Report set out in Appendix I to this prospectus.

Pursuant to the Reorganisation as detailed in the section headed "History, Development and Reorganisation — Reorganisation" in this prospectus, our Company became the holding company of the companies now comprising our Group on 9 May 2016. As the Reorganisation involved only the insertion of new holding companies at the top of the existing group and did not result in any change in economic substance, our financial information for the Track Record Period has been prepared as a continuation of the existing group using the principles of merger accounting.

The consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Track Record Period. The consolidated statements of financial position as at 31 December 2013, 2014 and 2015 and 31 October 2016 present the assets and liabilities of the companies now comprising our Group as if the current group structure had been in existence at those dates.

KEY FACTORS AFFECTING OUR RESULTS OF OPERATIONS AND FINANCIAL INFORMATION

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

Economic conditions in the PRC and level of investment in landscape and municipal constructions by the PRC government

The general economic conditions in the PRC have affected and may continue to affect our business and results of operations. Our revenue, to a large extent, correlates with the economic conditions in the PRC. We believe that the macro-economic growth, urbanisation, government expenditure on environmental conservation and urban development in the PRC, would impact and influence our financial performance and conditions.

Based on the Frost & Sullivan Report, key drivers boosting the landscaping industry, including accelerating urbanisation, awareness of environment conservation, level of investment in urban landscape construction, were historically propelled by the policies formulated and the actions taken by the PRC government. During the Track Record Period, a critical portion of our revenue was generated from a number of landscaping construction and municipal works construction projects. Furthermore, for the years ended 31 December 2013, 2014, 2015 and the ten months ended 31 October 2016, we had 107, 142, 177 and 286 customers, of which 94, 112, 131 and 216, were state-invested enterprises or local governments and the remaining were private enterprises. We recorded revenue from these state-invested enterprises or local governments of RMB472.7 million, RMB591.3 million, RMB816.3 million and RMB1,036.4 million, representing 85.2%, 89.7%, 81.1% and 80.7%, respectively, of our total revenue for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016. Our business therefore depends largely on the level of investment in the landscape and municipal works construction by the PRC government. In the event that the expenditures are substantially reduced from our customers of state-invested enterprises or local governments, our business, financial conditions and results of operation, as well as our profitability and future growth in revenue, may be adversely affected.

Competition and pricing

We operate in a highly competitive industry in which our competitors include a number of landscape construction and municipal works construction companies that provide services similar to ours. We face keen competition, in particular, during the tendering process. For FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, the number of bids submitted by us was 778, 1,133, 1,362 and 1,145, respectively, and during the same period, we recorded tender success rate of 6.7%, 8.7%, 6.0% and 5.8%, respectively. We compete with our competitors in terms of qualifications, service scope, pricing, raw material sourcing, geographical coverage of the operations, capital strength and skilled labour, which could affect the number of projects awarded to us and the profitability of the projects. The level of competition also impacts our ability to price our services at a desired level so as to achieve our targeted profitability. While it is our objective to charge a reasonable price to maximise Shareholders' value, offering an uncompetitive tender price higher than our competitors may render our tender unsuccessful. Fixing a price based on inaccurate cost estimate or failure to strike a balance between pricing our projects competitively and maintaining an adequate profit margin will affect our financial performance and results of operations. As such, market competition has had, and is expected to continue to have, a significant impact on our business and financial performance.

Recognition of revenue from construction contracts

We recognise our revenue from construction contracts based on the percentage of completion of our projects. Pursuant to the percentage of completion method, revenues are recognised by reference to the work inspected or certified by customers. After commencement of the project, subject to the terms of the contracts, we will submit progress reports periodically to our customers for certification and make progress claims upon meeting an agreed milestone(s). For major projects, each project milestone is normally expressed in terms of a specified percentage, ranging from 20% to 30%, of the total value or volume of work, or in terms of a regular interval of one-month or two-month during the construction period, or by reference to the completion of a specified section (i.e. the number of floors of the building) of work, as certified by our customers, before attaining the stage of substantial completion of work. In some cases, we require our customers to make an upfront payment of around 10% of the total contract value at the time of signing the contract or soon after the commencement of the project. Upon substantial completion of a project, a final inspection and acceptance will be conducted. After final inspection and acceptance of the work, our customer will arrange for Settlement Audit through which the final contract value is determined and certified by our customer's designated cost consultant or audit agency. The usual billing schedule for our major projects during the Track Record Period are summarised as below:

Stage of project	Billing progress
Upon signing of contract or shortly after commencement of project	We may require our customers to make an upfront payment of around 10% of the total contract value
Upon meeting an agreed project milestone(s)	We are entitled to claim for a series of progress payments. For each progress payment, the amount we are entitled to claim could vary greatly according to the terms of the construction contracts, which normally represents 50% to 85% of the relevant completed value or volume of work certified by our customers.
Upon substantial completion of all contract works undertaken by us and inspection of contract works conducted or arranged by customers	Total amount paid and/or payable by our customers (on accumulative basis) in a series of progress payment(s) during the construction period up to Settlement Audit generally represents from 70% to 85% of the total contract value
Upon completion of project and the Settlement Audit	Total amount paid and/or payable by our customers (on an accumulative basis) generally represents 90% to 95% of the total contract value
Post-completion	The remaining 5% to 10% of the total contract value will be held by our customers as retention money and be released to us upon expiry of the warranty period

Therefore, our recognition of revenue from construction contracts and operating cash flow largely depend on the progress of the projects, the time upon which we become entitled to make claim for progress payments and the timing of settlement of our outstanding progress billings by customers. The progress and timeframe of our projects are affected by various factors, such as the project timeline and progress of construction, whereas the timing upon which we are entitled to make claim and receive progress payment depend on the project milestones as stated in the construction contract and the length of internal procedures required to be completed by our customers for approving settlement of our progress billing and negotiation with our customers. As our construction contracts may take months, or years, to complete, the number of contracts, the progress of each contract we undertake and progress of our progress billing settlement in any period may affect our results of operations and lead to fluctuations in revenue recognised from period to period.

Cost of materials consumed

Our cost of materials consumed comprise 69.0%, 71.6%, 71.8% and 65.6% of our cost of services rendered during each of the FY2013, FY2014, FY2015 and the ten months ended 31 October 2016.

The price and availability of materials may vary from period to period due to factors such as customer demand and market conditions. Although we have stable business relationships with our major suppliers and maintain a multiple suppliers policy to reduce reliance on any single supplier, we cannot avoid price fluctuations. As a result, we are exposed to the market risk of price fluctuations, and fluctuations in such prices may cause fluctuations in our cost of services rendered. Any increase in the price of our materials consumed would negatively impact our gross profit margin if we are unable to transfer the increased cost to our customers resulting from such price increase through adjustment of our contract price.

The following sensitivity analysis illustrates the impact of hypothetical fluctuations of our cost of materials consumed from our cost of services rendered on our profit before tax during the Track Record Period. Fluctuations in our cost of materials consumed are assumed to be 5% and 10%.

Hypothetical fluctuations of construction material costs	+/-5%	+/-10%
	RMB'000	RMB'000
Decrease/increase in profit before tax		
Year ended 31 December 2013	-/+16,874	-/+33,748
Year ended 31 December 2014	-/+20,040	-/+40,081
Year ended 31 December 2015	-/+30,121	-/+60,242
Ten months ended 31 October 2016	-/+35,933	-/+71,867

Prospective investors should note that the above analysis on the historical financials is based on assumptions and is for reference only and should not be viewed as actual effect.

For each of the FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, our gross profit amounted to RMB46.6 million, RMB76.6 million, RMB132.5 million and RMB166.8 million, respectively. For illustrative purpose, we would have recorded a breakeven in our gross profit if the cost of materials consumed increased by 13.8%, 19.1%, 22.0% and 23.2%, respectively, from the corresponding periods.

SIGNIFICANT ACCOUNTING POLICIES AND CRITICAL ESTIMATES AND JUDGEMENT

We have identified certain accounting policies that are significant to the preparation of our Group's financial statements. Some of our accounting policies involve subjective assumptions and estimates, as well as complex judgments relating to accounting items. In each case, the determination of these items requires management judgments based on information and financial data that may change in future periods. When reviewing our financial information, you should consider: (i) our selection of critical accounting policies; (ii) the judgments and other uncertainties affecting the application of such policies; and (iii) the sensitivity of reported results to changes in conditions and assumptions. We set forth below those accounting policies that we believe are of critical importance to us or involve the most significant estimates and judgments used in the preparation of our Group's financial statements. Our significant accounting policies, estimates and judgements, which are important for an understanding of our financial condition and results of operations, are set forth in detail in note 4 and note 5 to our financial information included in the section headed "Accountants' Report" in Appendix I to this prospectus.

Selection of critical accounting policies

Revenue recognition

We measured our revenue at the fair value of the consideration received or receivable and recognised it when it is probable that the economic benefits will flow to our Group and the amount of revenue can be measured reliably. We recognised revenue from (i) construction contracts based on the stage of completion of the contract activity; (ii) maintenance service income when the service is rendered; and (iii) interest income on a time-proportion basis using the effective interest method.

Construction contracts

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured. If the variations have not been agreed with customer, variations will be recognised only to the extent of contract cost incurred that it is probable to be recoverable.

Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

We use the "percentage-of-completion method" to determine the appropriate amount of revenue in a given period. When the outcome of a construction contract can be estimated reliably, we recognise revenue from a fixed price contract on the percentage-of-completion method, measured by reference to the work certified of the relevant contracts. We recognise revenue from a cost plus construction contract on the percentage-of-completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total costs of the relevant contract.

When the outcome of a construction contract cannot be estimated reliably, we recognise revenue only to the extent of contract costs incurred that are probable to be recoverable. When it is probable that total contracts costs will exceed total contract revenue, we recognise the expected loss as an expense immediately.

We record construction contracts in progress at the end of the reporting period at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as "Gross amount due from customers for contract work". When progress billings exceed costs incurred plus recognised profits less recognised losses, we record the surplus in the consolidated statement of financial position as "Gross amount due to customers for contract work". We include progress billings not yet paid by the customer in the consolidated statement of financial position under "Trade and bills receivables". We include amounts received before the related work is performed in the consolidated statement of financial position under "Receipts in advance".

Key sources of estimation uncertainty

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment loss for bad and doubtful debts

Our Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, accumulated impairment loss for bad and doubtful debts in respect of other receivables amounted to RMB1.0 million, RMB1.0 million, RMB1.0 million and RMB1.0 million, respectively.

RESULTS OF OPERATIONS

The following table summarises the consolidated statements of profit or loss and other comprehensive income during the Track Record Period, details of which are set out in the Accountants' Report in Appendix I to this prospectus.

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	554,902	659,324	1,006,339	767,835	1,285,015
Cost of services rendered	(489,183)	(559,481)	(839,205)	(637,094)	(1,095,303)
Business tax and auxiliary charges	(19,158)	(23,275)	(34,599)	(27,139)	(22,897)
Gross profit	46,561	76,568	132,535	103,602	166,815
Other income and gains	9,015	4,577	4,900	4,834	1,202
Interest income on amounts due from related parties	18,726	22,937	24,569	21,124	5,513
Administrative and other operating expenses	(17,324)	(12,973)	(14,747)	(10,396)	(31,713)
Profit from operations	56,978	91,109	147,257	119,164	141,817
Finance costs	(19,108)	(21,371)	(20,039)	(16,917)	(8,943)
Profit before tax	37,870	69,738	127,218	102,247	132,874
Income tax expense	(11,079)	(17,799)	(32,039)	(25,724)	(36,724)
Profit for the year/period	26,791	51,939	95,179	76,523	96,150
Total comprehensive income for the year/period	26,791	51,939	95,179	76,523	96,150

DESCRIPTION OF SELECTED ITEMS IN CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Revenue

We derive our revenue principally through undertaking landscape construction, municipal works construction and building works projects, as well as through rendering maintenance and renovation services. Our revenue amounted to RMB554.9 million, RMB659.3 million and RMB1,006.3 million for FY2013, FY2014 and FY2015, respectively, and our revenue amounted to RMB767.8 million and RMB1,285.0 million for the ten months ended 31 October 2015 and 2016, respectively. The growth of revenue generated from our landscape construction segment and municipal works construction segment was the primary driver boosting our total revenue during the Track Record Period.

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

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Landscape construction	232,930	42.0	386,024	58.5	410,230	40.8	310,278	40.4	520,248	40.5
Municipal works construction	227,848	41.1	224,135	34.0	528,746	52.5	409,137	53.3	622,454	48.4
Building works	73,363	13.2	33,207	5.0	51,261	5.1	36,731	4.8	109,712	8.5
Others	20,761	3.7	15,958	2.5	16,102	1.6	11,689	1.5	32,601	2.6
Total	554,902	100.0	659,324	100.0	1,006,339	100.0	767,835	100.0	1,285,015	100.0

The following table sets forth the breakdown of the average contract value of projects newly commenced in each year, for the periods indicated, by segment:

	For the year ended 31 December									For the ten months ended 31 October					
	2013			2014			2015			2015			2016		
	Total contract value of projects newly commenced	No. of projects newly commenced	Average contract value of projects newly commenced	Total contract value of projects newly commenced	No. of projects newly commenced	Average contract value of projects newly commenced	Total contract value of projects newly commenced	No. of projects newly commenced	Average contract value of projects newly commenced	Total contract value of projects newly commenced	No. of projects newly commenced	Average contract value of projects newly commenced	Total contract value of projects newly commenced	No. of projects newly commenced	Average contract value of projects newly commenced
	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000	RMB'000		RMB'000
Landscape construction	312,481	51	6,127	498,262	58	8,591	379,525	42	9,036	270,553	40	6,764	455,923	42	10,855
Municipal works construction	231,484	29	7,982	374,250	46	8,136	588,350	40	14,709	314,198	39	8,056	897,883	52	17,267
Building works	5,933	7	848	36,967	8	4,621	109,412	18	6,078	41,093	10	4,109	153,539	17	9,032
Others	12,431	7	1,776	21,804	16	1,363	13,377	15	892	18,364	8	2,295	81,270	15	5,418
Total	562,329	94	5,982	931,283	128	7,276	1,090,664	115	9,484	644,208	97	6,641	1,588,615	126	12,608

Our revenue from the landscape construction segment was mainly derived from a variety of municipal and private landscaping projects such as planting of trees, constructing parks, buildings and facilities. Our Group recorded an increasing trend on revenue from the landscape construction segment, amounting to RMB232.9 million, RMB386.0 million and RMB410.2 million, respectively, for FY2013, FY2014 and FY2015, and amounting to RMB310.3 million and RMB520.2 million for the ten months ended 31 October 2015 and 2016, respectively, primarily attributable to the increase in total number of landscape construction projects undertaken by us and the increase in the average contract value of our landscape construction projects newly commenced in each year during the Track Record Period.

Our revenue from the municipal works construction segment was mainly derived from municipal road construction, water works and lighting works. Our Group recorded a relatively stable trend on revenue from the municipal works construction segment of RMB227.8 million and RMB224.1 million for FY2013 and FY2014, respectively, and a significant increase by RMB304.6 million or 135.9% to RMB528.7 million for FY2015, primarily attributable to the significant increase in the average contract value of our municipal works construction projects newly commenced for FY2015. Our Group recorded an increasing trend on revenue from the municipal works construction segment by RMB213.4 million or 52.2% from RMB409.1 million for the ten months ended 31 October 2015 to RMB622.5 million for the ten months ended 31 October 2016, respectively, primarily attributable to the increase in the number of projects newly commenced and increase in average contract value for the ten months ended 31 October 2016.

Our revenue from the building works segment was mainly derived from building constructions. Our Group experienced a decrease in revenue from the building works segment by RMB40.2 million or 54.7% from RMB73.4 million for FY2013 to RMB33.2 million for FY2014, primarily attributable to the completion of a major building works project in Zhejiang for CHHG, a connected person of our Company, during FY2013. Our revenue from the building works segment increased by RMB18.1 million or 54.7% from RMB33.2 million for FY2014 to RMB51.3 million for FY2015, primarily attributable to the increase in number of building works projects newly commenced in FY2015. Our revenue from the building works segment increased by RMB73.0 million or 198.7% from RMB36.7 million for the ten months ended 31 October 2015 to RMB109.7 million for the ten months ended 31 October 2016, primarily attributable to the increase in the number of projects and increase in average contract value that recognised revenue for the ten months ended 31 October 2016.

Our revenue from the others segment was mainly derived from the maintenance and renovation services provided by us. We recorded revenue from the others segment of RMB20.8 million, RMB16.0 million and RMB16.1 million for FY2013, FY2014 and FY2015, respectively, and RMB11.7 million and RMB32.6 million for the ten months ended 31 October 2015 and 2016, respectively. Our Group recorded relatively smaller amount of revenue from the others segment for FY2014 and FY2015 compared with FY2013, mainly for the reason that we had completed two relatively large-size renovation works projects in FY2013.

The following table sets forth the breakdown of our revenue and the number of projects undertaken by us by project status, for the periods indicated:

	For the year ended 31 December/As at 31 December						For the ten months ended 31 October/ As at 31 October			
	2013		2014		2015		2015		2016	
	Revenue recognised for the year (RMB'000)	No. of projects completed or in progress	Revenue recognised for the year (RMB'000)	No. of projects completed or in progress	Revenue recognised for the year (RMB'000)	No. of projects completed or in progress	Revenue recognised for the period (RMB'000) (unaudited)	No. of projects completed or in progress	Revenue recognised for the period (RMB'000)	No. of projects completed or in progress
Completed	315,613	79	311,031	99	404,153	143	294,525	97	504,354	100
In progress	239,289	64	348,293	93	602,186	84	473,310	105	780,661	115
Total	554,902	143	659,324	192	1,006,339	227	767,835	202	1,285,015	215

For a list of our major completed projects and projects in progress during the Track Record Period, please refer to the section headed "Business — Works Undertaken by Us" in this prospectus.

The following table sets forth the breakdown of our revenue by the contract value of the relevant projects (comprising completed projects and projects in progress) for the periods indicated:

	For the year ended 31 December									For the ten months ended 31 October		
	2013			2014			2015			2016		
	Revenue recognised	No. of projects (completed or in progress)	% to total revenue	Revenue recognised	No. of projects (completed or in progress)	% to total revenue	Revenue recognised	No. of projects (completed or in progress)	% to total revenue	Revenue recognised	No. of projects (completed or in progress)	% to total revenue
	(RMB in millions)			*(RMB in millions)*			*(RMB in millions)*			*(RMB in millions)*		
Over RMB50 million	154.5	5	27.9	66.6	4	10.1	267.3	9	26.6	479.0	19	37.3
Over RMB10 million to RMB50 million	257.0	25	46.3	410.2	41	62.2	447.1	51	44.4	577.9	60	45.0
Over RMB5 million to RMB10 million	55.6	18	10.0	98.3	29	14.9	183.8	50	18.3	122.8	33	9.6
Up to RMB5 million	87.9	95	15.8	84.2	118	12.8	108.1	117	10.7	105.3	103	8.1
Total	555.0	143	100.0	659.3	192	100.0	1,006.3	227	100.0	1,285.0	215	100.0

Cost of services rendered

Our cost of services rendered comprises mainly costs of materials consumed, direct labour cost, leasing of equipment and machineries, depreciation and other direct costs. Our cost of services rendered amounted to RMB489.2 million, RMB559.5 million and RMB839.2 million for FY2013, FY2014 and FY2015, respectively. Our cost of services rendered amounted to RMB637.1 million and RMB1,095.3 million for the ten months ended 31 October 2015 and 2016, respectively. Cost of materials consumed is our major cost incurred, accounting for 69.0%, 71.6%, 71.8%, 69.5% and 65.6% of our total cost of services rendered for FY2013, FY2014, FY2015, the ten months ended 31 October 2015 and 2016, respectively, mainly representing the raw materials consumed in the process of our construction and related works. Direct labour cost mainly comprises salaries, wages and social security costs for those who are directly involved in our projects and related services, including salaries and social security costs incurred by our employees in the project teams and labour service fees we paid to the labour service providers for labour services provided. Our cost of services rendered also includes rental expenses for equipment and machineries used in our landscaping, municipal or building works projects and an insignificant portion of depreciation on equipment and machineries of our own.

The following table sets forth, for the periods indicated, a breakdown of our cost of services rendered by nature:

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Materials consumed	337,482	69.0	400,809	71.6	602,416	71.8	442,982	69.5	718,670	65.6
- Plants and saplings	217,282	44.4	270,587	48.4	424,686	50.6	320,128	50.2	468,221	42.7
- Cements	37,002	7.6	34,338	6.1	47,279	5.6	27,508	4.3	54,476	5.0
- Steels	15,605	3.2	16,943	3.0	30,938	3.7	21,095	3.3	68,002	6.2
- Other materials consumed	67,593	13.8	78,941	14.1	99,513	11.9	74,251	11.7	127,971	11.7
Direct labour cost	74,354	15.2	60,765	10.9	109,354	13.0	93,475	14.7	192,177	17.5
- Labour service cost	65,198	13.3	49,992	8.9	96,525	11.5	82,568	13.0	181,802	16.6
- Project management cost	9,156	1.9	10,773	2.0	12,829	1.5	10,907	1.7	10,375	0.9
Leasing of equipment and machineries	60,634	12.4	80,036	14.3	102,613	12.2	83,788	13.2	157,028	14.3
Depreciation	1,286	0.3	1,123	0.2	628	0.1	557	0.1	345	0.1
Other direct costs	15,427	3.1	16,748	3.0	24,194	2.9	16,292	2.5	27,083	2.5
Total	489,183	100.0	559,481	100.0	839,205	100.0	637,094	100.0	1,095,303	100.0

Our cost of materials consumed mainly comprise plants and saplings, cements, steels and other materials consumed. We recorded cost of materials consumed of RMB337.5 million, RMB400.8 million and RMB602.4 million, respectively, for FY2013, FY2014 and FY2015. We recorded cost of materials consumed of RMB443.0 million and RMB718.7 million for the ten months ended 31 October 2015 and 2016, respectively. During the Track Record Period, our Group recorded a continuous growth in plants and saplings consumed, amounting to RMB217.3 million, RMB270.6 million and RMB424.7 million for FY2013, FY2014 and FY2015, and RMB320.1 million and RMB468.2 million for the ten months ended 31 October 2015 and 2016, respectively. For FY2013, FY2014 and FY2015, the increase was generally in line with our revenue growth from the landscape construction and municipal works construction segments during the respective years, and for the ten months ended 31 October 2015 and 2016, the overall increase was partially offset by the decrease in average prices for plants and saplings purchased from the market. Our cements consumed remained relatively stable at RMB37.0 million and RMB34.3 million for FY2013 and FY2014, while the amount increased to RMB47.3 million for FY2015, primarily attributable to the increase in number of building works and municipal works construction undertaken by us during FY2015. Our cements consumed increased from RMB27.5 million to RMB54.5 million for the ten months ended 31 October 2015 and 2016, which was generally in line with our revenue growth during the respective periods. Our steels consumed also remained relatively stable at RMB15.6 million and RMB16.9 million for FY2013 and FY2014. Our cements consumed increased to RMB30.9 million for FY2015, and the amounts increased significantly from RMB21.1 million to RMB68.0 million for the ten months ended 31 October 2015 and 2016, primarily attributable to the increase in number of building works and municipal works construction projects during the respective periods. Our other materials consumed mainly represent miscellaneous construction materials consumed such as timbers, pipes, stones and sands, and the growth was generally in line with our overall revenue growth during the Track Record Period.

Our direct labour cost amounted to RMB74.4 million, RMB60.8 million and RMB109.4 million for FY2013, FY2014 and FY2015, and amounted to RMB93.5 million and RMB192.2 million, for the ten months ended 31 October 2015 and 2016, respectively. Our Group experienced a decrease in direct labour cost by RMB13.6 million or 18.3% for FY2014, primarily because (i) we used more equipment and machineries other than the manual workers to undertake and facilitate our construction and related works in accordance with our customers' requirements specified in the relevant contracts during FY2014; and (ii) the number of the more labor intensive building works projects decreased in FY2014. Our Group recorded a significant increase of direct labour cost of RMB48.6 million or 80.0% for FY2015, and we recorded an increase in direct labour cost of RMB98.7 million or 105.6% for the ten months ended 31 October 2015 and 2016, primarily attributable to (i) the increase in total number of projects undertaken by us for the respective periods; (ii) the inclusion of VAT tax expenses as part of our labour service cost pursuant to the PRC tax reform effective since May 2016; (iii) the increase in average wages in the PRC labour market during the respective periods; and (iv) the higher direct labour cost incurred for certain newly commenced projects during the ten months ended 31 October 2016 which involved more complex manual work. Furthermore, we recorded an increasing trend on project management expenses, amounting to RMB9.2 million, RMB10.8 million and RMB12.8 million for FY2013, FY2014, FY2015, respectively, which was generally in line with our total revenue growth derived from the increase in the number of projects completed or in progress during the Track Record Period. The amounts remained relatively stable for the ten months ended 31 October 2015 and 2016 as the number of projects completed or in progress remained relatively stable during the respective periods.

Our leasing of equipment and machineries amounted to RMB60.6 million, RMB80.0 million and RMB102.6 million for FY2013, FY2014 and FY2015, and amounted to RMB83.8 million and RMB157.0 million, for the ten months ended 31 October 2015 and 2016, respectively. The increase in leasing of equipment and machineries was primarily due to the increase in total number and average size of projects undertaken by us during the Track Record Period.

Our other direct cost mainly comprise miscellaneous expenses directly related to our construction and related works, such as travelling expenses, consultancy fees in relation to our projects and site office expenses. Our Group recorded a growth in other direct cost of RMB15.4 million, RMB16.7 million and RMB24.2 million for FY2013, FY2014 and FY2015, and RMB16.3 million and RMB27.1 million for the ten months ended 31 October 2015 and 2016, respectively, which was generally in line with the growth in our cost of services rendered during the Track Record Period.

The sensitivity analysis illustrating the impact of hypothetical fluctuations of our cost of materials consumed from our cost of services rendered on our profit before tax during the Track Record Period is set forth in details in the paragraph headed "Key factors affecting our results of operations and financial information" in this section.

Business tax and auxiliary charges

Business tax and auxiliary charges represent relevant taxes borne by our Group for conducting our business activities, including business tax, urban maintenance and construction tax and education surcharges. Business tax and auxiliary charges amounted to RMB19.2 million, RMB23.3 million and RMB34.6 million for FY2013, FY2014 and FY2015, and amounted to RMB27.1 million and RMB22.9 million for the ten months ended 31 October 2015 and 2016, respectively, representing 3.5%, 3.5%, 3.4%, 3.5% and 1.8%, respectively, of our revenue for the same periods. The increase in the amounts of business tax and auxiliary charges during the Track Record Period were generally in line with our total revenue, and we recorded a comparatively lower percentage to the total revenue for the ten months ended 31 October 2016 primarily because our Group is subject to VAT instead of business tax pursuant to the PRC tax reform effective since May 2016. Please refer to the section headed "Regulatory Overview — Transitioning from Business Tax to Value-Added Tax" for further details.

Gross profit and gross profit margin

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

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Landscape construction	19,917	8.6	48,366	12.5	63,645	15.5	47,787	15.4	79,424	15.3
Municipal works construction	18,930	8.3	23,657	10.6	62,656	11.8	50,914	12.4	76,221	12.2
Building works	5,660	7.7	2,037	6.1	3,598	7.0	2,793	7.6	7,828	7.1
Others	2,054	9.9	2,508	15.7	2,636	16.4	2,108	18.0	3,342	10.3
Total	46,561	8.4	76,568	11.6	132,535	13.2	103,602	13.5	166,815	13.0

We recorded a continuous growth in our gross profit during the Track Record Period, amounting to RMB46.6 million, RMB76.6 million and RMB132.5 million for FY2013, FY2014 and FY2015, and amounting to RMB103.6 million and RMB166.8 million for the ten months ended 31 October 2015 and 2016, respectively, and we recorded our gross profit margin at 8.4%, 11.6%, 13.2%, 13.5% and 13.0%, respectively, for the same periods.

Our gross profit generated from the landscape construction segment increased by RMB28.4 million or 142.8% from FY2013 to FY2014, and further increased by RMB15.3 million or 31.6% for FY2015. Our gross profit generated from the landscape construction segment increased by RMB31.6 million or 66.2% for the ten months ended 31 October 2015 and 2016. Our gross profit margin from the landscape construction segment rose steadily from FY2013 to FY2015, mainly due to: (i) we targeted to undertake landscape construction projects with more complicated designs that enabled us to add higher value to our services provided, which was reflected from the increase in the average contract sum of projects newly commenced in each year from FY2013 to FY2015; and (ii) we enjoyed economies of scale to reduce certain direct cost incurred such as transportation costs of our materials consumed, dismantling costs of our construction sites and installation costs of our equipment and machineries, from undertaking landscape construction projects of larger scale from FY2013 to

FY2015. Our overall gross profit margin from the landscape construction segment remained relatively stable for the ten months ended 31 October 2016 as compared to that for FY2015.

Our gross profit generated from the municipal works construction segment increased by RMB4.7 million or 25.0% from FY2013 to FY2014, and further increased by RMB39.0 million or 164.9% for FY2015. Our gross profit generated from the municipal works construction segment increased by RMB25.3 million or 49.7% for the ten months ended 31 October 2015 and 2016. Our gross profit margin from the municipal works construction segment increased steadily from FY2013 to FY2015 and remained relatively stable for the ten months ended 31 October 2016, which was mainly attributed to the reason of economies of scale that we enjoyed to reduce certain direct cost incurred from FY2013 to FY2015.

Our gross profit generated from the building works segment decreased by RMB3.6 million or 64.0% from FY2013 to FY2014, mainly resulting from the completion of a major building works project in Zhejiang for CHHG, a connected person of our Company, in FY2013. The amount subsequently increased by RMB1.6 million or 76.6% for FY2015, and increased by RMB5.0 million or 180.3% for the ten months ended 31 October 2015 and 2016 mainly resulting from a hotel resort project newly commenced in FY2015 and the ten months ended 31 October 2016. Our gross profit margin from the building works segment remained relatively stable during the Track Record Period, except for FY2014 when we undertook certain one-off small-size projects with comparatively low gross profit margin.

Our gross profit generated from the others segment accounted for 4.4%, 3.3%, 2.0%, 2.0% and 2.0% of our total gross profit for FY2013, FY2014, FY2015, the ten months ended 31 October 2015 and 2016 respectively, and took the least effect on our gross profit and gross profit margin during the Track Record Period.

Other income and gains

Other income and gains mainly represent: (i) the fair value change on biological assets during FY2013. For details, please refer to the section headed "History, Development and Reorganisation — Subsidiaries Disposed of by our Group During the Track Record Period" in this prospectus; (ii) the government subsidy, and incentives and awards for the achievements of our Group during the Track Record Period; and (iii) the bank interest income from our bank deposits.

The following table sets forth a breakdown of our other income and gains for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Fair value change on biological assets (Note)	5,783	64.1	—	—	—	—	—	—	—	—
Government subsidy, incentives and awards	1,790	19.9	1,913	41.8	1,835	37.5	1,835	38.0	831	69.1
Interest income on bank deposits	858	9.5	2,657	58.1	2,814	57.4	2,757	57.0	156	13.0
Others	584	6.5	7	0.1	251	5.1	242	5.0	215	17.9
Total	9,015	100.0	4,577	100.0	4,900	100.0	4,834	100.0	1,202	100.0

Note: The biological assets belonged to Ningbo Chanhigh Agricultural Development Limited, a company disposed of by our Group on 13 November 2013.

Other income and gains amounted to RMB9.0 million, RMB4.6 million and RMB4.9 million for FY2013, FY2014 and FY2015, and amounted to RMB4.8 million and RMB1.2 million for the ten months ended 31 October 2015 and 2016, respectively. Our other income and gains decreased by RMB4.4 million from FY2013 to FY2014, mainly attributable to the one-off fair value change on biological asset of RMB5.8 million in FY2013 and partially offset by the increase in interest income on bank deposits by RMB1.8 million for FY2014. The slight increase in other income and gains for FY2015 was mainly due to the slight increase in interest income on bank deposits as a result of the increase in average balances during the same year. The decrease in other income and gains for the ten months ended 31 October 2016 was mainly due to the decrease in government subsidy, incentives and awards and decrease in interest income on bank deposits as a result of (i) the decrease in average monthly balances of the bank deposits respectively; and (ii) the decrease in interest rates due to the decrease in PBOC benchmark rate during the respective periods.

Interest income on amount due from related parties

Interest income on amount due from related parties represents the interest charged on our advances to our related companies and amounted to RMB18.7 million, RMB22.9 million, RMB24.6 million, RMB21.1 million and RMB5.5 million for FY2013, FY2014, FY2015 and the ten months ended 31 October 2015 and 2016, respectively. The increase in interest income on amount due from related parties by RMB4.2 million from FY2013 to FY2014 and by RMB1.7 million from FY2014 to FY2015, respectively, was mainly attributable the increase in average monthly balances of the amounts due from related parties for the respective years. The significant decrease in interest income on amount due from related parties by RMB15.6 million from the ten months ended 31 October 2015 to the ten months ended 31 October 2016 was mainly attributable to the full settlement of amounts due from related parties during the latter period.

We charged interest rates at 0.4% to 1.0% per month on the advances to related companies with reference to PBOC benchmark rates, and based on cost of capital, business nature and share capital structure of the respective related companies during the Track Record Period. The weighted average interest rates on the interest income from related companies were 8.2%, 7.8%, 7.7% and 5.6% for

FY2013, FY2014, FY2015 and the ten months ended 31 October 2016, respectively. The continuous decrease in our weighted average interest rates during the Track Record Period was generally in line with the decrease in PBOC benchmark rates for the same periods. For details on the balances of amounts due from related parties, please refer to "Description of Certain Items of Consolidated Statements of Financial Position — Amounts due from related companies/amount due to a director" in this section.

Administrative and other operating expenses

Administrative and other operating expenses primarily comprise staff salaries and benefits, bad debts of trade receivables, legal and professional fees, business development expenses, other tax and related expenses, depreciation, operating lease rental on office premises, allowance on other receivables, motor vehicle expenses, donations and others.

The following table sets forth a breakdown of our administrative and other operating expenses for the periods indicated:

	For the year ended 31 December						For the ten months ended 31 October			
	2013		2014		2015		2015		2016	
	RMB'000	%	RMB'000	%	RMB'000	%	RMB'000 (unaudited)	%	RMB'000	%
Staff salaries and benefits	4,568	26.4	4,216	32.5	5,662	38.4	4,192	40.4	7,613	24.0
Bad debts of trade receivables	2,244	13.0	—	—	—	—	—	—	—	—
Legal and professional fees	2,119	12.2	346	2.7	1,014	6.9	232	2.2	422	1.3
Business development expenses	1,885	10.9	1,118	8.6	2,058	14.0	1,429	13.7	2,668	8.4
Other tax and related expenses	1,117	6.4	1,628	12.5	2,422	16.4	1,864	17.9	2,361	7.4
Depreciation	1,031	6.0	52	0.4	48	0.3	40	0.4	57	0.2
Operating lease rental on office premises	883	5.1	841	6.5	605	4.1	504	4.8	1,009	3.2
Allowance on other receivables	700	4.0	—	—	—	—	—	—	—	—
Motor vehicle expenses	631	3.6	473	3.6	581	3.9	541	5.2	572	1.8
Donations	—	—	2,110	16.3	—	—	—	—	—	—
Listing expenses	—	—	—	—	—	—	—	—	13,026	41.1
Other administrative and other operating expenses	2,146	12.4	2,189	16.9	2,357	16.0	1,594	15.4	3,985	12.6
Total	17,324	100.0	12,973	100.0	14,747	100.0	10,396	100.0	31,713	100.0

Administrative and other operating expenses amounted to RMB17.3 million, RMB13.0 million and RMB14.7 million for FY2013, FY2014 and FY2015, and amounted to RMB10.4 million and RMB31.7 million for the ten months ended 31 October 2015 and 2016, respectively. As a percentage of total revenue, our administrative expenses accounted for 3.1%, 2.0%, 1.5%, 1.4% and 2.5% for the respective periods.

Our staff salaries and benefits mainly included directors' emoluments, employee benefits as well as retirement and benefit scheme expenses. Our administrative staff cost amounted to RMB4.6 million, RMB4.2 million and RMB5.7 million for FY2013, FY2014 and FY2015, and amounted to RMB4.2 million and RMB7.6 million for the ten months ended 31 October 2015 and 2016, respectively. The slight decrease in staff salaries and benefits for FY2014 was mainly attributable to the decrease in the number of our administrative staff due to the disposal of Chanhigh Agricultural in FY2013, and the subsequent increase for FY2015 and the ten months ended 31 October 2016 was mainly attributable to the increase in staff salaries and provision for retirement and benefit scheme expenses.

Our legal and professional fees mainly include consultancy fees, valuation and service fees and others. Our legal and professional fees amounted to RMB2.1 million, RMB0.3 million and RMB1.0 million for FY2013, FY2014 and FY2015, and amounted to RMB0.2 million and RMB0.4 million for the ten months ended 31 October 2015 and 2016, respectively. The higher amount incurred for FY2013 was primarily attributable to the various financing advisory services charged by the banks in FY2013. The higher amount incurred in FY2015 was primarily attributable to the increase in management consultancy fees.

Our other tax and related expenses mainly comprise miscellaneous taxes and related expenses incurred such as stamp duty and contributions to local water conservancy construction fund (地方水利建設基金). Our other tax and related expenses amounted to RMB1.1 million, RMB1.6 million and RMB2.4 million for FY2013, FY2014 and FY2015, and amounted to RMB1.9 million and RMB2.4 million for the ten months ended 31 October 2015 and 2016, respectively. The increase in amounts during the Track Record Period was generally in line with our business growth during the respective periods.

Our other administrative and other operating expenses mainly include utility expenses, office expenses, travelling expenses and others. Our other administrative and other operating expenses remained relatively stable at RMB2.1 million, RMB2.2 million and RMB2.4 million for FY2013, FY2014 and FY2015, and amounted to RMB1.6 million and RMB4.0 million for the ten months ended 31 October 2015 and 2016, respectively.

Certain major non-recurring administrative and other operating expenses during the Track Record Period included the one-off bad debt expense of trade receivables of RMB2.2 million incurred in FY2013 in relation to uncollectible debts from certain customers, one-off donation expenses of RMB2.1 million incurred in FY2014 for donations made to Ningbo Yinzhou Society for the Promotion of the Guangcai Program (寧波市鄞州區光彩事業促進會), a non-profit social organisation, in respect of a water control project in Ningbo, one-off allowance on other receivables of RMB0.7 million incurred in FY2013 in relation to uncollectible construction contracts performance guarantees from certain customers and one-off listing expenses of RMB13.0 million.

Finance costs

Our finance costs represent interest expense on bank borrowings that are wholly repayable within one year. Our finance costs remained relatively stable for FY2013, FY2014 and FY2015, amounting to RMB19.1 million, RMB21.4 million and RMB20.0 million, respectively. Our finance costs decreased from RMB16.9 million for the ten months ended 31 October 2015 to RMB8.9 million for the ten months ended 31 October 2016 which were attributable to (i) the decrease in average monthly balance of bank borrowings during the respective periods; and (ii) the decrease in bank borrowing rates due to the decrease in PBOC benchmark rate during the respective periods.

Income tax expense

Our Group is subject to income tax on an individual legal entity basis on profits arising in or derived from the tax jurisdictions in which companies comprising our Group domicile or operate.

Cayman Island/BVI profits tax

Our Group has not been subject to any taxation in the Cayman Island/BVI.

Hong Kong profits tax

No provision for Hong Kong Profits Tax is required since our Group has no assessable profit derived from and in Hong Kong for the Track Record Period.

PRC enterprise income tax

Our income tax expenses were RMB11.1 million, RMB17.8 million and RMB32.0 million for FY2013, FY2014 and FY2015, and amounted to RMB25.7 million and RMB36.7 million for the ten months ended 31 October 2015 and 2016, respectively, and our effective tax rates for the corresponding periods were 29.3%, 25.5%, 25.2%, 25.2% and 27.6%, respectively. The comparatively higher effective tax rate for the ten months ended 31 October 2016 was mainly due to the non-recurring and non-deductible listing expenses incurred.

Chanhigh Landscape

Since 1 January 2009, Chanhigh Landscape, our operating subsidiary in the PRC, has been assessed and has paid the EIT on a deemed profit basis (i.e. by first multiplying the revenue for a period by the rate of 4% from 1 January 2009 to 31 December 2012 and the rate of 8% from 1 January 2013 to 31 December 2013, respectively, and then applying the tax rate of 25% to the results) (the "**Deemed Profit Basis**") in accordance with the assessment of the local tax bureau of Yinzhou District, Ningbo City and pursuant to the notices issued by such bureau.

Our PRC Legal Advisers opined that, according to the Law of the People's Republic of China Concerning the Administration of Tax Collection (《中華人民共和國税收徵收管理法》) (the "**Tax Collection Law**"), the Detailed Rules for the Implementation of the Law of the People's Republic of China on the Administration of Tax Collection (《中華人民共和國税收徵收管理法實施細則》) (the "**Detailed Rules**") and Circular No. 30, which came into effect from 1 January 2008, local tax authority is the competent and responsible authority to examine and determine tax basis applicable to the enterprises within its jurisdiction. Pursuant to the notice dated 27 April 2013 issued by the local tax bureau of Yinzhou District, Ningbo City, the EIT of Chanhigh Landscape for FY2013 was charged on the Deemed Profit Basis. Pursuant to the notice dated 24 July 2014 issued by the local tax bureau of Yinzhou District, Ningbo City, since 1 January 2014, Chanhigh Landscape has been assessed, and is required to pay, the EIT on a net profit basis (i.e. by applying the tax rate of 25% to the net profit for a given period) (the "**Net Profit Basis**") in consideration of the development of Chanhigh Landscape and the assessment by the local tax bureau on the situation of Chanhigh Landscape. Based on the confirmation letter dated 25 May 2016 issued by and the interview conducted with the local tax bureau of Yinzhou District, Ningbo City, the assessment and payment of the EIT by Chanhigh Landscape on the Deemed Profit Basis for the year 2013 and on Net Profit Basis for the year 2014 were in compliance with the provisions of the Tax Collection Law and the Detailed Rules and that the EITs paid by Chanhigh Landscape will not be reassessed or Chanhigh Landscape be requested to make up the shortfall arising from any difference in tax basis.

In light of the above, our PRC Legal Advisers have opined that the local tax bureau of Yinzhou District, Ningbo City is a competent authority in examining and determining the tax basis applicable to Chanhigh Landscape and that the payment of the EIT by Chanhigh Landscape on the Deemed Profit

Basis for the year ended 31 December 2013 was in compliance with the relevant PRC tax law and regulations. Please refer to the section headed "Regulatory Overview — Regulations in Relation to Tax — Enterprise Income Tax" in this prospectus for further details. We computed our income tax expenses based on a Net Profit Basis in preparation of our consolidated income statement for FY2014, FY2015 and the ten months ended 31 October 2016.

Notwithstanding the abovementioned confirmation and the opinion of our PRC Legal Advisers, we quantified the amount of tax provision equal to the difference between Chanhigh Landscape's EIT accrued on the Net Profit Basis and its actual tax assessed by the relevant tax authorities on the Deemed Profit Basis for FY2013. For FY2013, had the tax liabilities by Chanhigh Landscape been assessed on the Net Profit Basis, the tax provision for that year would have been RMB1.2 million lesser than that assessed on the Deemed Profit Basis. In this regard, adopting the Deemed Profit Basis by Chanhigh Landscape for FY2013 was considered by our Directors as a more prudent approach to computing its tax liabilities, and is unlikely to expose Chanhigh Landscape to any risks of being ordered by the tax bureau to reassess its tax basis for FY2013 and to pay additional EIT as a result.

Other subsidiaries of our Group

昆明滄海投資有限公司 (Kunming Chanhigh Investment Limited) ("**Kunming Chanhigh**") and Xuancheng Landscape, the subsidiaries of our Company established in the PRC, had been assessed and paid the EIT for the two years ended 31 December 2014 and for the three years ended 31 December 2015 and the ten months ended 31 October 2016, respectively, on a deemed profit basis which is calculated by first multiplying 8% and 4% (being the applicable percentages determined by the relevant tax authority), respectively, and then applying the tax rate of 25%. Tax expenses were recognised by Xuancheng Landscape during the Track Record Period. No tax obligations were borne by Kunming Chanhigh which had no revenue recognised for FY2013 and was disposed of in FY2014. For details of the disposal of Kunming Chanhigh, please refer to the section headed "History, Development and Reorganisation — Subsidiaries disposed of by our Group during the Track Record Period" in this prospectus. Xuancheng Landscape and Kunming Chanhigh were assessed on the Deemed Profit Basis as they were classified as small and medium enterprises. As advised by our PRC Legal Advisers, the local tax bureaus of Xuancheng Landscape and Kunming Chanhigh have the authority to assess taxation on the Deemed Profit Basis according to the Circular of the State Administration of Taxation on Issuing the Notice to Strengthen the Management of Small- and Medium-sized Enterprise Income Taxation 《國家稅務局總局關於印發<加強中小企業所得稅徵收管理工作的意見>的通知》(implemented since 3 February 2000 and lapsed on 29 May 2016). Notwithstanding the above, the insignificant tax liabilities recognised by Kunming Chanhigh and Xuancheng Landscape had no material impact on our Group's financial position.

Saved as disclosed above, the other PRC subsidiaries have been assessed by the relevant tax authorities on the Net Profit Basis during the Track Record Period.

During the Track Record Period and up to the Latest Practicable Date, we had fulfilled all our income tax obligations and have not had any unresolved income tax issues or disputes with the relevant tax authorities.

Profit for the year/period and net profit margin

As a result of the foregoing, our profit for the year/period amounted to RMB26.8 million, RMB51.9 million and RMB95.2 million for FY2013, FY2014 and FY2015, and amounted to RMB76.5 million and RMB96.2 million for the ten months ended 31 October 2015 and 2016, respectively, and our net profit margin was 4.8%, 7.9%, 9.5%, 10.0% and 7.5%, respectively, for the same periods.

For FY2013, FY2014, FY2015 and the ten month ended 31 October 2015 and 2016, our Group recorded interest income from related parties of RMB18.7 million, RMB22.9 million, RMB24.6 million, RMB21.1 million and RMB5.5 million, respectively. Such income is expected to be non-recurring in nature upon the Listing and our net profit for the respective periods after excluding such income would have been RMB13.5 million, RMB35.7 million, RMB77.8 million, RMB61.6 million and RMB92.2 million, respectively.

NON-IFRS MEASURE

To supplement our consolidated financial statements, which are presented in accordance with IFRS, we also use adjusted net profit as an additional financial measure. We present this financial measure because it is used by our management to evaluate our financial performance by eliminating the impact of items that we do not consider indicative of the performance of our business. We also believe that this non-IFRS measure provides additional information to investors and others in understanding and evaluating our consolidated results of operations in the same manner as they help our management and in comparing financial results across accounting periods and to those of our peer companies.

Adjusted net profit

Adjusted net profit eliminates the effect of the interest income arising from amount due from related parties. The term “adjusted net profit” is not defined under IFRS. As a non-IFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of interest income arising from amount due from related parties on our net profit. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our net profit for the relevant periods. The effects of interest income arising from amount due from related parties that are eliminated from adjusted net profit are significant components in understanding and assessing our operating and financial performance.

In light of the foregoing limitations for adjusted net profit, when assessing our operating and financial performance, you should not view adjusted net profit in isolation or as a substitute for our profit for the year/period or any other operating performance measure that is calculated in accordance with IFRS. In addition, because this non-IFRS measure may not be calculated in the same manner by all companies, they may not be comparable to other similarly titled measures used by other companies.

REVIEW OF HISTORICAL RESULTS OF OPERATION

Ten months ended 31 October 2016 compared to ten months ended 31 October 2015

Revenue

Revenue increased by RMB517.2 million or 67.4% to RMB1,285.0 million for the ten months ended 31 October 2016 from RMB767.8 million for the ten months ended 31 October 2015 mainly as a result of the increase in total number and average contract value of projects commenced during the ten months ended 31 October 2016.

Cost of services rendered

Cost of services rendered increased by RMB458.2 million or 71.9% to RMB1,095.3 million for the ten months ended 31 October 2016 from RMB637.1 million for the ten months ended 31 October 2015. Such increase was resulted from the continuing expansion of business that led to the increase in the materials consumed, direct labour cost and other direct costs.

Business tax and auxiliary charges

Business tax and auxiliary charges decreased by RMB4.2 million or 15.6% to RMB22.9 million for the ten months ended 31 October 2016 from RMB27.1 million for the ten months ended 31 October 2015, which was mainly due to the fact that our Group is subject to VAT instead of business tax pursuant to the PRC tax reform effective since May 2016. Business tax and auxiliary charges amounted to 3.5% and 1.8% of our total revenue for the ten months ended 31 October 2015 and the ten months ended 31 October 2016, respectively.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit rose by RMB63.2 million or 61.0% from RMB103.6 million for the ten months ended 31 October 2015 to RMB166.8 million for the ten months ended 31 October 2016, and our gross profit margin remained relatively stable at 13.5% for the ten months ended 31 October 2015 and 13.0% for the ten months ended 31 October 2016.

Other income and gains

Other income and gains decreased by RMB3.6 million or 75.1% to RMB1.2 million for the ten months ended 31 October 2016 from RMB4.8 million for the ten months ended 31 October 2015. The decrease in other income and gains was mainly due to the decrease in interest income on bank deposit as a result of (i) the decrease in average monthly balances of bank deposits; and (ii) the decrease in interest rates due to the decrease in PBOC benchmark rate during the respective periods.

Interest income on amount due from related parties

Interest income on amount due from related parties significantly decreased by RMB15.6 million or 73.9% from RMB21.1 million for the ten months ended 31 October 2015 to RMB5.5 million for the ten months ended 31 October 2016, mainly attributable to the full settlement of amounts due from related parties during the latter period.

Administrative and other operating expenses

Administrative and other operating expenses significantly increased by RMB21.3 million or 205.1% to RMB31.7 million for the ten months ended 31 October 2016 from RMB10.4 million for the ten months ended 31 October 2015. The significant increase was primarily due to the non-recurring listing expenses incurred in the ten months ended 31 October 2016.

Finance costs

Finance costs decreased by RMB8.0 million or 47.1% from RMB16.9 million for the ten months ended 31 October 2015 to RMB8.9 million for the ten months ended 31 October 2016. The decrease was mainly due to (i) the decrease in average monthly balance of bank borrowings during the respective periods; and (ii) the decrease in bank borrowing rates that affected by the decrease in PBOC benchmark rate during the respective periods.

Income tax expense

Income tax expense increased by RMB11.0 million or 42.8% to RMB36.7 million for the ten months ended 31 October 2016 from RMB25.7 million for the ten months ended 31 October 2015. The increase was generally in line with the increase in our profit before tax for the ten months ended 31 October 2016. Our effective tax rate was 25.2% and 27.6% for the ten months ended 31 October 2015 and 2016, respectively. The comparatively higher effective tax rate for the ten months ended 31 October 2016 was mainly due to the non-recurring non-deductible listing expenses incurred.

Profit for the period and net profit margin

As a result of the foregoing, profit for the period increased by RMB19.6 million or 25.6% to RMB96.2 million for the ten months ended 31 October 2016 from RMB76.5 million for the ten months ended 31 October 2015, and our net profit margin decreased from 10.0% for the ten months ended 31 October 2015 to 7.5% for the ten months ended 31 October 2016.

Year ended 31 December 2015 compared to year ended 31 December 2014

Revenue

Revenue increased by RMB347.0 million or 52.6% to RMB1,006.3 million for FY2015 from RMB659.3 million for FY2014 mainly as a result of significant increase in revenue from the municipal works construction segment by RMB304.6 million or 135.9% to RMB528.7 million for FY2015 from RMB224.1 million for FY2014 due to commencement of new municipal works construction projects with higher average contract sum.

Cost of services rendered

Cost of services rendered increased by RMB279.7 million or 50.0% to RMB839.2 million for FY2015 from RMB559.5 million for FY2014. Such increase was resulted from a significant increase in cost of material consumed in the process of our construction and related works by RMB201.6 million or 50.3% from RMB400.8 million for FY2014 to RMB602.4 million for FY2015 and was generally in line with our revenue growth for FY2015.

Business tax and auxiliary charges

Business tax and auxiliary charges increased by RMB11.3 million or 48.7% to RMB34.6 million for FY2015 from RMB23.3 million for FY2014, which was generally in line with our revenue growth for FY2015. Business tax and auxiliary charges amounted to 3.4% and 3.5% of our total revenue for FY2015 and FY2014, respectively.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit rose by RMB55.9 million or 73.1% from RMB76.6 million for FY2014 to RMB132.5 million for FY2015, and our gross profit margin increased from 11.6% for FY2014 to 13.2% for FY2015.

Other income and gains

Other income and gains remained relatively stable at RMB4.9 million for FY2015 and RMB4.6 million for FY2014.

Interest income on amount due from related parties

Interest income on amount due from related parties slightly increased by RMB1.7 million or 7.1% from RMB22.9 million for FY2014 to RMB24.6 million for FY2015, mainly attributable the increase in average monthly balances of the amounts due from related parties for the respective years.

Administrative and other operating expenses

Administrative and other operating expenses slightly increased by RMB1.7 million or 13.7% to RMB14.7 million for FY2015 from RMB13.0 million for FY2014. The increase was primarily due to (i) the increase in staff salaries and benefits mainly resulting from the increase in average salary and provision of retirement and benefit scheme for FY2015.

Finance costs

Finance costs slightly decreased by RMB1.4 million or 6.2% from RMB21.4 million for FY2014 to RMB20.0 million for FY2015. The decrease was mainly due to the decrease in our average bank borrowing interest rate for FY2015.

Income tax expense

Income tax expense increased significantly by RMB14.2 million or 80.0% to RMB32.0 million for FY2015 from RMB17.8 million for FY2014. The increase was generally in line with the increase in our profit before tax for FY2015. Our effective tax rate was 25.2% and 25.5% for FY2015 and FY2014, respectively.

Profit for the year and net profit margin

As a result of the foregoing, profit for the year increased significantly by RMB43.3 million or 83.3% to RMB95.2 million for FY2015 from RMB51.9 million for FY2014, and our net profit margin increased from 7.9% for FY2014 to 9.5% for FY2015.

Year ended 31 December 2014 compared to year ended 31 December 2013

Revenue

Revenue increased by RMB104.4 million or 18.8% to RMB659.3 million for FY2014 from RMB554.9 million for FY2013 mainly as a result of the significant increase in revenue from the landscape construction segment by RMB153.1 million or 65.7% to RMB386.0 million for FY2014 from RMB232.9 million for FY2013 due to the commencement of new landscape projects with higher average contract sum.

Cost of services rendered

Cost of services rendered increased by RMB70.3 million or 14.4% to RMB559.5 million for FY2014 from RMB489.2 million for FY2013. Such increase was resulted from a significant increase in cost of materials consumed in the process of our construction and related works by RMB63.3 million or 18.8% from RMB337.5 million for FY2013 to RMB400.8million for FY2014 and was generally in line with our revenue growth for FY2014.

Gross profit and gross profit margin

As a result of the foregoing, our gross profit increased by RMB30.0 million or 64.4% from RMB46.6 million for FY2013 to RMB76.6 million for FY2014. Our gross profit margin increased from 8.4% for FY2013 to 11.6% for FY2014, primarily attributable to the increase in complexity of projects allowed us to charge higher fees and enjoy economies of scale. In addition, landscape projects generally were more profitable than public works and the increase in landscape projects in FY2014 improved the overall profitability.

Other income and gains

Other income and gains slightly decreased by RMB4.4 million or 49.2% to RMB4.6 million for FY2014 from RMB9.0 million for FY2013. The decrease in other income and gains was mainly due to the absence of the fair value change on biological assets during FY2014, and partially offset by the increase in interest income from bank deposits for FY2014.

Interest income on amount due from related parties

Interest income on amount due from related parties increased by RMB4.2 million or 22.5% from RMB18.7 million for FY2013 to RMB22.9 million for FY2014, mainly attributable the increase in average monthly balances of the amounts due from related parties for the respective years.

Administrative and other operating expenses

Administrative and other operating expenses decreased by RMB4.3 million or 25.1% to RMB13.0 million for FY2014 from RMB17.3 million for FY2013. The decrease was primarily due to (i) the absence of bad debts of trade receivables and allowance on other receivables for FY2014; and (ii) the decrease of depreciation because certain office equipment were fully depredated in FY2013; and was partially offset by a one-off donation of RMB2.1 million for FY2014.

Finance costs

Finance costs increased by RMB2.3 million or 11.8% from RMB19.1 million for FY2013 to RMB21.4 million for FY2014. The increase was mainly due to the increase in our average bank borrowings for FY2014.

Income tax expense

Income tax expense increased by RMB6.7 million or 60.7% to RMB17.8 million for FY2014 from RMB11.1 million for FY2013. The increase was generally in line with our profits before tax for FY2014. Our effective tax rates decreased from 29.3% for FY2013 to 25.5% for FY2014 was mainly due to (i) the tax effect of income that was not taxable related to the fair value change on biological asset of Chanhigh Agricultural; and (ii) the tax effect of using deemed profit method attributable to the difference between the income tax expense charged calculated under the deemed profit method and the net profit method.

Profit for the year and net profit margin

As a result of the foregoing, profit for the year increased significantly by RMB25.1 million or 93.9% to RMB51.9 million for FY2014 from RMB26.8 million for FY2013, and our net profit margin increased from 4.8% for FY2013 to 7.9% for FY2014.

LIQUIDITY AND CAPITAL RESOURCES

Cash Flows

Our primary uses of cash are for the payment of purchases from suppliers, leasing of equipment and machineries, payment of other direct costs, staff costs, various administrative and other operating expenses, and have been funded through a combination of cash generated from our operations, bank borrowings, advance from shareholders. Upon completion of the Global Offering, we currently expect that there will not be any material change in the sources and uses of cash of our Group in the future, except that we would have additional funds from proceeds of the Global Offering for implementing our future plans as detailed under the section headed "Future Plans and Use of Proceeds" in this prospectus.

The following table summarises, for the periods indicated, our statements of cash flows:

	For the year ended 31 December			For the ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Net cash (used in)/generated from operating activities	(12,090)	(62,536)	(7,497)	39,216	(50,072)
Net cash (used in)/generated from investing activities	(147,498)	51,307	45,519	(450)	333,724
Net cash generated from/(used in) financing activities	158,300	11,227	(8,300)	(22,350)	(273,320)
Net (decrease)/increase in cash and cash equivalents	(1,288)	(2)	29,722	16,416	10,332
Cash and cash equivalents at beginning of year/period	33,050	31,762	31,760	31,760	61,482
Cash and cash equivalents at end of year/period	31,762	31,760	61,482	48,176	71,814

Operating activities

During our Track Record Period, our cash inflow from operating activities was principally derived from the receipt of proceeds for our services from our customers. Our cash outflow used in operating activities was principally for purchases of materials consumed, payment for leasing of equipment and machineries and payment of labour service fees and staff salaries.

For the ten months ended 31 October 2016, we recorded net cash used in operating activities of RMB50.1 million, primarily as a combined result of profit before tax of RMB132.9 million that mainly adjusted for income statement items with no operating cash effect of RMB3.6 million, the changes in working capital of RMB164.1 million, income tax paid of RMB13.5 million and interests paid of RMB8.9 million. The changes in working capital was mainly due to (i) an increase in gross amount due from/(to) customers for contract work of RMB282.4 million, mainly resulting from the increase in number of projects undertaken by us as well as the increase in total value of contracts during the ten months ended 31 October 2016; (ii) an increase in trade and bills receivables of RMB24.3 million, mainly resulting from our increased effort in the collection of the outstanding amounts during the ten months ended 31 October 2016; and (iii) a decrease in receipts in advance of RMB9.5 million, mainly resulting from the less new projects commenced for which we required our customers to provide down payments closing to the end of October 2016; and was partially offset by (i) an increase in trade payables of RMB139.1 million, mainly resulting from the increase in costs of materials consumed; (ii) an increase in accruals and other payables of RMB9.9 million, mainly resulting from the decrease in advance from a staff upon repayment by us of such amount during the ten months ended 31 October 2016; and (iii) a decrease in deposits, prepayments and other receivables and retention receivables of RMB3.1 million, mainly resulting from the decrease in construction contracts performance guarantees.

For FY2015, we recorded net cash used in operating activities of RMB7.5 million, primarily as a combined result of profit before tax of RMB127.2 million that mainly adjusted for income statement items with no operating cash effect of RMB6.9 million, the changes in working capital of RMB101.9 million, income tax paid of RMB5.9 million and interests paid of RMB20.0 million. The changes in working capital was mainly due to (i) an increase in trade and bills receivables of RMB86.2 million, generally in line with our revenue growth for FY2015; (ii) an increase in deposits, prepayments and other receivables of RMB61.0 million, mainly resulting from the increase in construction contracts performance guarantees and deposit for tender as at 31 December 2015; (iii) an increase in gross amount due from/(to) customers for contract work of RMB18.9 million, mainly resulting from the increase in number of projects undertaken by us as well as the increase in average contract sum of projects newly commenced during in FY2015; and (iv) a decrease in receipts in advance of RMB10.6 million, mainly resulting from the absence of receipts in advance in relation to a large-size project in Zhejiang commenced in FY2014, and such amount was settled with trade receivables as this project commenced in FY2015; and was partially offset by (i) an increase in trade payables of RMB65.8 million, mainly resulting from the increase in materials consumed due to the increase in number of projects undertaken by us and (ii) an increase in accruals and other payables of RMB9.0 million, mainly resulting from the increase in deposits from suppliers due to the increase in number of projects taken by us for FY2015.

For FY2014, we recorded net cash used in operating activities of RMB62.5 million, primarily as a combined result of profit before tax of RMB69.7 million that mainly adjusted for income statement items with no operating cash effect of RMB3.0 million, the changes in working capital of RMB100.2 million, income tax paid of RMB7.7 million and interests paid of RMB21.4 million. The changes in working capital was mainly due to (i) an increase in gross amount due from / (to) customers for contract work of RMB149.3 million, mainly resulting from the increase in number of projects undertaken by us in FY2014; (ii) an increase in deposits, prepayments and other receivables of RMB21.7 million, mainly resulting from the increase in construction contracts performance guarantees and deposit as at 31 December 2014; and (iii) an increase in trade and bills receivables of RMB14.4 million, which was generally in line with our revenue growth; and was partially offset by

(i) an increase in trade payables of RMB61.6 million, mainly resulting from the increase in materials consumed due to the increase in number of projects undertaken by us in FY2014; and (ii) an increase in receipts in advance of RMB27.7 million, mainly resulting from the receipts in advance in relation to a large-scale project in Zhejiang commenced in FY2014.

For FY2013, we recorded net cash used in operating activities of RMB12.1 million, primarily as a result of profit before tax of RMB37.9 million, which was mainly adjusted for income statement items with no operating cash effect of RMB1.0 million and the changes in working capital of RMB20.5 million, income tax paid of RMB9.3 million and interests paid of RMB19.1 million. The changes in working capital was mainly due to (i) an increase in gross amount due from / (to) customers for contract work of RMB99.1 million, mainly resulting from the increase in number of projects undertaken by us in FY2013; and (ii) an increase in deposits, prepayment and other receivables of RMB65.6 million, mainly resulting from the increase in construction contracts performance guarantees and deposit for tender as well as advance to suppliers as at 31 December 2013; and was partially offset by (i) an increase in trade payables of RMB83.5 million, mainly resulting from the increase in projects undertaken by us in FY2013; and (ii) a decrease in trade and bills receivables of RMB50.1 million, mainly resulting from our active collection and improved management control on such receivables during FY2013.

The negative operating cash flows for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016 were, to a larger extent, attributed to the gross amount due from customers for contract work and the slow settlement of trade and bills receivables of several customers during the same periods (as more particularly disclosed in the paragraph headed "Description of Certain Items of Consolidated Statements of Financial Position — Trade and other receivables" in this section). Since we are generally entitled to claim for progress payment upon meeting an agreed project milestone(s) based on the terms of contracts entered into with our customers, we incur operating cash outflows associated with construction projects, including labour and material costs, long before we are entitled to bill and receive interim payment from our customers. Besides, our fast-growing business as witnessed by a large number of projects newly commenced of 94, 128, 115 and 126 and the increase in the number of projects in progress of 64, 93, 84 and 115 as at 31 December 2013, 2014, 2015 and 31 October 2016, respectively, had contributed to a significant amount of operating cash outflow which we were not yet entitled to claim those amount as progress payment during those periods.

To effectively manage and improve our liquidity and cash flows, we have adopted the following measures:

(a) we have tightened credit control with respect to customers with long-aged trade receivables by increasing our efforts to collect outstanding payment and through closer monitoring of receivable balances on an on-going basis since 2015. Our finance department submits monthly reports on the outstanding payments to our senior management for review and follow-up-actions. For those trade and bills receivables which remain outstanding for a relatively long period due to the prolonged settlement procedures required to be completed by our customers, as part of our enhanced credit control policies, we will consider entering into a factoring arrangement with a reputable financial institution or licensed bank in the PRC, pursuant to which certain proportion of these trade and bills receivables will be assigned to the financial institution or licensed bank on a without recourse basis (i.e. the assignee is not entitled to assign the relevant trade and bills receivables back to us or demand us to repurchase such trade and bills receivables) for a fixed value and the risk of default or delay in payment by the relevant customer in respect of the receivables factored is to be borne by the assignee, and our customers should settle the amount of receivables originally owed to us by depositing the receivables into a bank account designated and controlled by the assignee. We will enter into such arrangement only in respect of certain percentage of the long-aged receivables and on a need basis, after taking into account the underlying reason for longer settlement period required by our customer, the status of our customer's internal audit and verification procedures for payments, the terms of the arrangement, the finance expenses that will arise from the factoring arrangement and our then cash position. The entering into any factoring arrangement shall be subject to the prior approval of our Board. As at the Latest Practicable Date, we did not enter into any factoring arrangement with any party in respect of our trade and bills receivables;

(b) we have adopted stringent customer selection through following a more prudent approach in our tending process. For details, please see the paragraph headed "Description of Certain Items of Consolidated Statements of Financial Position — Trade and other receivables" in this section. Further, before submitting a tender for a new project, we will first prepare a cost budget and review our potential capital commitment and our then capital requirement according to the work schedule for better cost allocation planning, especially for those projects which may involve large capital commitment and long payment terms, and carefully manage the growth of our project backlog through closely monitoring on the number of new projects and projects in progress which we can undertake in a given period of time. The cost budget will be submitted to our chief operating officer or our Board (depending on the transaction scale) for determination if it will be desirable for us to proceed with submitting the bid. We will also negotiate with our customers for better payment terms after winning the bids; and

(c) we will continue to maintain sufficient cash flow with our internal resources and bank borrowing. As at 31 December 2016, a new banking facility in the amount of up to RMB230 million for general working capital purpose for a term of one year was granted by one of the reputable banks in the PRC.

Investing activities

During the Track Record Period, our cash inflow from investing activities was principally derived from the proceeds from disposal of a subsidiary, the decrease in fixed deposits and the interest income received from related companies and on bank deposits. Our cash outflow used in investing activities was mainly for the increase in fixed deposits and advance to related companies.

For the ten months ended 31 October 2016, we recorded net cash generated from investing activities of RMB333.7 million, primarily attributable to the repayment from related companies of RMB330.7 million and the interest income received from related companies and on bank deposits of RMB5.7 million.

For FY2015, we recorded net cash generated from investing activities of RMB45.5 million, primarily attributable to the decrease in fixed deposits of RMB86.2 million and the interest income received from related companies and on bank deposits of RMB27.6 million and was partially offset by the advance to related companies of RMB67.7 million.

For FY2014, we recorded net cash generated from investing activities of RMB51.3 million, primarily attributable to the repayment from related companies of RMB100.5 million, the interest income received from related companies and on bank deposits of RMB25.6 million and the proceeds from disposal of a subsidiary of RMB10.0 million, which was partially offset by the increase in fixed deposits of RMB83.9 million.

For FY2013, we recorded net cash used in investing activities of RMB147.5 million, primarily attributable to the advance to related companies of RMB188.3 million, which was partially offset by the interest income received from related companies and bank deposits of RMB19.6 million, the decrease in fixed deposits of RMB12.9 million and the proceeds from disposal of a subsidiary of RMB8.6 million.

Financing activities

During the Track Record Period, our cash inflow from financing activities was principally derived from bank borrowings raised, advance from a director for meeting our capital requirement and capital injection in Chanhigh Landscape. Our advance from a director will be fully settled through Capitalisation Issue upon the Listing. Please refer to note 22 included in the section headed "Accountants' Report" in Appendix I to this prospectus. Our cash outflow used in financing activities was principally for the repayment of bank borrowings, the repayment of amount due to a director and the dividend paid by Chanhigh Landscape to its then shareholders.

For the ten months ended 31 October 2016, we recorded net cash used in financing activities of RMB273.3 million, primarily attributable to the repayment of bank borrowings of RMB436.1 million, the repurchase of equity interests of Chanhigh Landscape by Chanhigh HK from the Peng Family of RMB159.4 million, dividend paid of RMB14.8 million and repayment to a staff of RMB14.0 million, which was partially offset by the bank borrowings raised of RMB191.0 million and the advance from a Director of RMB159.9 million.

For FY2015, we recorded net cash used in financing activities of RMB8.3 million, primarily attributable to the repayment of bank borrowings of RMB367.1 million and the repayment of amount due to a Director of RMB103.8 million, which was partially offset by the bank borrowings raised of RMB368.1 million, the advance from a Director of RMB80.5 million and advance from a staff of RMB14.0 million.

For FY2014, we recorded net cash generated from financing activities of RMB11.2 million, primarily attributable to the bank borrowings raised of RMB395.1 million and the advance from a director of RMB98.5 million, which was partially offset by the repayment of bank borrowings of RMB389.4 million, the repayment of amount due to a director of RMB79.7 million and the dividend paid by Chanhigh Landscape of RMB13.3 million.

For FY2013, we recorded net cash generated from financing activities of RMB158.3 million, primarily attributable to the bank borrowings raised of RMB398.0 million, the capital injection in Chanhigh Landscape of RMB40.0 million and the advances from a director of RMB37.0 million, which was partially offset by the repayment of bank borrowings of RMB284.2 million and the repayment of amount due to a director of RMB32.5 million.

Net current assets

We recorded net current assets of RMB190.5 million, RMB229.4 million, RMB324.6 million, RMB246.2 million and RMB270.8 million as at 31 December 2013, 2014, 2015, 31 October 2016 and 31 January 2017, respectively. The table below sets forth selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December			As at 31 October	As at 31 January
	2013	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)
Current Assets					
Trade and other receivables	506,921	538,982	686,182	707,400	629,127
Gross amount due from customers for contract work	205,614	349,700	387,374	657,590	702,156
Amounts due from related companies	363,532	262,985	330,672	—	—
Bank and cash balances	35,815	119,663	63,152	75,376	75,028
	1,111,882	1,271,330	1,467,380	1,440,366	1,406,311
Current Liabilities					
Trade payables	569,544	631,128	696,888	835,941	765,461
Accruals and other payables	33,800	29,620	52,657	48,552	49,379
Receipts in advance	9,123	36,870	26,241	16,744	18,034
Gross amount due to customers for contract work	2,817	3,614	22,424	10,286	8,994
Amount due to a director	4,500	23,300	—	159,932	160,337
Borrowings	299,400	305,100	306,100	61,000	61,000
Current tax liabilities	2,200	12,300	38,470	61,686	72,293
	921,384	1,041,932	1,142,780	1,194,141	1,135,498
Net current assets	190,498	229,398	324,600	246,225	270,813

Our Group's net current assets increased by RMB38.9 million or 20.4% from RMB190.5 million as at 31 December 2013 to RMB229.4 million as at 31 December 2014. The increase was primarily due to (i) the increase in our gross amount due from customers for contract work by RMB144.1 million or 70.1% mainly resulting from the increase in number of projects undertaken by us for FY2014; and (ii) the increase in our bank and cash balances by RMB83.8 million or 234.1% mainly resulting from the increase in fixed deposits from the repayment of amounts due from related companies in FY2014; and was partially offset by the decrease in amounts due from related companies by RMB100.5 million or 27.7% mainly resulting from the respective repayments obtained from our related companies for FY2014.

Our Group's net current assets increased by RMB95.2 million or 41.5% from RMB229.4 million as at 31 December 2014 to RMB324.6 million as at 31 December 2015. The increase was primarily due to (i) the increase in our trade and bills receivables by RMB86.2 million or 23.3% that generally in line with our revenue growth for FY2015; (ii) the increase in amounts due from related companies by RMB67.7 million or 25.7% mainly resulting from the increase in advances to our related companies for capital financing purposes; and (iii) the increase in deposits, prepayments and other receivables by RMB61.0 million or 36.0% mainly resulting from the increase in construction contract performance guarantees, deposit for tenders and retention receivables; and was partially offset by (i) the increase in trade payables by RMB65.8 million or 10.4% that generally in line with the increase in our materials consumed for FY2015; and (ii) the decrease in bank and cash balances by RMB56.5 million or 47.2% mainly resulting from the withdrawal of our fixed deposits used as loan to our related companies in FY 2015.

Our Group's net current assets decreased from RMB324.6 million as at 31 December 2015 to RMB246.2 million as at 31 October 2016. The decrease was primarily due to (i) the decrease in amounts due from related companies by RMB330.7 million mainly resulting from the settlements of our related companies balances; (ii) the increase in amount due to a director by RMB159.9 million mainly resulting from the advance from Mr. Peng YH for reorganisation purpose; and (iii) the increase in trade payables by RMB139.1 million mainly resulting from increase in our costs of materials consumed; and was partially offset by (i) the decrease in bank borrowings by RMB245.1 million mainly resulting from the repayments of bank borrowings with guarantees; and (ii) the increase in gross amount due from customers for contract work by RMB270.2 million mainly resulting from the increase in number of projects undertaken by us.

Working Capital

Our Directors confirm that, taking into consideration the financial resources presently available to us, including banking facilities and other internal resources, and the estimated net proceeds from the Global Offering, we have sufficient working capital for our present requirements and for at least the next 12 months commencing from the date of this prospectus.

Our Directors are not aware of any other factors that would have a material impact on our Group's liquidity as at the Latest Practicable Date. Details of the funds necessary to meet our existing operations and to fund our future plans are set out in the section headed "Future Plans and Use of Proceeds" in this prospectus.

DESCRIPTION OF CERTAIN ITEMS OF CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

Trade and other receivables

Our trade and other receivables comprise trade and bills receivables, deposits, prepayments and other receivables. As at 31 December 2013, 2014 and 2015 and 31 October 2016, our trade and other receivables amounted to RMB506.9 million, RMB539.0 million, RMB686.2 million and RMB707.4 million, respectively.

The following table sets forth our trade and other receivables by receivable type as at the respective dates indicated:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables				
Trade receivables	355,030	369,448	454,446	479,332
Bills receivables	—	28	1,200	600
	355,030	369,476	455,646	479,932
Deposits, prepayments and other receivables				
Utility deposits	—	50	50	50
Prepayments				
- Advance to suppliers	23,552	2,342	2,180	15,271
- Others	—	—	—	133
- Listing expenses	—	—	—	4,353
Other receivables				
- Interest receivables	—	2,500	—	—
- Construction contracts performance guarantees and deposit for tender	70,123	98,006	142,410	126,512
- Retention receivables	52,097	58,357	75,609	77,439
- Other tax receivables	31	—	—	—
- Others	6,088	8,251	10,287	3,710
	151,891	169,506	230,536	227,468
Total	506,921	538,982	686,182	707,400

Trade and bills receivables

Our trade and bills receivables primarily represent the amounts receivable from our customers pursuant to the terms of our construction contracts.

In general, for every one month, our customer or its appointed constructor shall estimate the value or volume of the works properly completed based on our progress report. We make claims for progress payment from our customers upon meeting a specified project milestone. Each project milestone is often expressed as a prescribed percentage of the certified amount of work completed by us. Upon meeting our project milestone, progress payment not yet settled by our customers are recognised as our trade and bills receivables. Despite our customers have already certified the volume or value of work completed, given that a significant proportion of our customers are state-invested enterprises or local governments, they are required to go through internal procedures such as confirming the amount of our entitlement, applying to other government departments for funding and obtaining clearance for settlement before they are in the position to settle the outstanding amount. Normally we will issue bill after we have been informed by our customers that they have completed these procedures.

Our trade and bills receivables increased from RMB355.0 million as at the year ended 31 December 2013 to RMB369.5 million as at 31 December 2014, and further increased to RMB455.6 million as at 31 December 2015, which was generally in line with our revenue growth during the Track Record Period. Our trade and bills receivables increased slightly to RMB479.9 million as at the period ended 31 October 2016, which was primarily attributable to the increase in our revenue during the respective periods and was partially offset by our increased effort in the collection of our trade and bills receivables in particular the long-aged ones during the same period.

Our Group's trading terms with our customers are mainly on credit. Upon meeting the relevant project milestone(s), we are entitled to claim for progress payment. Our management has imposed control over its outstanding receivables. All overdue balances are reviewed regularly by senior management. Our Group does not hold any collateral or other credit enhancements over its trade receivables balances. The receivables are non-interest bearing.

Our Group assess the recoverability of our receivables past due and established a provision for impairment based on our Group's past experience of collecting payments, increase in the delayed payments in our portfolio, observable changes in economic conditions that correlate with default on receivables, etc. Our Group assesses our trade receivables individually for impairment, and provisions would apply as a result of one or more events that occurred after the initial recognition which indicate that the balances may not be collectible. Our management closely reviews the trade receivables balances and any overdue balances on an ongoing basis.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, no trade and bills receivables was individually determined to be impaired. Based on our management's past experience, management believe that no provision for impairment is necessary in respect of the trade and bills receivable as there has not been any significant change in credit quality and the balances are still considered recoverable.

The following table sets forth the ageing analysis of our trade and bills receivables based on the contract terms for the work certified, together with the subsequent settlements of our trade and bills receivables as at 31 October 2016, as at the dates indicated:

	Ageing analysis				Subsequent settlement for balance as at 31 October 2016			
	As at 31 December			As at 31 October	As at 31 January 2017			
	2013	2014	2015	2016	Settled amount		Outstanding amount	
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	%	RMB'000	%
					(Unaudited)			
0 to 90 days	56,557	106,822	124,101	163,259	99,564	61.0	63,695	39.0
91 to 180 days	34,196	32,073	60,852	94,825	50,584	53.3	44,241	46.7
181 to 365 days	144,473	86,806	106,869	32,870	19,291	58.7	13,579	41.3
Over 1 year but less than 2 years	88,961	84,797	115,079	114,874	37,057	32.3	77,817	67.7
Over 2 years but less than 3 years	24,609	52,211	48,745	55,025	12,608	22.9	42,417	77.1
Over 3 years	6,234	6,767	—	19,079	8,625	45.2	10,454	54.8
Total	355,030	369,476	455,646	479,932	227,729	47.5	252,203	52.5

As at 31 December 2013, 2014, 2015 and 31 October 2016, no trade and bills receivables, were past due but not impaired. These related to customers for whom there is no significant financial difficulty and based on our experience, our Directors were of the view that no impairment allowance was necessary in respect of these overdue balances as there had not been significant change in credit quality of our customers and the balances were considered fully recoverable.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, 32.0%, 37.1%, 36.0% and 35.4% of the total trade and bills receivables aged over one year but less than three years. These relatively long-aged trade and bills receivables were mainly related to those customers which are state-invested enterprises and local governments with relatively long and onerous internal approval procedures before they are in the position to proceed to settle our outstanding progress billing, and to a lesser extent, related to those customers with which we have established close cooperative relationship.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, 6.9%, 14.1%, 10.7% and 11.5% of the total trade and bills receivables aged over two years but less than three years. Of the RMB55.0 million of our total trade and bills receivables in this segment as at 31 October 2016, a significant proportion thereof is related to the outstanding balance payable by various customers which are state-invested enterprises and local governments. We allowed longer payment period for the aforesaid stated-invested enterprises and local governments for the reason mentioned above and in particular that they have continuous settlement history with us. We also rely on the credibility, relatively low risk of default and the settlement history of government or state-invested enterprises, together with our intention to maintain stable and long-term relationship with these entities which are considered as the key stakeholders in the public sectors.

As at 31 October 2016, 4.0% of our total trade and bills receivables aged over three years. A substantial proportion of such balance related to those customers which are state-invested enterprises and local governments, and for the same reasons mentioned above and the fact that they continued to settle the outstanding receivables, we allowed longer payment period and flexible payment schedules to them in order to retain business relationship.

As at 31 January 2017, (a) 22.9% of the trade and bills receivables aged over two years but less than three years as at 31 October 2016; and (b) 45.2% of the trade and bills receivables aged over three years as at 31 October 2016, had been settled. 97.2% of the remaining balance of the trade and bills receivables aged over three years related to one customer which is the construction office of a local government and one state-invested enterprise engaged in property developing business, respectively. 77.2% of the remaining balance of the trade and bills receivables aged over two years but less than three years is related to one customer which is a regional forestry bureau and two state-invested enterprises engaged in the operations and management of transportation projects and automobile research and development and related advisory business, respectively. All of the above customers had kept on-going repayments of their receivables as at 31 January 2017. The relatively long-aged receivables from these customers were due to the delayed completion of the internal settlement procedures of these governmental bodies or state-invested enterprises.

Our Directors believe that the relatively long ageing of trade and bills receivables are not uncommon in our industry, especially where the counter-party is government or state-invested enterprise. Please refer to the section headed "Industry Overview — Landscaping market in the PRC — Accounts receivables performance" in this prospectus for further information. Despite the above, to shorten the payment cycle of these customers, since 2015, we have tightened credit control with respect to customers with long-aged trade and bills receivables by increasing our effort to collect outstanding payment and through close monitoring of receivable balances on an on-going basis. In the future, we will also adopt stringent customer selection through a more prudent approach in our tendering process. Before submitting a tender bid, in addition to the basic due diligence on the background of the potential customer, we will consider (a) the stage of economic development of the region in which the construction is to be carried out, taking into the account the GDP, the population and government investment in public works of the region in recent years to assess the financial resources of the relevant state-invested enterprises or local governments available to meet its contractual commitment; (b) the overall planning of the project by the customers based on our review of the tender documents to assess whether complicated work such as building dismantlement will be involved during the construction process, which may result in our customers requiring to go through onerous or pro-longed internal procedures for settlement; (c) whether it is a key public project such that resources will be properly allocated by the state-invested enterprises or local governments; and (d) whether the contract provides for down payment. Our active monitoring and collecting on trade receivables were evidenced by the decreasing trend of average turnover days of trade and bills receivables from 250.7 days for FY2013 to 200.5 days for FY2014, and further to 149.6 days for FY2015 and 111.0 days for the ten months ended 31 October 2016 as well as the subsequent settlement of the total trade and bills receivables as at 31 October 2016 of 47.5%, as at 31 January 2017.

The table below sets forth a summary of average turnover days of trade and bills receivables as at the dates indicated:

	For the year ended 31 December			For the ten months ended 31 October
	2013	2014	2015	2016
Average turnover days of trade and bills receivables [(1)]	250.7	200.5	149.6	111.0

Note:

(1) Average turnover days of trade and bills receivables for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016 is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by revenue and multiplying by 365 days/305 days.

Our average turnover days of trade and bills receivables decreased from 250.7 days for FY2013 to 200.5 days for FY2014 and further decreased to 149.6 days and 111.0 days for FY2015 and for the ten months ended 31 October 2016, mainly due to (i) the high growth rate of our revenue during the Track Record Period, and (ii) our tightened credit control with respect to customers with long-aged trade and bills receivables by increasing effort to collect outstanding payment and close monitoring of receivable balances on an on-going basis.

Deposits, prepayments and other receivables

Our deposits, prepayments and other receivables mainly comprise deposits to utilities suppliers, prepayments to materials suppliers, prepayments for listing expenses and other receivables that primarily consist of construction contracts performance guarantees and deposit for tender and retention receivables. As at 31 December 2013, 2014 and 2015 and 31 October 2016, our prepayments, deposits and other receivables were RMB151.9 million, RMB169.5 million, RMB230.5 million and RMB227.5 million, respectively.

Our utility deposits mainly represent the insignificant amount paid to utilities suppliers. Our prepayments mainly represent advance to suppliers for purchase of raw materials. The balance decreased from RMB23.6 million as at 31 December 2013 to RMB2.3 million as at 31 December 2014 that was mainly due to a one-off advance required by a supplier for the purchase of plants and saplings in FY2013 which was subsequently settled in FY2014, and the amount remained relatively stable as at 31 December 2015. Our prepayments increased significantly to RMB19.8 million as at 31 October 2016, which was mainly due to: (i) the increase in advance to suppliers by RMB13.1 million to accelerate our construction process for certain projects; and (ii) the increase in prepayments for listing expenses by RMB4.4 million.

Our other receivables mainly represent interest receivables from our fixed deposits placed at bank which matured and were withdrawn by us in FY2015, construction contracts performance guarantees and deposit for tender, retention receivables, other tax receivables and others which include an interest-bearing loan to an entity, which was disposed of by Chanhigh Agricultural in FY2013, and prepayments of labour service fees for the works from the labour service providers. The balance increased from RMB128.3 million as at 31 December 2013 to RMB167.1 million as at 31

December 2014, and subsequently increased to RMB228.3 million as at 31 December 2015, mainly attributable to: (i) the increase in our construction contracts performance guarantees; (ii) the increase in retention receivables; and (iii) the increase in prepayments of labour service fees, mainly resulting from the increase in number of our projects during the Track Record Period. Our other receivables slightly decreased to RMB207.7 million as at 31 October 2016, mainly attributable to the decrease in contracts performance guarantees and others due to the repayment of interest-bearing loan to an entity.

Construction contracts performance guarantees and deposit for tender mainly represent (i) the guarantee to our customer to secure the performance of our obligations under the contract, usually taking the forms of performance bond or guarantee deed as stipulated in the construction contract; (ii) the deposit to the tendering centres prior to our submission of tender bids for our target projects. The balance increased from RMB70.1 million as at 31 December 2013 to RMB98.0 million as at 31 December 2014, and subsequently increased to RMB142.4 million as at 31 December 2015 which was mainly attributable to the continuous increase in number of projects undertaken or we would like to undertake during the Track Record Period. The balance slightly decreased to RMB126.5 million as at 31 October 2016, which was mainly because certain performance guarantees were released by our customers upon lapse of the respective guarantee periods during the ten months ended 31 October 2016.

Retention receivables are recognised immediately when the customers are entitled to retain a pre-fixed percentage (normally ranging from 5% to 10%) of the total contract value as retention money, which will be released to us upon expiry of the warranty period. Also, some of our construction projects may last for over 12 months and the warranty period is normally up to two years. Therefore, a significant portion of retentions receivable remained outstanding as at the end of the reporting period.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, our retentions receivable were RMB52.1 million, RMB58.4 million, RMB75.6 million and RMB77.4 million, respectively, the increase in retention receivables was generally in line with the increase in number and contract sums of our completed projects during the Track Record Period. Our Directors confirmed that the outstanding amount is related to projects which are currently either still in progress or under the warranty period and hence is not overdue.

For details of the ageing analysis of our retention receivables, please refer to note 20 to the Accountants' Report set out in Appendix I in this prospectus. The balances of neither past due nor impaired represented the retention receivables that we were entitled to upon completion of the Settlement Audit, but were still within the warranty period.

In the event that retentions receivable may impair, we consider on a case-by-case basis and take into account of our customers' credit history, their reputation and financial condition for any impairment we need to make. During the Track Record Period, we did not experience any material difficulty in collecting retentions receivable from our customers and did not make any impairment in this regard.

Gross amount due from/to customers for contract work

Our revenue is recognised using the percentage of completion method. The stage of completion is established by the value of work certified by our customers and/or respective construction supervisors employed by our customers during the year or period. Our Group normally submits progress reports to customers on a monthly basis to certify the value or volume of work our Group has performed. We are entitled to issue progress billing (measured by reference to a prescribed percentage of the value or volume of work completed and certified) upon meeting an agreed project milestone(s) based on the terms of the contracts entered into with customers. There is normally a value and/or timing difference, between the completion of contract work as certified by our customers and the issuance of progress billing to our customers.

Construction contracts in progress are recorded at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented as gross amount due from customers for contract work. When progress billings exceed costs incurred plus recognised profits less recognised losses, the surplus is recorded as gross amount due to customers for contract work.

The recognised profits are measured and recognised based on the estimated gross profit margin of individual contract and the progress certificates certified by our individual customer and/or respective construction supervisor. In respect of contract work performed but not yet certified, no profit is recognised.

The following table sets forth our gross amount due from/to customers for contract work as at the dates indicated.

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Gross amount due from customers for contract work	205,614	349,700	387,374	657,590
Gross amount due to customers for contract work	(2,817)	(3,614)	(22,424)	(10,286)
Construction contracts in progress	202,797	346,086	364,950	647,304

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	1,060,874	1,720,261	2,638,445	3,906,459
Less: Progress billings	(858,077)	(1,374,175)	(2,273,495)	(3,259,155)
	202,797	346,086	364,950	647,304

Gross amount due from/to customers for contract work are generally affected by the value of works done and the timing of contract works certification. Therefore, our Directors consider that those balances vary from time to time. As at 31 December 2014, we recorded a higher percentage of the gross amount due from customers for contract work to our total revenue for FY2014 which was mainly attributable to the increase in the number of the construction projects in progress as at 31 December 2014, for most of which we were not yet entitled to issue progress billing as we had not yet reached the agreed project milestones based on terms of contracts as of that date, leading to a larger balance of the gross amount due from customers for contract work compared to our total revenue. The number of our projects in progress as at 31 December 2013, 2014 and 2015 and 31 October 2016 were 64, 93, 84 and 115, respectively. As at 31 January 2017, 57.2% of gross amounts due from customers for contract work as at 31 October 2016 were subsequently billed to our customers. The increase in progress billing from RMB858.1 million as at 31 December 2013 to RMB1,374.2 million as at 31 December 2014, to RMB2,273.5 million as at 31 December 2015 and further to RMB3,259.2 million as at 31 October 2016 is attributed to the increase in our total contract value matched by our entitlement to claim payment upon meeting agreed project milestones.

The construction contracts in progress increased to RMB346.1 million as at 31 December 2014 from RMB202.8 million as at 31 December 2013, mainly due to the increase in number of projects undertaken by us as well as the increase in average contract sum of projects newly commenced during FY2014. The amount slightly increased to RMB365.0 million as at 31 December 2015 as a result of further increase in total number of projects undertaken by us during FY2015, which was partially offset by the effect of cumulated progress billings issued. The amount increased to RMB647.3 million as at 31 October 2016, as a result of (i) the accumulation of construction works done as projects being carried out; and (ii) the increase in total number of projects undertaken by us during the same period.

Trade payables

Our trade payables are derived primarily from payables relating to the balances due to our suppliers for the purchase of materials, leasing of equipment and machineries as well as payables for labour service fees. Our trade payables increased from RMB569.5 million as at 31 December 2013 to RMB631.1 million as at 31 December 2014, and further increased to RMB696.9 million and RMB835.9 million as at 31 December 2015 and 31 October 2016. Such increase was primarily due to the increase in our costs of materials consumed and direct labour costs during the Track Record Period.

The table below sets forth, as at the dates indicated, the ageing analysis of our trade payables based on the date of receipt of goods:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	107,774	160,401	203,542	152,145
91 to 180 days	56,690	39,211	113,705	93,727
181 to 365 days	179,290	119,981	167,541	246,847
Over 1 year but less than 2 years	205,580	193,671	138,472	271,758
Over 2 years but less than 3 years	6,780	106,241	59,125	41,095
Over 3 years	13,430	11,623	14,503	30,369
Total	569,544	631,128	696,888	835,941

Credit terms from our suppliers may vary depending on relevant supplier arrangement. As a generally accepted practice in our industry in the PRC, we usually reach an understanding with our suppliers about the settlement schedule.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, our trade payables aged over one year were primarily attributable to the balances payable to our suppliers that we have been cooperating with for a long time and over a variety of our projects. These suppliers may allow certain flexibility for settlement of their trade payables because our Group had a good track record with them. It is our practice to always match the settling of supplier invoices with the receipts of corresponding invoice payments from customers, and we regularly monitor our current and future liquidity requirements to ensure that we maintain sufficient cash resources of working capital throughout our projects durations.

The following table sets out the average trade payables turnover days for the Track Record Period:

	For the year ended 31 December			For the ten months ended 31 October
	2013	**2014**	**2015**	**2016**
Average turnover days of trade payables[(1)]	394.9	392.4	289.0	213.5

Note:

(1) Average turnover days of trade payables for each of FY2013, FY2014, FY2015 and the ten months ended 31 October 2016 is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of services rendered, excluding depreciation and multiplying the resulting value by 365 days/305 days.

Our average trade payables turnover days slightly decreased from 394.9 days for FY2013 to 392.4 days for FY2014, and further decreased to 289.0 days and 213.5 days for FY2015 and the ten months ended 31 October 2016, respectively, mainly due to the fact that: (i) we accelerated our collection process of trade receivables from our customers and managed to settle our outstanding trade payables with our suppliers more promptly; and (ii) we endeavoured to shorten our settlement duration of trade payables with our suppliers in order to maintain an amicable working relationship with them on a long-term basis.

As at 31 January 2017, RMB206.7 million or 24.7% of trade payables outstanding as at 31 October 2016 had been fully settled.

Accruals and other payables

The following table sets forth our accruals and other payables by nature as at the respective dates indicated:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued staff costs	3,583	6,899	10,997	13,430
Accrued expenses	2,396	2,965	7,155	4,210
Accrued listing expense	—	—	—	3,685
Accrued rental expense	—	—	—	1,009
Advance from a staff	—	—	14,000	—
Other tax payables	—	2,652	2,220	21,087
Deposits from suppliers	7,908	7,924	13,803	2,618
Others	19,913	9,180	4,482	2,513
Total	33,800	29,620	52,657	48,552

Our accruals and other payables mainly represent accrued staff costs of salaries payable to our administrative staff and employees in the project team as well as social security expenses, accrued expenses of utility fees, accrued listing expenses, accrued rental expenses due to a related company, YZTB, advances from a staff, other tax payables for the business tax and auxiliary charges, deposits from suppliers to guarantee the quality of their supplies of materials, and others representing miscellaneous advances received in relation to our construction and related works. We recorded advances from a staff in the total amount of RMB14.0 million as at 31 December 2015, for meeting the temporary requirements of general daily operations including settlement of purchases and trade payables. The staff who made the advances worked in our accounting department and these advances were financed with her family's resources. The reason for making the advances to Chanhigh Landscape was due to the close acquaintance between the Peng Family and her own family. The advances from the said staff were unsecured, interest free and repayable on demand, and were fully repaid by us as at 31 October 2016.

The balance of accruals and other payable decreased from RMB33.8 million as at 31 December 2013 to RMB29.6 million as at 31 December 2014, which was mainly attributable to the decrease in others as a result of prepayment from a supplier regarding a project that was discontinued in FY2014, and further increased by RMB23.1 million to RMB52.7 million as at 31 December 2015, which was mainly attributable to the increase in deposits from suppliers resulting from the increase in number of our suppliers and an advance from a staff as at 31 December 2015. The balance decreased to RMB48.6 million as at 31 October 2016, which was mainly attributable to (i) the decrease in advances from a staff by RMB14.0 million upon repayment by us of such amount; and (ii) the decrease in deposits from suppliers by RMB11.2 million mainly because closing to the end of October 2016, there are fewer new projects commenced for which we required our suppliers to provide guarantees for materials procured; and was partially offset by (i) the increase in other tax payables of RMB18.9 million due to the significant increase in VAT tax payables pursuant to the PRC tax reform effective since May 2016; (ii) the increase in accrued listing expenses of RMB3.7 million; and (iii) the increase in accrued rental expenses of RMB1.0 million to be settled at the end of 2016.

Receipts in advance

Our receipts in advance mainly represent down payments from our customers upon commencement or in the process of our construction and related works. The balance increased from RMB9.1 million as at 31 December 2013 to RMB36.9 million as at 31 December 2014, mainly because a large-sized project in Zhejiang commenced during FY2014 and line with our revenue growth for FY2014. The balance decreased from RMB36.9 million as at 31 December 2014 to RMB26.2 million as at 31 December 2015, and further decreased to RMB16.7 million as at 31 October 2016, mainly attributable to (i) receipts in advance upon commencement of a large-sized project in Zhejiang during FY2014 and such amount was subsequently offset with our trade receivables as at 31 December 2015; and (ii) closing to the end of October 2016, there are fewer new projects commenced for which we required our customers to provide down payments. The receipt in advance vary from project to project and will be reduced to nil as our construction works progress and being certified.

Amounts due from related companies / amount due to a director

Our amounts due from related companies decreased from RMB363.5 million as at 31 December 2013 to RMB263.0 million as at 31 December 2014, and subsequently increased to RMB330.7 million as at 31 December 2015, respectively. The amounts were mainly advances to our related companies for financing purposes.

The following table sets forth the balances of amounts due from related companies and the respective annualised interest charged by us for the periods indicated:

	As at 31 December						As at 31 October	
	2013		2014		2015		2016	
	Balances	Annualised interest rate	Balances	Annualised interest rate	Balances	Annualised interest rate	Balances	Annualised interest rate
	RMB'000		RMB'000		RMB'000		RMB'000	
Chanhigh Agricultural	38,500	7.8%	44,100	7.4%	51,502	7.4%	—	5.4%
滄海房地產股份有限公司	43,530	7.8%	61,930	7.4%	2,215	7.4%	—	Nil
寧波滄海新城房地產有限公司	7,000	8.5%	—	12.7%	—	Nil	—	Nil
長興滄海房地產開發有限公司	14,580	8.5%	7,250	8.2%	2,900	8.2%	—	Nil
寧波城展物業服務有限公司	25,000	8.2%	62,200	7.4%	—	7.4%	—	Nil
寧波昆侖濱海酒店管理有限公司	38,100	7.8%	39,400	7.4%	40,650	7.4%	—	5.4%
CHHG	196,822	7.8%	1,655	7.4%	27,943	7.4%	—	Nil
寧波市鄞州天賓貿易有限公司	—	7.8%	46,450	7.4%	86,700	7.4%	—	5.4%
寧波市鄞州元亨利貞傳媒有限公司	—	8.5%	—	Nil	—	Nil	—	Nil
寧波城展環保科技有限公司	—	8.5%	—	Nil	—	Nil	—	Nil
寧波甬良物產有限公司	—	8.5%	—	Nil	118,762	8.2%	—	5.9%
	363,532		262,985		330,672		—	

The following table set forth the reconciliation of profit without interest income on amounts due from related parties during the Track Record Period:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Profit for the year	26,791	51,939	95,179	76,523	96,150
Less: Interest income from inter-company lending	(18,726)	(22,937)	(24,569)	(21,124)	(5,513)
Add: Business tax and auxiliary charges arose from the interest income from inter-company lending	1,049	1,284	1,376	1,183	309
Add: Income tax charged for the net interest income from inter-company lending	4,419	5,413	5,798	4,985	1,301
Adjusted net profit (Non-IFRS measure)[1]	13,533	35,699	77,784	61,567	92,247

Note:

(1) Adjusted net profit represents profit for the year/period excluding the interest income arising from amount due from related parties. Adjusted net profit is not a measure of performance under IFRS. As a non-IFRS measure, adjusted net profit is presented because our management believes such information will be helpful for investors in assessing the effect of interest income on our net profit. The use of adjusted net profit has material limitations as an analytical tool, as it does not include all items that impact our profit for the relevant year/period. Please refer to the section headed "Financial Information — Non-IFRS Measure" in this prospectus for details.

Our amount due to a director increased significantly from RMB4.5 million as at 31 December 2013 to RMB23.3 million as at 31 December 2014, and subsequently decreased to nil as at 31 December 2015, respectively. The amounts were mainly advances from a director for the purpose of meeting our then working capital requirement. Our amount due to a director increased to RMB159.9 million as at 31 October 2016, representing a loan from Mr. Peng YH for reorganisation purpose and advances from Mr. Peng YH for our Group's expenses.

All the amount due to a director were unsecured, interest free, of non-trade nature and had no fixed terms of repayment. As at 31 January 2017, we recorded amount due to a director of RMB160.3 million. Our amount due to a director has been (i) capitalised by way of issue of 1,000 Shares to each of Vast Base and TEUR on 15 March 2017; and (ii) the remaining amount due has been repaid to Mr. Peng YH on 13 March 2017. As at the date of this prospectus, there is no amount due to any directors. Further details of the settlement by way of capitalisation, please refer to the paragraph headed "History, Development and Reorganisation — Settlement of amount due to a director by way of capitalisation" in this prospectus. For further details of related party transactions and balances, please refer to note 35 to the Accountants' Report in Appendix I to this prospectus.

All our amounts due from related companies were unsecured, non-trade in nature, with interests charged at 0.4%-1.0% per month and had no fixed terms of repayment, and such amounts have been fully settled before 31 October 2016.

Current tax liabilities

For each of the three years ended 31 December 2015 and ten months ended 31 October 2016, the income tax expense amounted to RMB11.1 million, RMB17.8 million, RMB32.0 million and RMB36.7

million respectively and the Group has paid the income tax of RMB9.3 million, RMB7.7 million, RMB5.9 million and RMB13.5 million respectively, leading to the increase in current tax liabilities from RMB2.2 million as at 31 December 2013 to RMB12.3 million as at 31 December 2014, RMB38.5 million as at 31 December 2015 and RMB61.7 million as at 31 October 2016.

As at 31 October 2016, the current tax liabilities mainly represented the income tax payable for each of the two years ended 31 December 2015 and the ten months ended 31 October 2016 of RMB12.3 million, RMB38.5 million and RMB61.7 million respectively. The unpaid income tax as at 31 October 2016 was mainly due to the timing differences between the income tax charged to profit or loss based on the percentage of completion of the contracts performed and the income tax reported and paid to the local tax bureau based on the invoices issued to the customers in accordance with the terms of payments stated in the relevant contracts.

CAPITAL EXPENDITURES

The following table sets forth our capital expenditures for the periods indicated:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Buildings	196	—	—	—
Office equipment, furniture and fixtures	136	42	114	440
Plant and machinery	31	899	89	65
Motor vehicles	3	—	450	270
Total	366	941	653	775

Our Group's capital expenditures principally consisted of expenditures on acquisitions of property, plant and equipment in our operations. During the Track Record Period, our Group incurred capital expenditures of RMB0.4 million, RMB0.9 million, RMB0.7 million and RMB0.8 million, respectively, majority of which came from acquisition of equipment and machineries primarily used for our operations. After 31 October 2016 and up to the Latest Practicable Date, we did not make any material capital expenditures.

Our Group's projected capital expenditures are subject to revision based upon any future changes in our business plan, market conditions, and economic and regulatory environment. Please refer to the section headed "Future Plans and Use of Proceeds" in this prospectus for further information.

We expect to fund our contractual commitments and capital expenditures principally through the net proceeds we receive from the Global Offering, cash generated from our operating activities and proceeds from borrowings. We believe that these sources of funding will be sufficient to finance our contractual commitments and capital expenditure needs for the next 12 months.

CONTRACTUAL AND CAPITAL COMMITMENTS

Operating lease commitments

During the Track Record Period, our Group had commitments for future minimum lease payments in respect of our Group's offices under non-cancellable operating lease arrangements, which fall due as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	313	452	1,490	1,467
In the second to fifth year inclusive	162	445	1,464	267
Over five years	—	—	4	4
Total	475	897	2,958	1,738

Capital commitments

As at 31 December 2013, 2014 and 2015 and 31 October 2016, our Group had no capital commitments. During the Track Record Period, there has been no material change to our indebtedness and capital commitments.

INDEBTEDNESS

Borrowings

The following table sets forth our total debts as at 31 December 2013, 2014 and 2015 and 31 October 2016 and 31 January 2017:

	As at 31 December			As at 31 October	As at 31 January
	2013	2014	2015	2016	2017
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Secured short-term bank borrowings	299,400	305,100	306,100	61,000	61,000

The following table sets forth the average interest rates per annum for our borrowings as at the respective dates indicated during the Track Record Period:

	As at 31 December			As at 31 October	As at 31 January
	2013	2014	2015	2016	2017
Secured short-term bank borrowings	7.11%	7.05%	5.63%	5.43%	5.43%

As at 31 December 2013, 2014 and 2015 and 31 October 2016, we had bank borrowings of RMB50.0 million, RMB28.8 million, RMB18.8 million and nil, respectively, that were arranged at fixed rates and exposed us to fair value interest rate risks. As at the same year/period end, we have the remaining bank borrowings of RMB249.4 million, RMB276.3 million, RMB287.3 million and RMB61.0 million, respectively, that were arranged at floating rates and exposed us to cash flow interest rate risk.

Our bank loans were incurred primarily for financing working capital of the related companies and we repaid the borrowing through repayment of advances from the related companies. For FY2013, FY2014 and FY2015, our borrowings were secured by the following:

- Unlimited guarantee from our Directors;
- Unlimited guarantee from our related companies; and
- Legal charge over the lands and properties of our related companies.

Our Directors confirm that the above guarantees and legal charge had been released before 31 October 2016. As at 31 October 2016 and 31 January 2017, borrowings of RMB61.0 million were unsecured.

As at 31 December 2013, 2014 and 2015, our bank borrowings remained relatively stable at RMB299.4 million, RMB305.1 million, RMB306.1 million, respectively. As at 31 October 2016, our bank borrowings decreased to RMB61.0 million as a result of our repayment of such borrowings through repayment of advances from the related companies.

As at 31 January 2017, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding bank borrowings of RMB61.0 million and there was an unutilised banking facility of RMB230.0 million available to us. The agreements under our bank loans do not contain any material covenants that will have a material adverse effect on our ability to make additional borrowings or issue debt or equity securities in the future.

During the Track Record Period, we did not experience any delay or default in repayment of bank borrowings nor experience any difficulty in obtaining banking facilities with terms that are commercially acceptable to us. As at the date of this prospectus, we did not have any plan for material external debt financing.

Contingent liabilities

As at 31 January 2017, being the latest practicable date for the purpose of the indebtedness statement, we did not have any material contingent liabilities or guarantees.

Except as disclosed above, and apart from intra-group liabilities, as at 31 January 2017, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

OFF-BALANCE SHEET ARRANGEMENT

As at the Latest Practicable Date, we had not entered into any off-balance sheet transaction.

TRANSACTIONS WITH RELATED PARTIES

With respect to the related party transactions set forth in the Accountants' Report in Appendix I to this prospectus, our Directors confirm that these transactions were conducted on normal commercial terms or such terms that were no less favourable to our Group than those available to Independent Third Parties and were fair and reasonable and in the interest of our Shareholders as a whole.

KEY FINANCIAL RATIOS

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

	For the year ended 31 December			For the ten months ended 31 October
	2013	**2014**	**2015**	**2016**
Gross Profit Margin (%)[(1)]	8.4	11.6	13.2	13.0
Net Profit Margin (%)[(2)]	4.8	7.9	9.5	7.5
Return on equity (%)[(3)]	13.9	22.4	29.1	N/A
Return on total assets (%)[(4)]	2.4	4.1	6.5	N/A

	As at 31 December			As at 31 October
	2013	**2014**	**2015**	**2016**
Current ratio[(5)]	1.2	1.2	1.3	1.2
Gearing ratio[(6)]	1.6	1.3	0.9	0.2
Net debt to equity ratio[(7)]	1.4	1.2	0.7	Net cash

Notes:

(1) We calculated gross profit margin for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016 based on gross profit divided by total revenue for the respective year/period and multiplied by 100%. See the paragraph headed "Review of Historical Results of Operation" in this section for more details on our gross profit margins.

(2) We calculated net profit margin for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016 based on profit for the year/period divided by total revenue for the respective year/period and multiplied by 100%. See the paragraph headed "Review of Historical Results of Operation" in this section for more details on our net profit margins.

(3) We calculated return on equity for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016 based on the profit for the year for the respective year/period divided by total equity attributable to the Shareholders as at the respective year/period ends and multiplied by 100%. Calculation of return on equity is on a full year basis.

(4) We calculated return on total assets for FY2013, FY2014, FY2015 and the ten months ended 31 October 2016 based on the net profit for the respective year/period divided by the total assets as at the respective year/period ends and multiplied by 100%. Calculation of return on total asset is on a full year basis.

(5) We calculated current ratios as at 31 December 2013, 2014, 2015 and 31 October 2016 based on the total current assets divided by the total current liabilities as at the respective year/period ends.

(6) We calculated gearing ratios as at 31 December 2013, 2014, 2015 and 31 October 2016 based on the total debt divided by total equity as at the respective year/period ends.

(7) We calculated net debt to equity ratios as at 31 December 2013, 2014 and 2015 and 31 October 2016 based on net debts (being total borrowings net of cash and cash equivalents) divided by total equity as at the respective year/period ends.

Gross profit margin and net profit margin

For details, please see the paragraph headed "Review of historical results of operation" in this section.

Return on equity

Our return on equity was 13.9%, 22.4% and 29.1% for FY2013, FY2014 and FY2015, respectively. The continuous increase was mainly due to (i) the continuous increase in our profit for the year that was generally in line with our revenue growth during the Track Record Period; and (ii) the one-off interim dividend declared and paid of RMB13.3 million for FY2014.

Return on total assets

Our return on total assets was 2.4%, 4.1% and 6.5% for FY2013, FY2014 and FY2015, respectively. The continuous increase was primarily attributable to the relatively smaller total assets growth mainly resulting from the increase in trade and bills receivables, as compared with the significant growth in profit for the year during the Track Record Period.

Current ratio

Our current ratio was 1.2, 1.2, 1.3 and 1.2 as at 31 December 2013, 2014 and 2015 and as at 31 October 2016, respectively, which remained relatively stable.

Gearing ratio

Our gearing ratio was 1.6, 1.3, 0.9 and 0.2 as at 31 December 2013, 2014 and 2015 and as at 31 October 2016, respectively. The continuous decrease in our gearing ratio from 31 December 2013 to 31 December 2015 was mainly due to the stable bank borrowings level as compared with the increase in total equity from 31 December 2013 to 31 December 2015. The comparatively lower gearing ratio as at 31 October 2016 was mainly due to the significant decrease in bank borrowing as being partially offset by the decrease in total equity because of the repurchase of equity interests as part of Reorganisation that led to a decrease in share capital as at the same date.

Net debt to equity ratio

Our net debt to equity ratio was 1.4, 1.2 and 0.7 as at 31 December 2013, 2014 and 2015. The continuous decrease was primarily attributable to the stable level of net debt as compared with the increase in total equity from 31 December 2013 to 2015. Our Group recorded net cash for net debt to equity ratio as at 31 October 2016 as cash and cash equivalents exceeded total bank borrowings as at the same date.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

We are exposed to various types of financial risks including credit risk and liquidity risk. Our Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on our Group's financial performance.

Credit risk

Our Group's credit risk is primarily attributable to our trade and other receivables, cash and bank balances and amounts due from related companies. In order to minimise credit risk of trade and bill receivables, our Directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, our Directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, our Directors consider that our Group's credit risk is significantly reduced.

Our Group has no significant concentrations of credit risk. We have policies in place to ensure that sales are made to customers with an appropriate credit history. Our directors closely monitor amounts due from related companies. We have limited credit risk on cash and bank balances because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except for certain financial guarantees given by our Group as set out in note 31 to the Accountants' Report in Appendix I to this prospectus, our Group does not provide any other guarantees which would expose us to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at each of the end of the reporting period is disclosed in note 31 to the Accountants' Report in Appendix I to this prospectus.

Liquidity risk

Our Group's policy is to regularly monitor current and expected liquidity requirements, to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term. Please refer to note 6(c) to the Accountants' Report in Appendix I to this prospectus for details on the analysis based on contractual undiscounted cash flows of our Group's financial liabilities.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Our Directors confirm that as at the Latest Practicable Date, there were no circumstances that would give rise to the disclosure requirements under Rules 13.13 to 13.19 of the Listing Rules.

LISTING EXPENSES

Listing expenses represent professional fees, underwriting commission, SFC transaction levy, Stock Exchange trading fee and other fees incurred in connection with the Global Offering and the Listing. The estimated total listing expenses (based on the midpoint of our indicative Offer Price range and assuming that the Over-Allotment Option is not exercised) for the Global Offering are RMB43.5 million. During the Track Record Period, listing expenses of RMB13.0 million was recognized as expenses and RMB4.4 million was recorded as prepayment. We expect to incur additional listing expenses of RMB26.1 million, of which RMB0.4 million and RMB12.5 million will be charged to equity, and RMB5.2 million and RMB8.0 million will be charged to our consolidated statements of comprehensive income for the two months ended 31 December 2016 and the year ending 31 December 2017, respectively.

DIVIDEND

During the Track Record Period, no dividend had been paid or declared by our Company. The dividends declared and paid by Chanhigh Landscape to its then shareholders was nil, RMB13.3 million, nil and RMB14.8 million for FY2013, FY2014 and FY2015 and the ten months ended 31 October 2016, respectively.

During the Track Record Period, we did not have any dividend policy in place and we do not expect to formulate any specific dividend policy in the near future. The declaration of dividends is subject to the discretion of our Board and the approval of our Shareholders. Our Directors may recommend a payment of dividends in the future after taking into account our operations and earnings, capital requirements and surplus, general financial condition, contractual restrictions, capital expenditure and future development requirements, shareholders' interests and other factors which they may deem relevant at such time. Any declaration and payment as well as the amount of the dividends will be subject to our constitutional documents and the Cayman Islands Companies Law, including the approval of our Shareholders. Any future declarations of dividends may or may not reflect our historical declarations of dividends and will be at the absolute discretion of our Directors.

Future dividend payments will also depend upon the availability of dividends received from our operating subsidiaries in the PRC. PRC laws require that dividends be paid only out of the net profit calculated according to the PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including IFRSs. PRC laws also require foreign-invested enterprises to set aside part of their net profit as statutory reserves, which are not available for distribution as cash dividends. Distributions from our PRC operating subsidiaries may also be subject to any restrictive covenant in bank credit facilities or loan agreements, convertible bond instruments or other agreements that they or we may enter into in the future.

Any dividends declared will be in Hong Kong dollars with respect to our Shares on a per share basis, and our Company will pay such dividends in Hong Kong dollars.

Any distributable profits that are not distributed in any given year will be retained and available for distribution in subsequent years. To the extent profits are distributed as dividends, such portion of profits will not be available to be reinvested in our operations.

DISTRIBUTABLE RESERVES

Our Company was incorporated on 1 April 2016 as an exempted company in the Cayman Islands and has not carried out any business since the date of its incorporation. There were no reserves available for distribution to the Shareholders as at the Latest Practicable Date.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

Please refer to the section headed "Unaudited Pro Forma Adjusted Net Tangible Assets" in Appendix II to this prospectus for our unaudited pro forma adjusted consolidated net tangible assets.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there have not been any material adverse changes in our financial or trading position or prospects subsequent to the Track Record Period and up to the date of this prospectus. As far as we are aware, there was no material change in the general market conditions that had materially and adversely affected or would affect our business operations or financial conditions.

FUTURE PLANS

Please refer to the section headed "Business — Business Strategies" in this prospectus for details of our future plans.

USE OF PROCEEDS

We estimate that the aggregate net proceeds to us from the Global Offering (after deducting underwriting fees and estimated expenses paid or payable by us in connection with the Global Offering) (the "**Net Proceeds**"), assuming an Offer Price of HK$2.13 per Offer Share, being the mid-point of the indicative Offer Price range of HK$1.88 to HK$2.38, will be HK$271.2 million, assuming that the Over-allotment Option is not exercised. We currently intend to apply the Net Proceeds in the following manner:

(i) 62.1% or HK$168.5 million, will be used to fund the potential acquisition or establishment through joint ventures of two local landscape construction companies located in Central China and Pearl River Delta possessing First-Grade Urban Landscape Construction Enterprise Qualification Certificate. As at the Latest Practicable Date, we did not have specific acquisition targets or joint venture plans and had not entered into definitive agreements nor engaged in any active discussion with any potential targets. Please refer to the section headed "Business — Business Strategies — Continuing to enhance our core competitive strengths through horizontal and vertical integrations — Horizontal integration with local landscape construction companies to expand our business coverage" for details of our plans and acquisition strategy;

(ii) 29.0% or HK$78.7 million, will be used to fund the potential acquisition of or strategic investment in architectural design firm(s) located in Yangtze River Delta possessing first-grade qualification in architectural design. As at the Latest Practicable Date, we did not have specific acquisition targets or investment plans and had not entered into definitive agreements nor engaged in any active discussions with any potential targets. Please refer to the section headed "Business — Business Strategies — Continuing to enhance our core competitive strengths through horizontal and vertical integrations — Vertical integration through selective acquisitions of and investments in architectural design firm(s) to enrich our service capability" for details of our plans and acquisition strategy;

(iii) 2.5% or HK$6.7 million, will be used to fund the potential acquisition or establishment of a new inspection centre accredited with the qualification(s) to carry out inspection, analysis and testing on the incoming materials to be used for construction, and/or the inspection and supervision of construction works. Please refer to the section headed "Business — Business Strategies — Continuing to enhance project execution efficiency and work quality" for details of our plans and acquisition strategy; and

(iv) 6.4% or HK$17.3 million, will be used as working capital and other general corporate purposes.

If the Offer Price is set at the highest or lowest point of the indicative Offer Price range, the Net Proceeds, assuming that the Over-allotment Option is not exercised, will increase to HK$307.6 million or decrease to HK$234.8 million, respectively, and in such event, we intend to increase or decrease, respectively, the Net Proceeds to be used for the above purposes on a pro-rata basis.

If the Over-allotment Option is exercised in full, and assuming the Offer Price is set at the high-end of the indicative Offer Price range, the Net Proceeds including the proceeds from the exercise of the Over-allotment Option, will increase to HK$359.5 million, and in such event, we intend to increase the allocation of the Net Proceeds to the above purposes on a pro-rata basis.

FUTURE PLANS AND USE OF PROCEEDS

To the extent that the Net Proceeds are not sufficient to fund the purposes as set out above, we intend to fund the balance through a variety of means, including cash generated from operations, bank loans and other borrowings, as appropriate. Should our Directors decide to re-allocate the intended use of proceeds to other business plans and/or new projects of our Group to a material extent and/or there is to be any material modification to the use of proceeds as described above, we will make appropriate announcement(s) in due course.

To the extent that the Net Proceeds of the Global Offering are not immediately required for the above purposes and to the extent permitted by applicable law and regulations, if we are unable to effect any part of our future plans as intended, we may hold such funds in short term demand deposits with banks in Hong Kong or the PRC and/or through money market instruments.

THE CORNERSTONE INVESTMENT

We have entered into cornerstone investment agreements on 16 March 2017 (the "**Cornerstone Investment Agreements**" and each a "**Cornerstone Investment Agreement**") with the Sole Global Coordinator and two investors (the "**Cornerstone Investors**" and each a "**Cornerstone Investor**"), pursuant to which the Cornerstone Investors have agreed to subscribe for, at the Offer Price, such number of Shares (the "**Cornerstone Investors Shares**") (rounded down to the nearest whole board lot of 2,000 Shares) that may be purchased for an aggregate amount of approximately HK$117 million (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%) (the "**Cornerstone Placing**").

The table below sets forth the total number of the Cornerstone Investors Shares that the Cornerstone Investors would subscribe and the respective approximate percentages of the Shares in issue (i) immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is fully exercised; and (ii) immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is not exercised:

		Approximate percentages of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering:	
	Total number of Cornerstone Investors Shares	**Assuming the Over-allotment Option is fully exercised**	**Assuming the Over-allotment Option is not exercised**
Assuming an Offer Price of HK$1.88 (being the low end of the Offer Price range stated in this prospectus)	62,234,000	10.00%	10.37%
Assuming an Offer Price of HK$2.13 (being the mid-point of the Offer Price range stated in this prospectus)	54,928,000	8.82%	9.15%
Assuming an Offer Price of HK$2.38 (being the high end of the Offer Price range stated in this prospectus)	49,158,000	7.90%	8.19%

To the best knowledge and belief of our Company, each of the Cornerstone Investors is independent of each other. None of the Cornerstone Investors will become our substantial Shareholders immediately upon completion of the Global Offering. Immediately following the completion of the Global Offering, the Cornerstone Investors will not have any representation on our Board and no special rights have been granted to the Cornerstone Investors as part of the Cornerstone Placing.

The Cornerstone Investors will subscribe for the Shares pursuant to, and as part of, the International Placing. The Cornerstone Investors will not subscribe for any Offer Shares under the Global Offering, other than pursuant to the respective Cornerstone Investment Agreements.

The Offer Shares to be subscribed by the Cornerstone Investors will rank *pari passu* with the Shares in issue and to be listed on the Stock Exchange, and will be counted towards the public float of our Company. The Cornerstone Investor Shares will not be affected by any reallocation of Shares between the International Placing and the Hong Kong Public Offering in the event of over-subscription under the Hong Kong Public Offering as described in the section headed "Structure of the Global Offering — The Hong Kong Public Offering — Reallocation and Clawback" in this prospectus.

Details of the actual number of Shares to be allocated to the Cornerstone Investors under the Cornerstone Placing will be disclosed in the announcement of results of allocations in the Hong Kong Public Offering to be issued by the Company on or around 30 March 2017.

CORNERSTONE INVESTORS

We have entered into the Cornerstone Investment Agreements with each of the following Cornerstone Investors. Details of investments by the Cornerstone Investors and their information are set forth below:

Zhejiang Yongchuang Industrial CO., Ltd (浙江甬創實業有限公司)

Zhejiang Yongchuang Industrial CO., Ltd ("**Zhejiang Yongchuang**") has agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) which aggregate amount shall be capped at HK$78,000,000 (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

The table below sets forth the total number of the Offer Shares that Zhejiang Yongchuang would subscribe and the approximate percentages of the Shares in issue (i) immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is fully exercised; and (ii) immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is not exercised:

		Approximate percentages of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering:	
	Total number of Offer Shares to be subscribed	Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised
Assuming an Offer Price of HK$1.88 (being the low end of the Offer Price range stated in this prospectus)	41,488,000	6.66%	6.91%
Assuming an Offer Price of HK$2.13 (being the mid-point of the Offer Price range stated in this prospectus)	36,618,000	5.88%	6.10%
Assuming an Offer Price of HK$2.38 (being the high end of the Offer Price range stated in this prospectus)	32,772,000	5.26%	5.46%

Zhejiang Yongchuang is a company incorporated in the PRC on 17 August 2016, which is owned 70% by Mr. Lou Zhangliang (樓璋亮) and 30% by Ms. Lou Jingjing (樓靜靜). Ms. Lou Jingjing together with her family members, hold more than 35% shareholding in Ningbo Jintian Copper Group Co., Limited ("Jintian Copper"), which is listed on the Shenzhen Stock Exchange (Stock code: 834178). The business scope of Zhejiang Yongchuang is engaging in the importation and exportation (or acting as importation and exportation agent) of all kinds of goods and technologies (excluding those prohibited by the PRC laws and regulations), such as gold, precious metals, hardware products, chemical raw materials and products (excluding dangerous and poisonous goods), metallic materials, cleaning tools, stationery, sporting goods and timber wholesale etc. To the best knowledge and belief of our Directors and our Company, each of Zhejiang Yongchuang and its ultimate beneficial owners is an Independent Third Party and is not our connected person, their respective close associate and not an existing Shareholder.

Shanghai Jinmai Trading Co., Ltd. (上海金麥貿易有限公司)

Shanghai Jinmai Trading Co., Ltd. ("**Shanghai Jinmai**") has agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) which aggregate amount shall be capped at HK$39,000,000 (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%).

The table below sets forth the total number of the Offer Shares that Shanghai Jinmai would subscribe and the approximate percentages of the Shares in issue (i) immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is fully exercised; and (ii) immediately following completion of the Capitalisation Issue and the Global Offering, assuming the Over-allotment Option is not exercised:

	Total number of Offer Shares to be subscribed	Approximate percentages of the Shares in issue immediately following completion of the Capitalisation Issue and the Global Offering: Assuming the Over-allotment Option is fully exercised	Assuming the Over-allotment Option is not exercised
Assuming an Offer Price of HK$1.88 (being the low end of the Offer Price range stated in this prospectus)	20,744,000	3.33%	3.46%
Assuming an Offer Price of HK$2.13 (being the mid-point of the Offer Price range stated in this prospectus)	18,308,000	2.94%	3.05%
Assuming an Offer Price of HK$2.38 (being the high end of the Offer Price range stated in this prospectus)	16,386,000	2.63%	2.73%

Shanghai Jinmai is a company incorporated in the PRC on 3 August 2005, which is owned 50% by Mr. Wang Rong (汪榮) and 50% by Ms. Zhou Tingting (周婷婷). The business scope of Shanghai Jinmai are sales of mineral products (except for patent products), metallic products and materials, electric wire, chemical raw materials and products (excluding dangerous chemical goods, controlled chemical goods, civil explosive goods and poisonous goods), cleaning tools, office products, business consulting and investment management etc. To the best knowledge and belief of our Directors and our Company, each of Shanghai Jinmai and its ultimate beneficial owners is an Independent Third Party and is not our connected, their respective close associate and not an existing Shareholder.

CONDITIONS PRECEDENT

The subscription obligation of each of the Cornerstone Investors is subject to the following conditions precedent:

(a) the International Underwriting Agreement and the Hong Kong Underwriting Agreement having been entered into, having become effective and unconditional by no later than the respective time and date specified therein, or such later time and date as may be agreed between our Company and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), and not having been terminated, in accordance with their respective original terms (or as subsequently waived, to the extent it may be waived, by the relevant parties thereto);

(b) the Offer Price having been agreed between the Sole Global Coordinator (for itself and on behalf of the other International Underwriters) and our Company in connection with the International Placing;

(c) the Cornerstone Investors' warranties and our Company's warranties are true and accurate in all material respects and not misleading and there having been no material breach of the relevant Cornerstone Investment Agreements on the part of the Cornerstone Investors and our Company;

(d) the Listing Committee of the Stock Exchange having granted or agreed to grant the approval for the listing of, and permission to deal in, the Shares on the Stock Exchange and such approval or permission not having been revoked; and

(e) no laws having been enacted or promulgated by any governmental authority which prohibits the consummation of the transactions contemplated under the respective Cornerstone Investment Agreements and there having been no order or injunction of a court of competent jurisdiction in effect precluding or prohibiting consummation of the transactions contemplated under the respective cornerstone investment agreements.

RESTRICTIONS ON DISPOSAL BY THE CORNERSTONE INVESTOR

Each of the Cornerstone Investors has agreed that, without the prior written consent of our Company and the Sole Global Coordinator, it will not, at any time during the period of six months following the Listing Date, dispose of (as defined in the respective Cornerstone Investment Agreement) any of the Shares to be subscribed for by each of the Cornerstone Investors pursuant to the respective Cornerstone Investment Agreements (including any Shares which are derived from the Cornerstone Investors Shares pursuant to any rights issue, capitalisation issue or any other form of capital reorganisation), nor will it agree or contract to, or publicly announce any intention to enter into a transaction with a third party for disposal thereof. Each of the Cornerstone Investors may transfer the Shares so subscribed in certain limited circumstances, such as transfer to its wholly-owned subsidiary, provided prior to such transfer, that such wholly-owned subsidiary undertakes in writing in favour of our Company and the Sole Global Coordinator, and the relevant Cornerstone Investors undertake in writing in favour of our Company and the Sole Global Coordinator to procure that such wholly-owned subsidiary will abide by the restrictions on disposals imposed on such Cornerstone Investors.

SOLE GLOBAL COORDINATOR, SOLE BOOKRUNNER AND SOLE LEAD MANAGER

Essence International Securities (Hong Kong) Limited

HONG KONG UNDERWRITERS

Essence International Securities (Hong Kong) Limited

Long Asia Securities Limited

Mason Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offering

Hong Kong Underwriting Agreement

Pursuant to the Hong Kong Underwriting Agreement, our Company has agreed to offer the Hong Kong Offer Shares for subscription by the public in Hong Kong on and subject to the terms and conditions of this prospectus and the Application Forms. Subject to, among other conditions, the granting of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus by the Listing Committee and to certain other conditions set out in the Hong Kong Underwriting Agreement (including the Sole Global Coordinator, for itself and on behalf of the other Hong Kong Underwriters, and our Company agreeing to the final Offer Price), the Hong Kong Underwriters have severally agreed to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered which are not taken up under the Hong Kong Public Offering on the terms and conditions of this prospectus, the Application Forms and the Hong Kong Underwriting Agreement. The Hong Kong Underwriting Agreement is conditional upon and subject to, among others, the International Underwriting Agreement having been signed and becoming unconditional.

Grounds for termination

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to the termination by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters), in its sole and absolute opinion, with immediate effect by giving notice in writing to our Company if any of the following events occurs at or prior to 8:00 a.m. on the Listing Date:

1. there has come to the notice of the Sole Global Coordinator:

   (i) that any statement contained in any of this prospectus, the Application Forms, the formal notice and/or the Hong Kong underwriting documents and/or the international underwriting documents and/or any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of our Company in connection with the Global Offering (including any supplement or amendment thereto) (collectively the "**Relevant Documents**") was, when it was issued, or has become untrue, incorrect, misleading or deceptive in any respect or that any forecast, expression of opinion, intention or expectation expressed in any of the Relevant Documents is not, in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Underwriters), fair and honest and based on reasonable assumptions, when taken as a whole; or

(ii) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the respective dates of the publication of the Relevant Documents, constitute an omission therefrom; or

(iii) any breach of any of the obligations imposed or to be imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (in each case, other than on the part of any of the Underwriters); or

(iv) any event, act or omission which gives or is likely to give rise to any liability of any of the executive Directors and the Controlling Shareholders (the "**Warrantors**") pursuant to provisions under the indemnity clause in the Hong Kong Underwriting Agreement or under the International Underwriting Agreement; or

(v) any change or development involving a prospective material adverse change in the assets, liabilities, general affairs, management, business prospects, shareholders' equity, profits, losses, results of operations, position or conditions (financial, trading or otherwise) or performance of our Group taken as a whole ("**Group Company**"); or

(vi) any breach of, or any event or circumstance rendering untrue or incorrect in any respect, any of the representations, warranties, agreements and undertakings to be given by the Warrantors respectively in terms set out in the Hong Kong Underwriting Agreement (the "**Warranties**"); or

(vii) the approval by the Listing Committee of the listing of, and permission to deal in, the Shares (including any additional Shares that may be issued upon the exercise of the Over-allotment Option) is refused or not granted, or is qualified (other than subject to customary conditions), on or before the Listing Date, or if granted, the approval is subsequently withdrawn, qualified (other than by customary conditions) or withheld; or

(viii) our Company withdraws any of the Relevant Documents or the Global Offering; or

(ix) any person (other than the Hong Kong Underwriters) has withdrawn or sought to withdraw its consent to being named in any of this prospectus, the Application Forms, the formal notice and/or the international underwriting documents or to the issue of any of such documents; or

(x) that a petition or an order is presented for the winding up or liquidation of any Group Company or any Group Company makes any composition or arrangement with its creditors or enters into a scheme of arrangement or any resolution is passed for the winding up of any Group Company or a provisional liquidator, receiver or manager is appointed to take over all or part of the assets or undertaking of any Group Company or anything analogous thereto occurs in respect of any Group Company; or

(xi) an authority or a political body or organization in any relevant jurisdiction has commenced any investigation or other action, or announced an intention to investigate or take other action, against any of the Directors and senior management members of our Group as set out in the section headed "Directors and Senior Management" in this prospectus; or

(xii) a portion of the orders in the book building process, which is considered by the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) in its reasonable opinion to be material, at the time the International Underwriting Agreement is entered into, or the investment commitments by any cornerstone investors after signing of agreements with such cornerstone investors, have been withdrawn, terminated or cancelled, and the Sole Global Coordinator, in its sole and absolute discretion, conclude that it is therefore inadvisable or inexpedient or impracticable to proceed with the Global Offering; or

(xiii) any loss or damage has been sustained by any Group Company (howsoever caused and whether or not the subject of any insurance or claim against any person) which is considered by the Sole Global Coordinator (for itself and on behalf of the other Underwriters) in its reasonable opinion to be material on our Group taken as a whole; or

2. there shall develop, occur, exist or come into effect:

(i) any local, national, regional, international event or circumstance, or series of events or circumstances, beyond the reasonable control of the Underwriters (including, without limitation, any acts of government or orders of any courts, strikes, calamity, crisis, lock-outs, fire, explosion, flooding, civil commotion, acts of war, outbreak or escalation of hostilities (whether or not war is declared), acts of God, acts of terrorism, declaration of a local, regional, national or international emergency, riot, public disorder, economic sanctions, outbreaks of diseases, pandemics or epidemics (including, without limitation, Severe Acute Respiratory Syndrome, avian influenza A (H5N1), Swine Flu (H1N1), Middle East Respiratory Syndrome or such related or mutated forms) or interruption or delay in transportation); or

(ii) any change or development involving a prospective change, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change, in any local, regional, national, international, financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets); or

(iii) any moratorium, suspension or restriction on trading in securities generally (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) on the Stock Exchange, the New York Stock Exchange, the London Stock Exchange, the American Stock Exchange, the Nasdaq National Market, the Shanghai Stock Exchange, the Shenzhen Stock Exchange and the Tokyo Stock Exchange; or

(iv) any new law(s), rule(s), statute(s), ordinance(s), regulation(s), guideline(s), opinion(s), notice(s), circular(s), order(s), judgement(s), decree(s) or ruling(s) of any governmental authority ("**Law(s)**"), or any change or development involving a prospective change in existing Laws, or any event or circumstance or series of events or circumstances likely to result in any change or development involving a prospective change in the interpretation or application of existing Laws by any court or other competent authority, in each case, in or affecting any of Hong Kong, the PRC, the United States, the Cayman Islands, the European Union (or any member thereof) or any other jurisdictions relevant to any Group Company or the Global Offering (the "**Specific Jurisdictions**"); or

(v) the imposition of any general moratorium on commercial banking activities, or any disruption in commercial banking activities, foreign exchange trading or securities settlement or clearance services or procedures or matters, in or affecting any of the Specific Jurisdictions; or

(vi) the imposition of economic sanctions, in whatever form, directly or indirectly, by or for any of the Specific Jurisdictions; or

(vii) a change or development involving a prospective change in or affecting taxation or exchange control (or the implementation of any exchange control), currency exchange rates or foreign investment Laws (including, without limitation, any change in the system under which the value of the Hong Kong currency is linked to that of the currency of the United States or a material fluctuation in the exchange rate of the Hong Kong dollar or the Renminbi against any foreign currency), in or affecting any of the Specific Jurisdictions or affecting an investment in the Shares; or

(viii) any change or development involving a prospective change, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(ix) any litigation or claim of any third party being threatened or instigated against any Group Company or any of the Warrantors; or

(x) any of the Directors and Senior Management members of the Company as set out in the section headed "Directors and Senior Management" in this prospectus being charged with an indictable offence or prohibited by operation of Law or otherwise disqualified from taking part in the management of a company; or

(xi) the chairman or chief executive officer of our Company vacating his or her office; or

(xii) the commencement by any governmental, regulatory or political body or organisation of any action against a Director in his or her capacity as such or an announcement by any governmental, regulatory or political body or organisation that it intends to take any such action; or

(xiii) a contravention by any Group Company or any Director of the Listing Rules, the Companies Ordinance or any other laws applicable to the Global Offering; or

(xiv) a prohibition on our Company for whatever reason from allotting, issuing or selling the Offer Shares and/or the Over-allotment Shares pursuant to the terms of the Global Offering; or

(xv) non-compliance of this prospectus and the other Relevant Documents or any aspect of the Global Offering with the Listing Rules or any other Laws applicable to the Global Offering; or

(xvi) the issue or requirement to issue by our Company of a supplement or amendment to this prospectus and/or any other documents in connection with the Global Offering pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xvii) a valid demand by any creditor for repayment or payment of any indebtedness of any Group Company or in respect of which any Group Company is liable prior to its stated maturity; or

which in each case individually or in aggregate in the sole and absolute opinion of the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(a) has or is or will or may or could be expected to have a material adverse effect on the assets, liabilities, business, general affairs, management, shareholders' equity, profits, losses, results of operations, financial, trading or other condition or prospects or risks of our Company or our Group taken as a whole or on any present or prospective shareholder of our Company in his, her or its capacity as such; or

(b) has or will or may have or could be expected to have an adverse effect on the success, marketability or pricing of the Global Offering or the level of applications under the Hong Kong Public Offering or the level of interest under the International Placing; or

(c) makes or will make or may make it inadvisable, inexpedient or impracticable for any part of the Hong Kong Underwriting Agreement or the Global Offering to be performed or implemented or proceeded with as envisaged or to market the Global Offering or shall otherwise result in a material interruption to or material delay thereof; or

(d) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance substantially in accordance with its terms or which prevents the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings Given to the Stock Exchange Pursuant to the Listing Rules

By our Company

We have undertaken to the Stock Exchange that (except pursuant to the Capitalisation Issue, the Global Offering, the Over-allotment Option) at any time during the period commencing on the date of this prospectus and ending on the expiry of the six-month period after the Listing Date, we shall not, without the prior consent of the Stock Exchange and unless in compliance with the requirements of the Listing Rules, allot and issue or agree to allot or issue any Shares or other securities convertible into our equity securities of our Company (including warrants or other convertible securities) whether or not of a class already listed, except in certain circumstances prescribed by Rule 10.08 of the Listing Rules.

By our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to us and to the Stock Exchange that except pursuant to the Global Offering, the Over-allotment Option or the Stock Borrowing Agreement, it shall not and shall procure that the registered holders controlled by each of our Controlling Shareholders shall not:

(a) in the period commencing on the date by reference (the "**Reference Date**") to which disclosure of the shareholdings in our Company is made in this prospectus in relation to the Global Offering and ending on the date (the "**End Date**") which is six months from the Listing Date on which dealings in the shares of the Company commence on the Stock Exchange, dispose of, or enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of, any of our securities that it is shown to beneficially owned by the Controlling Shareholders in this prospectus (the "**Relevant Securities**"); or

(b) in the period of six months commencing from the End Date, dispose of, or enter into any agreement to dispose of, or otherwise create any options, rights, interests or encumbrances (save as pursuant to a pledge or charge as security in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan) in respect of the Relevant Securities if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, she or it will cease to be a controlling shareholder (as defined in the Listing Rules) of our Company.

Each of our Controlling Shareholders has further undertaken to us and the Stock Exchange that, within the period commencing on the Reference Date and ending on the date which is 12 months from the Listing Date, she or it will:

(a) when she or it pledges or charges any securities in our Company beneficially owned by her or it in favour of an authorised institution (as defined in the Banking Ordinance, Chapter 155 of the Laws of Hong Kong), immediately inform us in writing of such pledge or charge together with the number of our securities so pledged or charged; and

(b) when she or it receives indications, either verbal or written, from the pledgee or chargee that any of the pledged or charged securities beneficially owned by her or it will be disposed of, immediately inform us in writing of such indications.

We will also inform the Stock Exchange as soon as we have been informed of the matters mentioned in the paragraphs (a) and (b) above by any of our Controlling Shareholders and subject to the requirements of the Listing Rules disclose such matters by way of an announcement which is published in accordance with Rule 2.07C of the Listing Rules as soon as possible.

Undertakings to the Hong Kong Underwriters

Undertakings by our Company

Except pursuant to the Global Offering (including pursuant to the Over-allotment Option), during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months after the Listing Date (the "**First Six-Month Period**"), our Company hereby undertakes to each of the Sole Sponsor, the Sole Global Coordinator and the Hong Kong Underwriters not to, and to procure each other Group Company not to, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(a) allot, issue, sell, accept subscription for, offer to allot, issue or sell, contract or agree to allot, issue or sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to subscribe for or purchase, grant or purchase any option, warrant, contract or right to allot, issue or sell, or otherwise transfer or dispose of or create a pledge, charge, lien, mortgage, option, restriction, right of first refusal, security interest, claim, pre-emption rights, equity interest, third party rights or interests or rights of the same nature as that of the foregoing or other encumbrances or security interest of any kind or another type of preferential arrangement (including without limitation, retention arrangement) having similar effect ("**Encumbrance**") over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any other warrants or other rights to purchase, any Shares or any shares of such other Group Company, as applicable), save as the foregoing action which is made in favour of banks in respect of loans necessary for the Group's operational needs, or deposit any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, with a depositary in connection with the issue of depositary receipts or repurchase any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable, or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares or other securities of our Company or any shares or other securities of such other Group Company, as applicable); or

(c) enter into any transaction with the same economic effect as any transactions specified in (a) or (b) above; or

(d) offer to or agree to or announce any intention to effect any transaction specified in (a), (b) or (c) above,

(e) in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or other securities of our Company or shares or other securities of such other Group Company, as applicable, or in cash or otherwise (whether or not the issue of such Shares or other shares or securities will be completed within the First Six-Month Period).

Our Company will not, and will procure each other Group Company not to, enter into any of the transactions specified in (a), (b) or (c) above or offer to or agree to or announce any intention to effect any such transaction, such that any of the Controlling Shareholders would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company during the period of six months immediately following the expiry of the First Six-Month Period (the "**Second Six-Month Period**").

In the event that, during the Second Six-Month Period, our Company enters into any of the transactions specified in (a), (b) or (c) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that it will not create a disorderly or false market in any Shares or other securities of our Company.

Undertakings by our Controlling Shareholders

Each of the Controlling Shareholders hereby jointly and severally undertakes to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the other Hong Kong Underwriters that, except pursuant to the Stock Borrowing Agreement and in compliance with the requirements under Rule 10.07(3) of the Listing Rules, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters):

(i) at any time during the First Six-Month Period, it/he shall not, and shall procure that the relevant registered holder(s), any nominee or trustee holding on trust for it/him and the companies controlled by it/he (together, the "**Controlled Entities**") shall not,

(a) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, (other than any pledge or charge of the Company's issued share capital after the consummation of the Global Offering (assuming the Over-allotment Option is not exercised) in favour of an authorised institution as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) for a bona fide commercial loan in compliance with Rule 10.07 of the Listing Rules), hypothecate, lend, grant or sell any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an Encumbrance over, or agree to transfer or dispose of or create an Encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares) beneficially owned by her or it directly or indirectly through its Controlled Entities (the "**Relevant Securities**"), or deposit any Relevant Securities with a depositary in connection with the issue of depositary receipts; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Relevant Securities;

(c) enter into or effect any transaction with the same economic effect as any of the transactions referred to in sub-paragraphs (a) or (b) above; or

(d) offer to or agree to or announce any intention to enter into or effect any of the transactions referred to in sub-paragraphs (a), (b) or (c) above, which any of the foregoing transactions referred to in sub-paragraphs (a), (b), (c) or (d) is to be settled by delivery of Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares or other securities will be completed within the First Six-Month Period);

(ii) at any time during the Second Six-Month Period, it/he shall not, and shall procure that the Controlled Entities shall not, enter into any of the transactions referred to in (i)(a), (b) or (c) above or offer to or agree to or announce any intention to enter into any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, it/he would cease to be a controlling shareholder (as defined in the Listing Rules) of our Company or would together with the other Controlling Shareholders cease to be controlling shareholders (as defined in the Listing Rules) of our Company;

(iii) in the event that it/he enters into any of the transactions specified in (i)(a), (b) or (c) above or offer to or agrees to or announce any intention to effect any such transaction within the Second Six Months Period, it/he shall take all reasonable steps to ensure that it/he will not create a disorderly or false market for any Shares or other securities of our Company; and

(iv) it/he shall, and shall procure that the relevant registered holder(s) and other Controlled Entities shall, comply with all the restrictions and requirements under the Listing Rules on the sale, transfer or disposal by it/he or by the registered holder(s) and/or other Controlled Entities of any Shares or other securities of our Company.

Each of the Controlling Shareholders further undertakes to each of our Company, the Stock Exchange, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the other Hong Kong Underwriters that, within the period from the date by reference to which disclosure of their shareholding in our Company is made in this prospectus and ending on the date which is twelve months from the Listing Date, it/he will:

(i) when it/he pledges or charges any securities or interests in the Relevant Securities in favour of an authorised institution pursuant to Note 2 to Rule 10.07(2) of the Listing Rules, immediately inform our Company and the Sole Sponsor in writing of such pledges or charges together with the number of securities and nature of interest so pledged or charged; and

(ii) when it/he receives indications, either verbal or written, from any pledgee or chargee that any of the pledged or charged securities or interests in the securities of our Company will be sold, transferred or disposed of, immediately inform our Company and the Sole Sponsor in writing of such indications.

Underwriters' Interests in Our Group

Save for their respective obligations under the Hong Kong Underwriting Agreement and the International Underwriting Agreement or as otherwise disclosed in this prospectus, as at the Latest Practicable Date, none of the Underwriters was interested directly or indirectly in any of our Shares or securities or any shares or securities of any other member of our Group or had any right or option (whether legally enforceable or not) to subscribe for, or to nominate persons to subscribe for, any of our Shares or securities or any shares or securities of any other member of our Group.

Following the completion of the Global Offering, the Underwriters and their affiliated companies may hold a certain portion of our Shares as a result of fulfilling their respective obligations under the Hong Kong Underwriting Agreement and International Underwriting Agreement.

The Sole Sponsor's Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors set out in Rule 3A.07 of the Listing Rules.

The International Placing

International Placing

In connection with the International Placing, we expect to enter into the International Underwriting Agreement on the Price Determination Date with, among others, the International Underwriters. Under the International Underwriting Agreement, the International Underwriters would, subject to certain conditions, severally and not jointly, agree to purchase the International Placing Shares or procure purchasers for the International Placing Shares initially being offered pursuant to the International Placing. Please refer to the section headed "Structure of the Global Offering — The International Placing" in this prospectus.

Under the International Underwriting Agreement, we intend to grant to the International Underwriters the Over-allotment Option, exercisable in whole or in part at one or more times, at the sole and absolute discretion of the Sole Global Coordinator on behalf of the International Underwriters at any time from the date of the International Underwriting Agreement until 30 days from the last day for the lodging of applications under the Hong Kong Public Offering to require us to issue and allot up to an aggregate of 22,500,000 additional Offer Shares, representing 15% of the Offer Shares initially available under the Global Offering and at the Offer Price, to cover any over-allocations in the International Placing, if any.

Total Commission and Expenses

We will pay the Sole Global Coordinator (for itself and on behalf of the other Hong Kong Underwriters) an underwriting commission of 2.50% on the aggregate Offer Price of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering (excluding any International Placing Shares reallocated to the Hong Kong Public Offering and any Hong Kong Offer Shares reallocated to the International Placing), out of which the Underwriters will pay all sub-underwriting commission, if any. For unsubscribed Hong Kong Offer Shares reallocated to the International Placing, we will pay an underwriting commission at the rate applicable to the International Placing and such commission will be paid to the Sole Global Coordinator and the relevant International

Underwriters, but not the Hong Kong Underwriters. In addition, we may, at our sole and absolute discretion, pay to the Sole Global Coordinator for its own account an additional incentive fee of up to 0.5% on the aggregate Offer Price of the Offer Shares from the Global Offering, including proceeds from any exercise of the Over-allotment Option.

Assuming the Over-allotment Option is not exercised and based on an Offer Price of HK$2.13 per Offer Share (being the mid-point of the indicative Offer Price range of HK$1.88 to HK$2.38 per Offer Share), the aggregate commissions and fees, together with the Stock Exchange listing fee, the SFC transaction levy, the Stock Exchange trading fee, legal and other professional fees, printing and other fees and expenses relating to the Global Offering, are estimated to amount in aggregate to HK$43.5 million in total payable by us.

Indemnity

We undertake to indemnify and keep indemnified on demand (on an after-tax basis) and hold harmless each of the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner and the Hong Kong Underwriters (for itself and on trust for its directors, officers, employees, agents, assignees and affiliates) from and against certain losses which they may suffer, including losses arising from their performance of their obligations under the Hong Kong Underwriting Agreement and any breach by us of the Hong Kong Underwriting Agreement.

Restrictions on the Offer Shares

No action has been taken to permit a public offering of the Offer Shares, other than in Hong Kong, or the distribution of this prospectus in any jurisdiction other than Hong Kong. Accordingly, this prospectus may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction or in any circumstances in which such an offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. We will ensure or procure that a public announcement in compliance with the Securities and Futures (Price Stabilizing) Rules is made within seven days of the expiration of the stabilising period.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offering as part of the Global Offering. The Global Offering comprises (assuming the Over-allotment Option is not exercised):

(i) the Hong Kong Public Offering of an initial 15,000,000 Hong Kong Offer Shares (subject to adjustment as mentioned below) in Hong Kong as described below in the paragraph headed "The Hong Kong Public Offering" in this section; and

(ii) the International Placing of an initial 135,000,000 International Placing Shares, subject to adjustment and the Over-allotment Option as mentioned below, outside the U.S. (including to professional investors within Hong Kong) in offshore transactions in reliance on Regulation S or pursuant to another exemption from the registration requirements under the U.S. Securities Act.

Investors may apply for the Offer Shares under the Hong Kong Public Offering or indicate an interest, if qualified to do so, for the Offer Shares under the International Placing, but cannot do both. The Hong Kong Public Offering is open to members of the public in Hong Kong as well as to institutional and professional investors in Hong Kong. The International Placing will involve selective marketing of the Offer Shares to institutional and professional investors and other investors outside the U.S. in reliance on Regulation S. The International Underwriters are soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective investors will be required to specify the number of Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price.

The number of Offer Shares to be offered under the Hong Kong Public Offering and the International Placing may be subject to reallocation as described in the paragraph headed "Pricing and Allocation" in this section.

References in this prospectus to applications, Application Forms, application monies or the procedure for application refer solely to the Hong Kong Public Offering.

PRICING AND ALLOCATION

Pricing

The Offer Price is expected to be fixed by an agreement between us and the Sole Global Coordinator (on behalf of the Underwriters) on the Price Determination Date, when market demand for the Offer Shares will be determined. The Price Determination Date is expected to be on or around Friday, 24 March 2017 and in any event no later than Wednesday, 29 March 2017 and the Offer Shares are expected to be allocated shortly thereafter. If, for any reason, we and the Sole Global Coordinator (for itself and on behalf of the other Underwriters) are unable to reach agreement on the Offer Price, the Global Offering will not proceed and will lapse.

The Offer Price will be not more than HK$2.38 per Offer Share and is expected to be not less than HK$1.88 per Offer Share, unless otherwise announced not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, as explained below.

Prospective investors should be aware that the Offer Price to be determined on the Price Determination Date may be, but is not expected to be, lower than the indicative offer price range stated in this prospectus.

Reduction in offer price range and/or number of Offer Shares

If, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, the Sole Global Coordinator (on behalf of the Underwriters), with our consent, considers it appropriate, the number of Offer Shares being offered under the Global Offering and/or the indicative offer price range may be reduced below that stated in this prospectus at any time on or prior to the morning of the last day for lodging applications under the Hong Kong Public Offering.

In such a case, we will, as soon as practicable following the decision to make such reduction, and in any event not later than the morning of the last day for lodging applications under the Hong Kong Public Offering, expected to be on Friday, 24 March 2017, cause to be published on the websites of the Stock Exchange at **www.hkexnews.hk** and our Company at **www.chanhigh.com.hk**, notice(s) or supplemental prospectus (as appropriate) in connection with the reduction in the number of Offer Shares and/or the indicative offer price range. **Applicants should have regard to the possibility that any notice or supplemental prospectus (as appropriate) in connection with any such reduction in the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.** Such notice(s) or supplemental prospectus (as appropriate) will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds, the offering statistics as currently set out in the section headed "Summary" in this prospectus, and any other financial information which may change as a result of such reduction(s). Before submitting applications for Hong Kong Offer Shares, applicants should have regard to the possibility that any announcement of a reduction in the number of Offer Shares and/or the indicative offer price range may not be made until the day which is the last day for lodging applications under the Hong Kong Public Offering.

Upon the issuance of such notice or supplemental prospectus (as appropriate), the revised number of Offer Shares and/or the revised offer price range will be final and conclusive. The Offer Price, if agreed upon, will be fixed within such revised offer price range. If the number of Offer Shares and/or the indicative Offer Price range is so reduced, applicant(s) who have already submitted an application may or may not (depending on the information contained in the notice or supplemental prospectus (as appropriate)) be notified that they are required to confirm their applications. All applicant(s) who have already submitted an application need to confirm their applications in accordance with the procedures set out in the notice or supplemental prospectus (as appropriate) and all unconfirmed applications will not be valid. In the absence of any notice or supplemental prospectus (as appropriate) in connection with a reduction in the indicative Offer Price range and/or the number of Offer Shares stated in this prospectus being published on or before the last day for lodging applications under the Hong Kong Public Offering, the Offer Price, if agreed upon, will under no circumstances be set outside the offer price range stated in this prospectus, and the number of Offer Shares will under no circumstances be fewer than the number stated in this prospectus.

Allocation

The Offer Shares to be offered in the Hong Kong Public Offering and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator.

Allocation of our Offer Shares pursuant to the International Placing will be determined by the Sole Global Coordinator and will be based on a number of factors including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell Offer Shares, after the listing of the Offer Shares on the Stock Exchange. Such allocation may be made to professional and institutional investors and is intended to result in a distribution of the Offer Shares on a basis which would lead to the establishment of a solid shareholder base to the benefit of our Company and our Shareholders as a whole.

Allocation of Offer Shares to investors under the Hong Kong Public Offering will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation may vary, depending on the number of Hong Kong Offer Shares validly applied for by applicants, although the allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares.

Announcement of Offer Price and Basis of Allocations

The Offer Price under the Global Offering, the level of indications of interest in the International Placing, and the level of applications and the results of and basis of allocations under the Hong Kong Public Offering are expected to be announced on Thursday, 30 March 2017, on our website (**www.chanhigh.com.hk**) and on the Stock Exchange's website (**www.hkexnews.hk**) and in a variety of channels in the manner described in the paragraph headed "How to Apply for Hong Kong Offer Shares — 11. Publication of Results" in this prospectus. You should note that our website, and all information contained in our website, does not form part of this prospectus.

CONDITIONS OF THE HONG KONG PUBLIC OFFERING

Acceptance of all applications for the Hong Kong Offer Shares pursuant to the Hong Kong Public Offering will be conditional on:

(i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including an additional 22,500,000 Offer Shares which may be made available pursuant to the exercise of the Over-allotment Option), and such listing and permission not subsequently having been revoked prior to commencement of dealing in the Shares on the Stock Exchange;

(ii) the Offer Price having been duly determined between us and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), and the execution and delivery of the Price Determination Agreement on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement having become unconditional (including, if relevant, as a result of the waiver of any conditions by the Sole Global Coordinator (for itself and on behalf of the other Underwriters)) and not having been terminated in accordance with the terms of the respective Underwriting Agreements, in each case on or before the dates and times specified in the respective Underwriting Agreements (unless and to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

If for any reason the Offer Price is not agreed on or before Wednesday, 29 March 2017 between us and the Sole Global Coordinator (for itself and on behalf of the other Underwriters), the Global Offering will not proceed and will lapse. If the above conditions are not fulfilled or waived prior to the times and dates specified, the Global Offering will lapse and the Stock Exchange will be notified immediately. We will cause a notice of the lapse of the Hong Kong Public Offering to be published by us on the website of our Company at **www.chanhigh.com.hk** and on the website of the Stock Exchange at **www.hkexnews.hk** on the next day following such lapse. In such eventuality, all application monies will be returned to the applicants, without interest, on the terms set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus. In the meantime, the application monies will be held in separate bank account(s) with the receiving bank or other bank(s) in Hong Kong licensed under the Banking Ordinance.

The consummation of each of the Hong Kong Public Offering and the International Placing is conditional upon, among other things, the other becoming unconditional and not having been terminated in accordance with its terms.

Share certificates for the Hong Kong Offer Shares are expected to be issued on Thursday, 30 March 2017 but will only become valid certificates of title at 8:00 a.m. on Friday, 31 March 2017, the date of commencement of dealings in the Shares, provided that (i) the Global Offering has become unconditional in all respects, and (ii) the right of termination as described in the section headed "Underwriting — Underwriting Arrangements and Expenses — Hong Kong Public Offering — Grounds for Termination" in this prospectus has not been exercised. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates becoming valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFERING

We are initially offering 15,000,000 Hong Kong Offer Shares at the Offer Price, representing 10% of the 150,000,000 Offer Shares initially available under the Global Offering, for subscription by the public in Hong Kong. Subject to adjustment as mentioned below, the number of Shares offered under the Hong Kong Public Offering will represent 2.5% of our total issued share capital immediately after completion of the Global Offering, assuming that the Over-allotment Option is not exercised.

In Hong Kong, individual retail investors are expected to apply for the Hong Kong Offer Shares through the Hong Kong Public Offering and individual retail investors, including individual investors in Hong Kong applying through banks and other institutions, seeking Offer Shares in the International Placing will not be allotted Offer Shares in the International Placing.

Applications

Each applicant under the Hong Kong Public Offering will be required to give an undertaking and confirmation in the Application Form or applying online through **White Form eIPO** service or the **electronic application instruction** to HKSCC submitted by him or her, that he or she, and any person(s) for whose benefit he or she is making the application (if any), have not indicated an interest for or taken up and will not indicate an interest for or take up any International Placing Shares, and such applicant's application will be rejected if this undertaking and/or confirmation is breached and/or untrue.

Our Company, our Directors, the Sole Sponsor and the Sole Global Coordinator will take reasonable steps to identify and reject applicants under the Hong Kong Public Offering from investors who have received Offer Shares in the International Placing, and to identify and reject indications of interest in the International Placing from investors who have received Offer Shares in the Hong Kong Public Offering.

The Sole Global Coordinator, on behalf of the Underwriters, may require any investor who has been offered Shares under the International Placing, and who has made an application under the Hong Kong Public Offering, to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offering and to ensure that he or she is excluded from any application for Shares under the Hong Kong Public Offering.

The Offer Price will be not more than HK$2.38 per Offer Share and is expected to be not less than HK$1.88 per Offer Share. Applicants under the Hong Kong Public Offering are required to pay, on application, the maximum Offer Price of HK$2.38 on each Hong Kong Offer Share plus 1% brokerage fee, 0.0027% SFC transaction levy and 0.005% Stock Exchange trading fee on each Hong Kong Offer Share. If the Offer Price, as finally determined on the Price Determination Date, is lower than HK$2.38 per Offer Share, being the maximum Offer Price, we will refund the respective difference (including the brokerage fee, the SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) to successful applicants, without interest. Further details are set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

References in this prospectus to applications, Application Forms, application monies or to the procedure for application relate solely to the Hong Kong Public Offering.

Allocation

The total number of Offer Shares available for subscription under the Hong Kong Public Offering (after taking into account any reallocation and clawback referred to below) is to be divided equally into two pools for allocation purposes: pool A and pool B (subject to adjustment of odd lot size). The Hong Kong Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee) or less. The Hong Kong Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Offer Shares with an aggregate subscription price of more than HK$5 million (excluding the brokerage, the SFC transaction levy and the Stock Exchange trading fee) and up to the value of pool B. For this purpose, the "subscription price" for the Hong Kong Offer Shares means the price payable on application therefor (without regard to the Offer Price as finally determined).

Applicants should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If the Hong Kong Offer Shares in one (but not both) of the pools are under-subscribed, the surplus Hong Kong Offer Shares will be transferred to the other pool to satisfy demand in that other pool and be allocated accordingly.

Applicants can only receive an allocation of Hong Kong Offer Shares from either pool A or pool B but not from both pools. When there is over-subscription, allocation of the Hong Kong Offer Shares to investors under the Hong Kong Public Offering, in relation to both pool A and pool B, will be based solely on the level of valid applications received under the Hong Kong Public Offering. The basis of allocation in each pool may vary, depending on the number of Hong Kong Offer Shares validly applied for by each applicant. The allocation of Hong Kong Offer Shares could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Offer Shares and those applicants who are not successful in the ballot may not receive any Hong Kong Offer Shares. Multiple or suspected multiple applications within either pool or between pools and any application for more than 7,500,000 Hong Kong Offer Shares, being 50% of the Hong Kong Offer Shares initially being offered for subscription under the Hong Kong Public Offering, will be rejected.

Reallocation and Clawback

The allocation of Offer Shares between the Hong Kong Public Offering and the International Placing is subject to adjustment. If the number of Offer Shares validly applied for in the Hong Kong Public Offering represents (i) 15 times or more but less than 50 times, (ii) 50 times or more but less than 100 times, and (iii) 100 times or more, of the number of Offer Shares initially available for subscription under the Hong Kong Public Offering, the total number of Offer Shares available under the Hong Kong Public Offering will be increased to 45,000,000, 60,000,000 and 75,000,000 Shares, respectively, representing 30% (in the case of (i)), 40% (in the case of (ii)) and 50% (in the case of (iii)), respectively, of the total number of Shares initially available under the Global Offering (before any exercise of the Over-allotment Option). In such cases, the number of Offer Shares allocated in the International Placing will be correspondingly reduced, in such manner as the Sole Global Coordinator deems appropriate, and such additional Shares will be allocated to pool A and pool B. In addition, the Sole Global Coordinator may allocate Offer Shares from the International Placing to the Hong Kong Public Offering to satisfy valid applications under the Hong Kong Public Offering.

If the Hong Kong Public Offering is not fully subscribed, the Sole Global Coordinator has the authority to reallocate all or any unsubscribed Hong Kong Offer Shares to the International Placing, in such proportions as the Sole Global Coordinator deems appropriate.

THE INTERNATIONAL PLACING

The International Placing will consist of initially 135,000,000 Shares and is subject to adjustment and the Over-allotment Option, to be offered outside the United States (within the meaning of Regulation S under the U.S. Securities Act) in reliance on Regulation S under the U.S. Securities Act, including to professional investors in Hong Kong. The International Placing will be subject to, among other matters, the Hong Kong Public Offering becoming unconditional.

Pursuant to the International Placing, the International Underwriters will conditionally place our Shares with institutional and professional investors expected to have a sizeable demand for our Shares in Hong Kong and other jurisdictions outside the United States in reliance on Regulation S. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in the paragraph headed "Pricing and Allocation" in this section and based on a number of factors, including the level and timing of demand, total size of the relevant investor's invested assets or equity assets in the relevant sector and whether or not it is expected that the relevant investor is likely to buy further Shares, and/or hold or sell its Shares, after the listing of the Shares on the Stock Exchange. Such allocation is intended to result in a distribution of the Shares on a basis which would lead to the establishment of a solid professional and institutional Shareholder base to the benefit of our Company and our Shareholders as a whole.

OVER-ALLOTMENT OPTION

In connection with the Global Offering, we expect to grant the Over-allotment Option to the International Underwriters, exercisable by the Sole Global Coordinator on behalf of the International Underwriters.

Pursuant to the Over-Allotment Option, the Sole Global Coordinator has the right, exercisable at any time from the date of the International Underwriting Agreement until 30 days after the last date for the lodging of applications under the Hong Kong Public Offering, to require us to issue and allot up to an aggregate of 22,500,000 additional Offer Shares (representing 15% of the Offer Shares initially available under the Global Offering), at the same price per Offer Share under the International Placing to cover over-allocations in the International Placing, if any. If the Over-Allotment Option is exercised in full, the additional Offer Shares will represent 3.6% of our enlarged share capital immediately following the completion of the Global Offering and the exercise of the Over-Allotment Option. In the event that the Over-Allotment Option is exercised, an announcement will be made.

STOCK BORROWING ARRANGEMENT

In order to facilitate the settlement of over-allocations in connection with the Global Offering, the Stabilising Manager may choose to borrow, whether on its own or through any person acting for it, up to 22,500,000 Shares (being the maximum number of Shares which may be issued or sold upon exercise of the Over-allotment Option) from Vast Base pursuant to the Stock Borrowing Agreement, and/or acquire Shares from other sources, including the exercise of the Over-allotment Option.

If such stock borrowing arrangement with Vast Base is entered into, it will only be effected by the Stabilising Manager or any person acting for it for settlement of over-allocation in the International Placing and such arrangement is not subject to the restrictions of Rule 10.07(1)(a) of the Listing Rules provided that the requirements set forth in Rule 10.07(3) of the Listing Rules are complied with. The same number of Shares so borrowed must be returned to Vast Base or its nominees, as the case may be, on or before the third Business Day following the earlier of (i) the last day on which the Over-allotment Option may be exercised, (ii) the day on which the Over-allotment Option is exercised in full, or (iii) such earlier time as may be agreed in writing between the Stabilising Manager and Vast Base. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payment will be made to Vast Base by the Stabilising Manager or any person acting for it in relation to such stock borrowing arrangement.

STABILISATION

Stabilisation is a practice used by underwriters in some markets to facilitate the distribution of securities. To stabilise, the underwriters may bid for, or purchase, the newly issued securities in the secondary market, during a specified period of time, to minimise, and, if possible, prevent any decline in the market price of the securities below the Offer Price. In Hong Kong and certain other jurisdictions, the price at which stabilisation is effected is not permitted to exceed the Offer Price.

In connection with the Global Offering, the Stabilising Manager or any person acting for it, on behalf of the International Underwriters, may, to the extent permitted by applicable laws in Hong Kong, over-allocate and/or effect any other transactions with a view to stabilising or maintaining the market price of our Shares at a level higher than that which might otherwise prevail in the open market for a limited period commencing on the Listing Date and ending on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. The stabilising action which may be taken by the Stabilising Manager or any person acting for it may include primary and ancillary stabilising actions such as purchasing or agreeing to purchase any of the Offer Shares, exercising the Over-allotment Option, stock borrowing, establishing a short position in the Shares, liquidating long positions in the Shares or offering or attempting to do any such actions. However, there is no obligation on the Stabilising Manager or any person acting for it to conduct any such stabilising activity. Any such stabilising activities will be effected in compliance with all applicable laws and regulatory requirements, including the Securities and Futures (Price Stabilizing) Rules. Such stabilisation, if commenced, will be conducted at the sole and absolute discretion of the Stabilising Manager or any person acting for it, and may be discontinued at any time, and is required to be brought to an end within 30 days of the last day for the lodging of applications under the Hong Kong Public Offering. The number of Shares that may be over-allocated will not exceed the number of Shares which may be issued or sold upon exercise of the Over-allotment Option, being 22,500,000 Shares, which is 15% of our Offer Shares initially available under the Global Offering and before the exercise of the Over-allotment Option.

The Stabilising Manager or any person acting for it, may take all or any of the following stabilising actions in Hong Kong during the stabilisation period:

(a) purchase, or agree to purchase, any of our Shares or offer or attempt to do so for the sole purpose of preventing or minimising any reduction in the market price of our Shares; and/or

(b) in connection with any action described in paragraph (a) above:

(i) (A) over-allocate our Shares; or

(B) sell or agree to sell our Shares so as to establish a short position in them,

for the sole purpose of preventing or minimising any reduction in the market price of our Shares;

(ii) exercise the Over-allotment Option so as to purchase or subscribe for or agree to purchase or subscribe for our Shares in order to close out any position established under paragraph (i) above;

(iii) sell or agree to sell any of our Shares acquired by it in the course of the stabilising action referred to in paragraph (a) above in order to liquidate any position that has been established by such action; and/or

(iv) offer or attempt to do anything as described in paragraph (b)(i)(B), (b)(ii) or (b)(iii) above.

The Stabilising Manager or any person acting for it, may, in connection with the stabilising action, maintain a long position in our Shares, and there is no certainty as to the extent to which or the time period for which it or any person acting for it will maintain such a position. Investors should be warned of the possible impact of any liquidation of the long position by the Stabilising Manager or any person acting for it, which may have an adverse impact on the market price of our Shares.

Stabilisation cannot be used to support the price of our Shares for longer than the stabilisation period, which begins on the day on which dealings in our Shares commence on the Stock Exchange and ends on the 30th day after the last day for the lodging of applications under the Hong Kong Public Offering. After this date, when no further stabilising action may be taken, demand for our Shares, and therefore their market price, could fall. Our Company will ensure or procure that a public announcement will be made within seven days after the end of the stabilising period in compliance with the Securities and Futures (Price Stabilizing) Rules.

Any stabilising action taken by the Stabilising Manager or any person acting for it, may not necessarily result in the market price of our Shares staying at or above the Offer Price either during or after the stabilisation period. Stabilisation bids or market purchases effected in the course of the stabilising action may be made at any price at or below the Offer Price and can therefore be done at a price below the price investors have paid in acquiring our Shares.

In connection with the Global Offering, the Sole Global Coordinator may over-allocate up to an aggregate of 22,500,000 additional Shares and cover such over-allocations by exercising the Over-allotment Option, which will be exercisable by the Sole Global Coordinator on behalf of the International Underwriters, or by making purchases in the secondary market at prices that do not exceed the Offer Price or a combination of these means.

In particular, for the purpose of settlement of over-allocations in connection with the International Placing, the Stabilising Manager may borrow up to 22,500,000 Shares, under the stock borrowing arrangement. The stock borrowing arrangement will be effected in compliance with all applicable laws, rules and regulatory requirements. No payments or other benefit will be made to Vast Base by the Sole Global Coordinator in relation to the stock borrowing arrangement.

DEALING ARRANGEMENTS

Assuming that the Hong Kong Public Offering becomes unconditional at or before 8:00 a.m. in Hong Kong on Friday, 31 March 2017, it is expected that dealings in our Shares on the Stock Exchange will commence at 9:00 a.m. on Friday, 31 March 2017. Our Shares will be traded in board lots of 2,000 Shares each under the Company's stock code 2017.

UNDERWRITING ARRANGEMENTS

The Hong Kong Public Offering is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement, subject to agreement on the Offer Price between the Sole Global Coordinator (on behalf of the Underwriters) and us on the Price Determination Date.

We expect that we will, on or around the Price Determination Date, shortly after determination of the Offer Price, enter into the International Underwriting Agreement relating to the International Placing.

The underwriting arrangements, the Hong Kong Underwriting Agreement and the International Underwriting Agreement are summarised in the section headed "Underwriting" in this prospectus.

1. HOW TO APPLY

If you apply for Hong Kong Offer Shares, then you may not apply for or indicate an interest for International Placing Shares.

To apply for Hong Kong Offer Shares, you may:

- use a **WHITE** or **YELLOW** Application Form;
- apply online via the **White Form eIPO** service at **www.eipo.com.hk**; or
- electronically cause HKSCC Nominees to apply on your behalf.

None of you or your joint applicant(s) may make more than one application, except where you are a nominee and provide the required information in your application.

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents may reject or accept any application in full or in part for any reason at their discretion.

2. WHO CAN APPLY

You can apply for Hong Kong Offer Shares on a **WHITE** or **YELLOW** Application Form if you or the person(s) for whose benefit you are applying:

- are 18 years of age or older;
- have a Hong Kong address;
- are outside the United States, and are not a United States Person (as defined in Regulation S under the U.S. Securities Act); and
- are not a legal or natural person of the PRC.

If you apply online through the **White Form eIPO** service, in addition to the above, you must also: (i) have a valid Hong Kong identity card number and (ii) provide a valid e-mail address and a contact telephone number.

If you are a firm, the application must be in the individual members' names. If you are a body corporate, the application form must be signed by a duly authorised officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

The number of joint applicants may not exceed four and they may not apply by means of **White Form eIPO** service for the Hong Kong Offer Shares.

Unless permitted by the Listing Rules, you cannot apply for any Hong Kong Offer Shares if you are:

- an existing beneficial owner of Shares in our Company and/or any its subsidiaries;
- a Director or chief executive officer of our Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of our Company or will become a connected person of our Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International Placing Shares or otherwise participate in the International Placing.

3. APPLYING FOR HONG KONG OFFER SHARES

Which Application Channel to Use

For Hong Kong Offer Shares to be issued in your own name, use a **WHITE** Application Form or apply online through **www.eipo.com.hk**.

For Hong Kong Offer Shares to be issued in the name of HKSCC Nominees and deposited directly into CCASS to be credited to your or a designated CCASS Participant's stock account, use a **YELLOW** Application Form or electronically instruct HKSCC via CCASS to cause HKSCC Nominees to apply for you.

Where to Collect the Application Forms

You can collect a **WHITE** Application Form and a prospectus during normal business hours from 9:00 am on Tuesday, 21 March 2017 to 12:00 noon on Friday, 24 March 2017 from:

(i) the following addresses of the Hong Kong Underwriters:

Essence International Securities (Hong Kong) Limited
39/F., One Exchange Square
Central
Hong Kong

Long Asia Securities Limited
Unit A, 23/F The Wellington
198 Wellington Street
Sheung Wan
Hong Kong

Mason Securities Limited
Pt. 1, 12/F, The Center
99 Queen's Road Central
Hong Kong

(ii) any of the following branches of the receiving bank:

Bank of Communications Co., Ltd. Hong Kong Branch

District	Branch name	Address
Hong Kong Island	Central District Sub-Branch	G/F., Far East Consortium Building, 125A Des Voeux Road Central, Central
	Chai Wan Sub-Branch	G/F., 121-121A Wan Tsui Road, Chai Wan Cinema Building, Chai Wan
Kowloon	Tsim Sha Tsui Sub-Branch	Shop Nos.1-3 on G/F., CFC Tower, 22-28 Mody Road, Tsim Sha Tsui
	Cheung Sha Wan Plaza Sub-Branch	Unit G04 on G/F., Cheung Sha Wan Plaza, 833 Cheung Sha Wan Road
New Territories	Tiu Keng Leng Sub-Branch	Shops Nos. L2-064 and L2-065, Level 2, Metro Town, Tiu Keng Leng

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 am on Tuesday, 21 March 2017 until 12:00 noon on Friday, 24 March 2017 from the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong or from your stockbroker.

Time for Lodging Application Forms

Your completed **WHITE** or **YELLOW** Application Form, together with a cheque or a banker's cashier order attached and marked payable to "Bank of Communications (Nominee) Co. Ltd. — Chanhigh Holdings Public Offer" for the payment, should be deposited in the special collection boxes provided at any of the branches of the receiving banks listed above, at the following times:

- 9:00 am to 5:00 pm, Tuesday, 21 March 2017
- 9:00 am to 5:00 pm, Wednesday, 22 March 2017
- 9:00 am to 5:00 pm, Thursday, 23 March 2017
- 9:00 am to 12:00 noon, Friday, 24 March 2017

The application lists will be open from 11:45 a.m. to 12:00 noon on Friday, 24 March 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Applications Lists" in this section.

4. TERMS AND CONDITIONS OF AN APPLICATION

Follow the detailed instructions in the Application Form carefully; otherwise, your application may be rejected.

By submitting an Application Form or applying through the **White Form eIPO** service, among other things, you:

(i) undertake to execute all relevant documents and instruct and authorise our Company and/or the Sole Global Coordinator (or their agents or nominees), as agents of our Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Hong Kong Companies Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering is or will be liable for any information and representations not in this prospectus (and any supplement to it);

(vii) undertake and confirm that you or the person(s) for whose benefit you have made the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing nor participated in the International Placing;

(viii) agree to disclose to our Company, our Hong Kong Share Registrar, receiving bank, the Sole Global Coordinator, the Underwriters and/or their respective advisers and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of our Company, the Sole Global Coordinator and the Underwriters nor any of their respective officers or advisers will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorise our Company to place your name(s) or the name of the HKSCC Nominees, on our Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and our Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you fulfil the criteria mentioned in the section entitled "personal collection" to collect share certificate(s) and/or refund cheque(s);

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that our Company and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted for making a false declaration;

(xviii) (if the application is made for your own benefit) warrant that no other application has been or will be made for your benefit on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or to the **White Form eIPO** Service Provider by you or by any one as your agent or by any other person; and

(xix) (if you are making the application as an agent for the benefit of another person) warrant that (i) no other application has been or will be made by you as agent for or for the benefit of that person or by that person or by any other person as agent for that person on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC; and (ii) you have due authority to sign the Application Form or give electronic application instructions on behalf of that other person as their agent.

Additional Instructions for Yellow Application Form

You may refer to the **Yellow** Application Form for details.

5. APPLYING THROUGH WHITE FORM eIPO SERVICE

General

Individuals who meet the criteria in "Who can apply" section, may apply through the **White Form eIPO** service for the Offer Shares to be allotted and registered in their own names through the designated website at **www.eipo.com.hk**.

Detailed instructions for application through the **White Form eIPO** service are on the designated website. If you do not follow the instructions, your application may be rejected and may not be submitted to our Company. If you apply through the designated website, you authorise the **White Form eIPO** Service Provider to apply on the terms and conditions in this prospectus, as supplemented and amended by the terms and conditions of the **White Form eIPO** service.

Time for Submitting Applications under the White Form eIPO

You may submit your application to the **White Form eIPO** Service Provider at **www.eipo.com.hk** (24 hours daily, except on the last application day) from 9:00 am on Tuesday, 21 March 2017 until 11:30 am on Friday, 24 March 2017 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Friday, 24 March 2017 or such later time under the "Effects of Bad Weather on the Opening of the Applications Lists" in this section.

No Multiple Applications

If you apply by means of **White Form eIPO**, once you complete payment in respect of any electronic application instruction given by you or for your benefit through the **White Form eIPO** service to make an application for Hong Kong Offer Shares, an actual application shall be deemed to have been made. For the avoidance of doubt, giving an electronic application instruction under **White Form eIPO** more than once and obtaining different application reference numbers without effecting full payment in respect of a particular reference number will not constitute an actual application.

If you are suspected of submitting more than one application through the **White Form eIPO** service or by any other means, all of your applications are liable to be rejected.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Environmental Protection

The obvious advantage of the **White Form eIPO** is to save the use of papers via the self-serviced and electronic application process. Computershare Hong Kong Investor Services Limited, being the designated **White Form eIPO** Service Provider, will contribute HK$2 for each "Chanhigh Holdings Limited" **White Form eIPO** application submitted via **www.eipo.com.hk** to support the funding of "Source of DongJiang—Hong Kong Forest" project initiated by Friends of the Earth (HK).

6. APPLYING BY GIVING ELECTRONIC APPLICATION INSTRUCTIONS TO HKSCC VIA CCASS

General

CCASS Participants may give electronic application instructions to apply for the Hong Kong Offer Shares and to arrange payment of the money due on application and payment of refunds under their participant agreements with HKSCC and the General Rules of CCASS and the CCASS Operational Procedures.

If you are a CCASS Investor Participant, you may give these electronic application instructions through the CCASS Phone System by calling +852 2979 7888 or through the CCASS Internet System (**https://ip.ccass.com**) (using the procedures in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time).

HKSCC can also input **electronic application instructions** for you if you go to:

Hong Kong Securities Clearing Company Limited

Customer Service Center
1/F, One & Two Exchange Square
8 Connaught Place, Central
Hong Kong

and complete an input request form.

You can also collect a prospectus from this address.

If you are not a CCASS Investor Participant, you may instruct your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** via CCASS terminals to apply for the Hong Kong Offer Shares on your behalf.

You will be deemed to have authorised HKSCC and/or HKSCC Nominees to transfer the details of your application to our Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- **agree** that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- **agree** to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- **undertake** and **confirm** that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- (if the electronic application instructions are given for your benefit) **declare** that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) **declare** that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorised to give those instructions as their agent;

- **confirm** that you understand that our Company, our Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- **authorise** our Company to place HKSCC Nominees' name on our Company's register of members as the holder of the Hong Kong Offer Shares allocated to you and to send share certificate(s) and/or refund monies under the arrangements separately agreed between us and HKSCC;

- **confirm** that you have read the terms and conditions and application procedures set out in this prospectus and agree to be bound by them;

- **confirm** that you have received and/or read a copy of this prospectus and have relied only on the information and representations in this prospectus in causing the application to be made, save as set out in any supplement to this prospectus;

- **agree** that none of our Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisers and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- **agree** to disclose your personal data to our Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisers and agents;

- **agree** (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- **agree** that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of our Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- **agree** that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by our Company's announcement of the Hong Kong Public Offering results;

- **agree** to the arrangements, undertakings and warranties under the participant agreement between you and HKSCC, read with the General Rules of CCASS and the CCASS Operational Procedures, for the giving **electronic application instructions** to apply for Hong Kong Offer Shares;

- **agree** with our Company, for itself and for the benefit of each Shareholder (and so that our Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- **agree** that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to our Company or any other person in respect of the things mentioned below:

- instructed and authorised HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorised HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorised HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 2,000 Hong Kong Offer Shares. Instructions for more than 2,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Forms. No application for any other number of Hong Kong Offer Shares will be considered and any such application is liable to be rejected.

Time for Inputting Electronic Application Instructions

CCASS Clearing/Custodian Participants can input **electronic application instructions** at the following times on the following dates:

- 9:00 am to 8:30 pm[(1)], Tuesday, 21 March 2017
- 8:00 am to 8:30 pm[(1)], Wednesday, 22 March 2017
- 8:00 am to 8:30 pm[(1)], Thursday, 23 March 2017
- 8:00 am[(1)] to 12:00 noon, Friday, 24 March 2017

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 am on Tuesday, 21 March 2017 until 12:00 noon on Friday, 24 March 2017 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Friday, 24 March 2017, the last application day or such later time as described in "Effect of Bad Weather on the Opening of the Application Lists" in this section.

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any electronic application instructions to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Hong Kong Companies Ordinance

For the avoidance of doubt, our Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Companies Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by our Company, the Hong Kong Share Registrar, the receiving banker, the Sole Global Coordinator, the Underwriters and any of their respective advisers and agents about you in the same way as it applies to personal data about applicants other than HKSCC Nominees.

7. WARNING FOR ELECTRONIC APPLICATIONS

The subscription of the Hong Kong Offer Shares by giving electronic application instructions to HKSCC is only a facility provided to CCASS Participants. Similarly, the application for Hong Kong Offer Shares through the **White Form eIPO** service is also only a facility provided by the **White Form eIPO** Service Provider to public investors. Such facilities are subject to capacity limitations and potential service interruptions and you are advised not to wait until the last application day in making your electronic applications. Our Company, our Directors, the Sole Bookrunner, the Sole Sponsor, the Sole Global Coordinator and the Underwriters take no responsibility for such applications and provide no assurance that any CCASS Participant or person applying through the **White Form eIPO** service will be allotted any Hong Kong Offer Shares.

To ensure that CCASS Investor Participants can give their electronic application instructions, they are advised not to wait until the last minute to input their instructions to the systems. In the event that CCASS Investor Participants have problems in the connection to CCASS Phone System/CASS Internet System for submission of electronic application instructions, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for electronic application instructions before 12:00 noon on Friday, 24 March 2017.

8. HOW MANY APPLICATIONS CAN YOU MAKE

Multiple applications for the Hong Kong Offer Shares are not allowed except by nominees. If you are a nominee, in the box on the Application Form marked "For nominees" you must include:

- an account number; or
- some other identification code,

for each beneficial owner or, in the case of joint beneficial owners, for each joint beneficial owner. If you do not include this information, the application will be treated as being made for your benefit.

All of your applications will be rejected if more than one application on a **WHITE** or **YELLOW** Application Form or by giving electronic application instructions to HKSCC or through **White Form eIPO** service, is made for your benefit (including the part of the application made by HKSCC Nominees acting on electronic application instructions). If an application is made by an unlisted company and:

- the principal business of that company is dealing in securities; and
- you exercise statutory control over that company,

then the application will be treated as being for your benefit.

"Unlisted company" means a company with no equity securities listed on the Stock Exchange.

"Statutory control" means you:

- control the composition of the board of directors of the company;
- control more than half of the voting power of the company; or

- hold more than half of the issued share capital of the company (not counting any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital).

9. HOW MUCH ARE THE HONG KONG OFFER SHARES

The **WHITE** and **YELLOW** Application Forms have tables showing the exact amount payable for Shares.

You must pay the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee in full upon application for Shares under the terms set out in the Application Forms.

You may submit an application using a **WHITE** or **YELLOW** Application Form or through the **White Form eIPO** service in respect of a minimum of 2,000 Hong Kong Public Offer Shares. Each application or electronic application instruction in respect of more than 2,000 Hong Kong Public Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.eipo.com.hk**.

If your application is successful, brokerage will be paid to the Exchange Participants, and the SFC transaction levy and the Stock Exchange trading fee are paid to the Stock Exchange (in the case of the SFC transaction levy, collected by the Stock Exchange on behalf of the SFC).

For further details on the Offer Price, please refer to the section headed "Structure of the Global Offering — Pricing and Allocation" in this prospectus.

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 am and 12:00 noon on Friday, 24 March 2017. Instead they will open between 11:45 a.m. and 12:00 noon on the next business day which does not have either of those warnings in Hong Kong in force at any time between 9:00 am and 12:00 noon.

If the application lists do not open and close on Friday, 24 March 2017 or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable" in this prospectus, an announcement will be made in such event.

11. PUBLICATION OF RESULTS

Our Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offering and the basis of allocation of the Hong Kong Offer Shares on Thursday, 30 March 2017 on our Company's website at **www.chanhigh.com.hk** and the website of the Stock Exchange at **www.hkexnews.hk**.

The results of allocations and the Hong Kong identity card/passport/Hong Kong business registration numbers of successful applicants under the Hong Kong Public Offering will be available at the times and date and in the manner specified below:

- in the announcement to be posted on our Company's website at **www.chanhigh.com.hk** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. on Thursday, 30 March 2017;

- from the designated results of allocations website at **www.iporesults.com.hk** with a "search by ID" function on a 24-hour basis from 8:00 am on Thursday, 30 March 2017 to 12:00 midnight on Wednesday, 5 April 2017;

- by telephone enquiry line by calling 2862 8669 between 9:00 am and 10:00 pm from Thursday, 30 March 2017 to Sunday, 2 April 2017;

- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, 30 March 2017 to Saturday, 1 April 2017 at all the receiving bank's designated branches.

If our Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering" in this prospectus.

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED HONG KONG OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) If your application is revoked:

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to **White Form eIPO** Service Provider, you agree that your application or the application made by HKSCC Nominees on your behalf cannot be revoked on or before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is Saturday, Sunday or public holiday in Hong Kong). This agreement will take effect as a collateral contract with our Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Hong Kong Companies Ordinance (as applied by Section 342E of the Hong Kong Companies Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If our Company or its agents exercise their discretion to reject your application:**

Our Company, the Sole Global Coordinator, the **White Form eIPO** Service Provider and their respective agents and nominees have full discretion to reject or accept any application, or to accept only part of any application, without giving any reasons.

(iii) **If the allotment of Hong Kong Offer Shares is void:**

The allotment of Hong Kong Offer Shares will be void if the Listing Committee of the Stock Exchange does not grant permission to list the Shares either:

- within three weeks from the closing date of the application lists; or
- within a longer period of up to six weeks if the Listing Committee notifies our Company of that longer period within three weeks of the closing date of the application lists.

(iv) **If:**

- you make multiple applications or suspected multiple applications;
- you or the person for whose benefit you are applying have applied for or taken up, or indicated an interest for, or have been or will be placed or allocated (including conditionally and/or provisionally) Hong Kong Offer Shares and International Placing Shares;
- your Application Form is not completed in accordance with the stated instructions;
- your electronic application instructions through the **White Form eIPO** service are not completed in accordance with the instructions, terms and conditions on the designated website;
- your payment is not made correctly or the cheque or banker's cashier order paid by you is dishonoured upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;

- our Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or

- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offering.

13. REFUND OF APPLICATION MONIES

If an application is rejected, not accepted or accepted in part only, or if the Offer Price as finally determined is less than the maximum offer price of HK$2.38 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offering are not fulfilled in accordance with the section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offering" in this prospectus or if any application is revoked, the application monies, or the appropriate portion thereof, together with the related brokerage, SFC transaction levy and the Stock Exchange trading fee, will be refunded, without interest or the cheque or banker's cashier order will not be cleared.

Any refund of your application monies will be made on or before Thursday, 30 March 2017.

14. DESPATCH/COLLECTION OF SHARE CERTIFICATES AND REFUND MONIES

You will receive one share certificate for all Hong Kong Offer Shares allotted to you under the Hong Kong Public Offering (except pursuant to applications made on **YELLOW** Application Forms or by electronic application instructions to HKSCC via CCASS where the share certificates will be deposited into CCASS as described below).

No temporary document of title will be issued in respect of the Shares. No receipt will be issued for sums paid on application. If you apply by **WHITE** or **YELLOW** Application Form, subject to personal collection as mentioned below, the following will be sent to you (or, in the case of joint applicants, to the first-named applicant) by ordinary post, at your own risk, to the address specified on the Application Form:

- share certificate(s) for all the Hong Kong Offer Shares allotted to you (for **YELLOW** Application Forms, share certificates will be deposited into CCASS as described below); and

- refund cheque(s) crossed "Account Payee Only" in favour of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest).

Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on despatch/collection of share certificates and refund monies as mentioned below, any refund cheques and share certificates are expected to be posted on or before Thursday, 30 March 2017. The right is reserved to retain any share certificate(s) and any surplus application monies pending clearance of cheque(s) or banker's cashier's order(s).

Share certificates will only become valid at 8:00 a.m. on the Listing Date provided that the Global Offering has become unconditional and the right of termination described in the "Underwriting" section in this prospectus has not been exercised. Investors who trade shares prior to the receipt of Share certificates or the Share certificates becoming valid do so at their own risk.

Personal Collection

(i) ***If you apply using a WHITE Application Form***

If you apply for 1,000,000 or more Hong Kong Offer Shares and have provided all information required by your Application Form, you may collect your refund cheque(s) and/or share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 am to 1:00 pm on Thursday, 30 March 2017 or such other date as announced by our Company.

If you are an individual who is eligible for personal collection, you must not authorise any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorised representative must bear a letter of authorisation from your corporation stamped with your corporation's chop. Both individuals and authorised representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be despatched promptly to the address specified in your Application Form by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) and/or share certificate(s) will be sent to the address on the relevant Application Form on or before Thursday, 30 March 2017, by ordinary post and at your own risk.

(ii) ***If you apply using a YELLOW Application Form***

If you apply for 1,000,000 Hong Kong Offer Shares or more, please follow the same instructions as described above. If you have applied for less than 1,000,000 Hong Kong Offer Shares, your refund cheque(s) will be sent to the address on the relevant Application Form on or before Thursday, 30 March 2017, by ordinary post and at your own risk.

If you apply by using a **YELLOW** Application Form and your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for credit to your or the designated CCASS Participant's stock account as stated in your Application Form on Thursday, 30 March 2017, or upon contingency, on any other date determined by HKSCC or HKSCC Nominees.

- If you apply through a designated CCASS participant (other than a CCASS investor participant)

For Hong Kong Public Offering shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Public Offering shares allotted to you with that CCASS participant.

- If you are applying as a CCASS investor participant

Our Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offering in the manner described in "Publication of Results" above. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 30 March 2017 or any other date as determined by HKSCC or HKSCC Nominees. Immediately after the credit of the Hong Kong Offer Shares to your stock account, you can check your new account balance via the CCASS Phone System and CCASS Internet System.

(iii) ***If you apply through the White Form eIPO service***

If you apply for 1,000,000 Hong Kong Offer Shares or more and your application is wholly or partially successful, you may collect your Share certificate(s) from the Hong Kong Share Registrar, Computershare Hong Kong Investor Services Limited at Shops 1712-1716, 17th Floor, Hopewell Centre, 183 Queen's Road East, Wanchai, Hong Kong, from 9:00 am to 1:00 pm on Thursday, 30 March 2017, or such other date as announced by our Company as the date of despatch/collection of Share certificates/e-Refund payment instructions/refund cheques.

If you do not collect your Share certificate(s) personally within the time specified for collection, they will be sent to the address specified in your application instructions by ordinary post at your own risk.

If you apply for less than 1,000,000 Hong Kong Offer Shares, your Share certificate(s) (where applicable) will be sent to the address specified in your application instructions on or before Thursday, 30 March 2017 by ordinary post at your own risk.

If you apply and pay the application monies from a single bank account, any refund monies will be despatched to that bank account in the form of e-Refund payment instructions. If you apply and pay the application monies from multiple bank accounts, any refund monies will be despatched to the address as specified in your application instructions in the form of refund cheque(s) by ordinary post at your own risk.

(iv) ***If you apply via Electronic Application Instructions to HKSCC***

Allocation of Hong Kong Offer Shares

For the purposes of allocating Hong Kong Offer Shares, HKSCC Nominees will not be treated as an applicant. Instead, each CCASS Participant who gives electronic application instructions or each person for whose benefit instructions are given will be treated as an applicant.

Deposit of Share Certificates into CCASS and Refund of Application Monies

- If your application is wholly or partially successful, your share certificate(s) will be issued in the name of HKSCC Nominees and deposited into CCASS for the credit of your designated CCASS Participant's stock account or your CCASS Investor Participant stock account on Thursday, 30 March 2017, or, on any other date determined by HKSCC or HKSCC Nominees.

- Our Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, our Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offering in the manner specified in "Publication of Results" above on Thursday, 30 March 2017. You should check the announcement published by our Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, 30 March 2017 or such other date as determined by HKSCC or HKSCC Nominees.

- If you have instructed your broker or custodian to give electronic application instructions on your behalf, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you with that broker or custodian.

- If you have applied as a CCASS Investor Participant, you can also check the number of Hong Kong Offer Shares allotted to you and the amount of refund monies (if any) payable to you via the CCASS Phone System and the CCASS Internet System (under the procedures contained in HKSCC's "An Operating Guide for Investor Participants" in effect from time to time) on Thursday, 30 March 2017. Immediately following the credit of the Hong Kong Offer Shares to your stock account and the credit of refund monies to your bank account, HKSCC will also make available to you an activity statement showing the number of Hong Kong Offer Shares credited to your CCASS Investor Participant stock account and the amount of refund monies (if any) credited to your designated bank account.

- Refund of your application monies (if any) in respect of wholly and partially unsuccessful applications and/or difference between the Offer Price and the maximum Offer Price per Offer Share initially paid on application (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest) will be credited to your designated bank account or the designated bank account of your broker or custodian on Thursday, 30 March 2017.

15. ADMISSION OF THE SHARES INTO CCASS

If the Stock Exchange grants the listing of, and permission to deal in, the Shares and we comply with the stock admission requirements of HKSCC, the Shares will be accepted as eligible securities by HKSCC for deposit, clearance and settlement in CCASS with effect from the date of commencement of dealings in the Shares or any other date HKSCC chooses. Settlement of transactions between Exchange Participants (as defined in the Listing Rules) is required to take place in CCASS on the second Business Day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

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

All necessary arrangements have been made enabling the Shares to be admitted into CCASS.

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong.

RSM

29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

21 March 2017

The Directors

Chanhigh Holdings Limited
Essence Corporate Finance (Hong Kong) Limited

Dear Sirs,

We set out below our report on the financial information (the "Financial Information") of Chanhigh Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") for each of the three years ended 31 December 2015 and the ten months ended 31 October 2016 (the "Relevant Periods") for inclusion in the prospectus dated 21 March 2017 issued by the Company (the "Prospectus").

The Company was incorporated as an exempted company in the Cayman Islands under the Companies Law of the Cayman Islands on 1 April 2016. Pursuant to a group reorganisation as more fully explained in the section headed "Reorganisation" in "History, Development and Reorganisation" section of the Prospectus (the "Group Reorganisation"), the Company on 9 May 2016 became the holding company of the Group. The Company has not carried out any business since the date of its incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 18 to the Financial Information.

All the companies now comprising the Group have adopted 31 December as their financial year end date.

No audited financial statements of Chanhigh Investments Limited have been prepared for the Relevant Periods as there is no statutory audit requirement in the country of its incorporation.

No audited financial statements of Chanhigh Hong Kong Limited has been prepared for the Relevant Periods as it is newly incorporated and not yet due for statutory audit as at the date of this report.

No audited financial statements of those subsidiaries incorporated in the People's Republic of China (the "PRC") have been prepared as there is no statutory audit requirement for those domestic companies in the PRC.

For the purpose of this report, the directors of the Company have prepared the consolidated financial statements of the Group for the Relevant Periods in accordance with International Financial Reporting Standards ("**IFRSs**") issued by the International Accounting Standards Board (the "**Underlying Financial Statements**").

We have performed our independent audit on the Underlying Financial Statements in accordance with Hong Kong Standards on Auditing issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA") and have examined the Underlying Financial Statements in accordance with Auditing Guideline 3.340 "Prospectuses and the Reporting Accountant" issued by the HKICPA.

The Financial Information has been prepared from the Underlying Financial Statements in accordance with the basis of preparation set out in note 2 to the Financial Information. No adjustments were considered necessary for the purpose of preparing our report for inclusion in the Prospectus.

The directors of the Company are responsible for the preparation of the Underlying Financial Statements and the contents of the Prospectus in which this report is included. It is our responsibility to compile the Financial Information set out in this report from the Underlying Financial Statements, to form an independent opinion on the Financial Information and to report our opinion to you.

In our opinion, for the purpose of this report and on the basis of preparation set out in note 2 to the Financial Information, the Financial Information gives a true and fair view of the state of affairs of the Company and of the Group as at 31 December 2013, 2014 and 2015 and 31 October 2016, and of the Group's results and cash flows for the Relevant Periods.

For the purpose of this report, the directors of the Company have prepared the comparative financial information of the Group for the ten months ended 31 October 2015 (the "Comparative Financial Information") in accordance with the same basis adopted in respect of the Financial Information. We have reviewed the Comparative Financial Information in accordance with Hong Kong Standard on Review Engagements 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the HKICPA. A review consists of making enquiries primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Hong Kong Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly we do not express an audit opinion on the Comparative Financial Information.

Based on our review, nothing has come to our attention that causes us to believe that the Comparative Financial Information is not prepared, in all material respects, in accordance with the same basis adopted in respect of the Financial Information.

FINANCIAL INFORMATION

A. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS

	Note	Year ended 31 December			Ten months ended 31 October	
		2013	2014	2015	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue	7	554,902	659,324	1,006,339	767,835	1,285,015
Cost of services rendered		(489,183)	(559,481)	(839,205)	(637,094)	(1,095,303)
Business tax and auxiliary charges		(19,158)	(23,275)	(34,599)	(27,139)	(22,897)
Gross profit		46,561	76,568	132,535	103,602	166,815
Other income and gains	8	9,015	4,577	4,900	4,834	1,202
Interest income on amounts due from related parties		18,726	22,937	24,569	21,124	5,513
Administrative and other operating expenses		(17,324)	(12,973)	(14,747)	(10,396)	(31,713)
Profit from operations		56,978	91,109	147,257	119,164	141,817
Finance costs	10	(19,108)	(21,371)	(20,039)	(16,917)	(8,943)
Profit before tax		37,870	69,738	127,218	102,247	132,874
Income tax expense	11	(11,079)	(17,799)	(32,039)	(25,724)	(36,724)
Profit for the year/period	12	26,791	51,939	95,179	76,523	96,150
Attributable to:						
Owners of the Company		26,547	51,939	95,179	76,523	96,150
Non-controlling interests		244	—	—	—	—
		26,791	51,939	95,179	76,523	96,150

B. CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit for the year/period	26,791	51,939	95,179	76,523	96,150
Other comprehensive income for the year/period, net of tax	—	—	—	—	—
Total comprehensive income for the year/period	26,791	51,939	95,179	76,523	96,150
Attributable to:					
Owners of the Company	26,547	51,939	95,179	76,523	96,150
Non-controlling interests	244	—	—	—	—
	26,791	51,939	95,179	76,523	96,150

C. CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

		As at 31 December			As at 31 October
	Note	2013	2014	2015	2016
		RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets					
Property, plant and equipment	17	2,328	2,094	2,071	2,444
Available-for-sale financial assets	19	64	64	64	64
Total non-current assets		2,392	2,158	2,135	2,508
Current assets					
Trade and other receivables	20	506,921	538,982	686,182	707,400
Gross amount due from customers for contract work	21	205,614	349,700	387,374	657,590
Amounts due from related companies	22	363,532	262,985	330,672	—
Bank and cash balances	23	35,815	119,663	63,152	75,376
Total current assets		1,111,882	1,271,330	1,467,380	1,440,366
TOTAL ASSETS		1,114,274	1,273,488	1,469,515	1,442,874
EQUITY AND LIABILITIES					
Equity attributable to owners of the Company					
Paid in capital	24	152,000	152,000	152,000	—
Reserves	26	40,890	79,556	174,735	248,733
Total equity		192,890	231,556	326,735	248,733
Current liabilities					
Trade payables	27	569,544	631,128	696,888	835,941
Accruals and other payables	28	33,800	29,620	52,657	48,552
Receipts in advance		9,123	36,870	26,241	16,744
Gross amount due to customers for contract work	21	2,817	3,614	22,424	10,286
Amount due to a director	22	4,500	23,300	—	159,932
Borrowings	29	299,400	305,100	306,100	61,000
Current tax liabilities		2,200	12,300	38,470	61,686
Total current liabilities		921,384	1,041,932	1,142,780	1,194,141
TOTAL EQUITY AND LIABILITIES		1,114,274	1,273,488	1,469,515	1,442,874

D. CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

	Attributable to owners of the Company						
	Paid in capital	Other reserve	Statutory surplus reserve	Retained earnings	Total	Non-controlling interests	Total equity
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 1 January 2013	112,000	—	1,258	13,085	126,343	762	127,105
Capital injection in 浙江滄海市政園林建設有限公司 (Zhejiang Chanhigh Municipal Landscape Construction Limited) ("Chanhigh Landscape")	40,000	—	—	—	40,000	—	40,000
Disposal of a subsidiary	—	—	(47)	47	—	(1,006)	(1,006)
Total comprehensive income for the year	—	—	—	26,547	26,547	244	26,791
Transfer from retained earnings	—	—	3,338	(3,338)	—	—	—
Changes in equity for the year	40,000	—	3,291	23,256	66,547	(762)	65,785
At 31 December 2013 and 1 January 2014	152,000	—	4,549	36,341	192,890	—	192,890
Total comprehensive income for the year	—	—	—	51,939	51,939	—	51,939
Transfer from retained earnings	—	—	5,489	(5,489)	—	—	—
Dividend paid (note 15)	—	—	—	(13,273)	(13,273)	—	(13,273)
Changes in equity for the year	—	—	5,489	33,177	38,666	—	38,666
At 31 December 2014 and 1 January 2015	152,000	—	10,038	69,518	231,556	—	231,556
Total comprehensive income for the year	—	—	—	95,179	95,179	—	95,179
Transfer from retained earnings	—	—	9,934	(9,934)	—	—	—
Changes in equity for the year	—	—	9,934	85,245	95,179	—	95,179
At 31 December 2015 and 1 January 2016	152,000	—	19,972	154,763	326,735	—	326,735
Total comprehensive income for the period	—	—	—	96,150	96,150	—	96,150
Repurchase of equity interests of Chanhigh Landscape by Chanhigh Hong Kong Limited ("Chanhigh HK") from Peng Family	(152,000)	(7,370)	—	—	(159,370)	—	(159,370)
Dividend paid (note 15)	—	—	—	(14,782)	(14,782)	—	(14,782)
Changes in equity for the period	(152,000)	(7,370)	—	81,368	(78,002)	—	(78,002)
At 31 October 2016	—	(7,370)	19,972	236,131	248,733	—	248,733
Unaudited For the ten months ended 31 October 2015							
At 1 January 2015	152,000	—	10,038	69,518	231,556	—	231,556
Total comprehensive income for the period	—	—	—	76,523	76,523	—	76,523
Changes in equity for the period	—	—	—	76,523	76,523	—	76,523
At 31 October 2015	152,000	—	10,038	146,041	308,079	—	308,079

E. STATEMENT OF FINANCIAL POSITION

	Note	As at 31 October 2016
		RMB'000
Non-current assets		
Investment in a subsidiary	18	—
Total non-current assets		—
Current assets		
Amount due from a subsidiary	18	159,370
Total current assets		159,370
TOTAL ASSETS		159,370
EQUITY AND LIABILITIES		
Equity attributable to owners of the Company		
Paid in capital	24	—
Reserves	25	—
Total equity		—
Current liabilities		
Amount due to a director	22	159,370
Total current liabilities		159,370
TOTAL EQUITY AND LIABILITIES		159,370

F. CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
CASH FLOW FROM OPERATING ACTIVITIES					
Profit before tax	37,870	69,738	127,218	102,247	132,874
Adjustments for:					
Bad debt	2,244	—	—	—	—
Allowance for other receivables	700	—	—	—	—
Depreciation	2,317	1,175	676	598	402
Bank interest income	(858)	(2,657)	(2,814)	(2,757)	(156)
Interest income on amounts due from related parties	(18,726)	(22,937)	(24,569)	(21,124)	(5,513)
Other interest income	(42)	(2)	(233)	(225)	(41)
Dividend income from unlisted equity investments	(67)	(5)	(10)	(9)	(9)
Interest expense	19,108	21,371	20,039	16,917	8,943
Loss on disposals of property, plant and equipment	35	—	—	—	—
Loss on disposal of a subsidiary	59	87	—	—	—
Fair value change on biological asset	(5,783)	—	—	—	—
Operating profit before working capital changes	36,857	66,770	120,307	95,647	136,500
Increase in biological asset of a disposed subsidiary	(5,509)	—	—	—	—
(Increase)/decrease in gross amount due from/to customers for contract work	(99,114)	(149,322)	(18,864)	47,257	(282,354)
Decrease/(increase) in trade and bills receivables	50,055	(14,446)	(86,170)	(81,019)	(24,286)
(Increase)/decrease in deposits, prepayments and other receivables	(65,621)	(21,681)	(61,030)	(29,791)	3,068
Increase in trade payables	83,506	61,584	65,760	54,605	139,053
Increase/(decrease) in receipts in advance	9,123	27,747	(10,629)	(21,863)	(9,497)
Increase/(decrease) in accruals and other payables	7,040	(4,118)	9,037	(4,479)	9,895
Cash generated from/(used in) operations	16,337	(33,466)	18,411	60,357	(27,621)
Income tax paid	(9,319)	(7,699)	(5,869)	(4,224)	(13,508)
Interest paid	(19,108)	(21,371)	(20,039)	(16,917)	(8,943)
Net cash (used in)/generated from operating activities	(12,090)	(62,536)	(7,497)	39,216	(50,072)

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
CASH FLOW FROM INVESTING ACTIVITIES					
Purchases of property, plant and equipment	(366)	(941)	(653)	(494)	(775)
Proceed from disposal of a subsidiary (note 30)	8,605	9,950	—	—	—
(Advanced to)/repayment from related companies	(188,280)	100,547	(67,687)	(109,590)	330,672
Decrease/(increase) in fixed deposits	12,850	(83,850)	86,233	85,519	(1,892)
Dividend income from unlisted equity investments	67	5	10	9	9
Interest received	19,626	25,596	27,616	24,106	5,710
Net cash (used in)/generated from investing activities	(147,498)	51,307	45,519	(450)	333,724
CASH FLOW FROM FINANCING ACTIVITIES					
Borrowings raised	398,000	395,100	368,100	333,100	191,000
Repayment of borrowings	(284,200)	(389,400)	(367,100)	(338,100)	(436,100)
Capital injection in Chanhigh Landscape	40,000	—	—	—	—
Dividend paid	—	(13,273)	—	—	(14,782)
Advance from a director	37,000	98,450	80,500	78,450	159,932
Repayment to a director	(32,500)	(79,650)	(103,800)	(95,800)	—
Advance from/(repayment to) a staff	—	—	14,000	—	(14,000)
Repurchase of equity interests of Chanhigh Landscape by Chanhigh HK from Peng Family	—	—	—	—	(159,370)
Net cash generated from/(used in) financing activities	158,300	11,227	(8,300)	(22,350)	(273,320)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(1,288)	(2)	29,722	16,416	10,332
CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR/ PERIOD	33,050	31,762	31,760	31,760	61,482
CASH AND CASH EQUIVALENTS AT END OF THE YEAR/PERIOD	31,762	31,760	61,482	48,176	71,814
ANALYSIS OF CASH AND CASH EQUIVALENTS					
Bank and cash balances (note 23)	31,762	31,760	61,482	48,176	71,814

G. NOTES TO THE FINANCIAL INFORMATION

1. GENERAL INFORMATION

The Company was incorporated in the Cayman Islands with limited liability. The address of its registered office is Cricket Square, Hutchins Drive, P.O. Box 2681, Grand Caymans, KY1-1111, Cayman Islands. The address of its principal place of business is 17 and 18 Floors, Cang Hai Industry Building, No.3388 Cang Hai Road, Yinzhou District, Ningbo City, Zhejiang Province, China.

The Company is an investment holding company. The principal activities of its subsidiaries are set out in note 18 to the Financial Information.

In the opinion of the directors, as at 31 October 2016, Mr. Peng Daosheng ("Peng DS"), Ms. Wang Sufen ("Wang SF"), Mr. Peng Yonghui ("Peng YH"), and Mr. Peng Tianbin ("Peng TB") (the "Peng Family") who are directors of the Company, are the ultimate controlling parties (the "Controller Shareholders") of the Company.

2. BASIS OF PRESENTATION OF FINANCIAL INFORMATION

Pursuant to the Group Reorganisation as more fully explained in the paragraph headed "Reorganisation" in "History, Development and Reorganisation" section of the Prospectus, the Company became the holding company of the companies now comprising the Group on 9 May 2016. As the Group Reorganisation involved only the insertion of new holding companies at the top of the existing group and did not result in any change in economic substance, the Financial Information for the Relevant Periods has been prepared as a continuation of the existing group using the principles of merger accounting.

The consolidated statements of profit or loss, the consolidated statements of profit or loss and other comprehensive income, the consolidated statements of changes in equity and the consolidated statements of cash flows are prepared as if the current group structure had been in existence throughout the Relevant Periods. The consolidated statements of financial position as at 31 December 2013, 2014 and 2015 and 31 October 2016 present the assets and liabilities of the companies now comprising the group as if the current group structure had been in existence at those dates.

3. EARLY ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

During the Relevant Periods, the Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting periods beginning on 1 January 2016. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations.

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associates or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

IFRS 9 Financial Instruments

The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from IAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

IFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in IAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in IAS 39 are carried forward largely unchanged.

IFRS 9 substantially overhauls the hedge accounting requirements in IAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

The Group's financial assets that are currently classified as available-for-sale include an unlisted equity security. The unlisted equity security is currently measured at cost less impairment with any impairment losses recognised in profit or loss. IFRS 9 requires fair value measurement with fair value changes recognised in other comprehensive income without recycling.

The new expected credit loss impairment model in IFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantity the impact until a more detailed assessment is completed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations in the contract

5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is currently assessing the impacts of adopting IFRS 15 on the Financial Information and has identified the following areas that are likely to be affected:

The Group currently recognises revenue from construction contracts over time by reference to the stage of completion of the contract activity in accordance with the requirements in IAS 11 Construction Contracts. Under IFRS 15 revenue is recognised over time only if specific criteria are met otherwise revenue is recognised at a point in time which may not be until completion.

IFRS 15 also introduces new requirements on accounting for contract modifications (variations) and variable consideration (such as claims and incentive payments) which may impact the timing of revenue recognition over the contract period.

In addition, certain costs of obtaining construction contracts which are currently expensed may need to be capitalised.

The Group is unable to estimate the impact of the new standard on the Financial Information until a more detailed analysis is completed.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). IFRS 16 carries forward the accounting requirements for lessors in IAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property leases are currently classified as operating leases and the lease payments are recognised as an expense on a straight-line basis over the lease term. Under IFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

As disclosed in note 34, the Group's future minimum lease payments under non-cancellable operating leases for its office properties amounted to RMB1,738,000 as at 31 October 2016. The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in IFRS 16 and the effects of discounting.

4. SIGNIFICANT ACCOUNTING POLICIES

The Financial Information has been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of the Financial Information in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the Financial Information are disclosed in note 5.

The significant accounting policies applied in the preparation of the Financial Information are set out below.

(a) **Consolidation**

The Financial Information includes the financial statements of the Company and its subsidiaries made up to 31 December. Subsidiaries are entities over which the Group has control. The Group controls an entity when it is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The Group has power over an entity when the Group has existing rights that give it the current ability to direct the relevant activities, i.e. activities that significantly affect the entity's returns.

When assessing control, the Group considers its potential voting rights as well as potential voting rights held by other parties. A potential voting right is considered only if the holder has the practical ability to exercise that right.

Subsidiaries are consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date the control ceases.

The gain or loss on the disposal of a subsidiary that results in a loss of control represents the difference between (i) the fair value of the consideration of the sale plus the fair value of any investment retained in that subsidiary and (ii) the Company's share of the net assets of that subsidiary plus any remaining goodwill and any accumulated foreign currency translation reserve relating to that subsidiary.

Intra-group transactions, balances and unrealised profits are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests represent the equity in subsidiaries not attributable, directly or indirectly, to the Company. Non-controlling interests are presented in the consolidated statement of financial position and consolidated statement of changes in equity within equity. Non-controlling interests are presented in the consolidated statement of profit or loss and consolidated statement of profit or loss and other comprehensive income as an allocation of profit or loss and total comprehensive income for the year between the non-controlling shareholders and owners of the Company.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling shareholders even if this results in the non-controlling interests having a deficit balance.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions (i.e. transactions with owners in their capacity as owners). The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to the owners of the Company.

In the Company's statement of financial position, an investment in a subsidiary is stated at cost less impairment loss, unless the investment is classified as held for sale (or included in a disposal group that is classified as held for sale).

(b) **Foreign currency translation**

(i) ***Functional and presentation currency***

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The Financial Information is presented in Renminbi, which is the Company's functional and presentation currency.

(ii) ***Transactions and balances in each entity's financial statements***

Transactions in foreign currencies are translated into the functional currency on initial recognition using the exchange rates prevailing on the transaction dates. Monetary assets and liabilities in foreign currencies are translated at the exchange rates at the end of each reporting period. Gains and losses resulting from this translation policy are recognised in profit or loss.

Non-monetary items that are measured at fair value in foreign currencies are translated using the exchange rates at the dates when the fair values are determined.

When a gain or loss on a non-monetary item is recognised in other comprehensive income, any exchange component of that gain or loss is recognised in other comprehensive income. When a gain or loss on a non-monetary item is recognised in profit or loss, any exchange component of that gain or loss is recognised in profit or loss.

(iii) ***Translation on consolidation***

The results and financial position of all the Group entities that have a functional currency different from the Company's presentation currency are translated into the Company's presentation currency as follows:

— Assets and liabilities for each statement of financial position presented are translated at the closing rate at the date of that statement of financial position;

— Income and expenses are translated at average exchange rates for the period (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the exchange rates on the transaction dates); and

— All resulting exchange differences are recognised in other comprehensive income and accumulated in the foreign currency translation reserve.

On consolidation, exchange differences arising from the translation of monetary items that form part of the net investment in foreign entities are recognised in other comprehensive income and accumulated in the foreign currency translation reserve. When a foreign operation is sold, such exchange differences are reclassified to consolidated profit or loss as part of the gain or loss on disposal.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing rate.

(c) **Property, plant and equipment**

Property, plant and equipment, held for use in the production or supply of goods or services, or for administrative purpose, are stated in the consolidated statement of financial position at cost, less subsequent accumulated depreciation and subsequent accumulated impairment losses, if any.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are recognised in profit or loss during the period in which they are incurred.

Depreciation of property, plant and equipment is calculated at rates sufficient to write off their cost less their residual values over the estimated useful lives on a straight-line basis. The principal useful lives are as follows:

Buildings	5-25 years
Plant and machinery	5-10 years
Office equipment, furniture and fixtures	5-10 years
Motor vehicles	5 years

The residual values, useful lives and depreciation method are reviewed and adjusted, if appropriate, at the end of each reporting period.

The gain or loss on disposal of property, plant and equipment is the difference between the net sales proceeds and the carrying amount of the relevant asset, and is recognised in profit or loss.

(d) **Operating leases**

Leases that do not substantially transfer to the Group all the risks and rewards of ownership of assets are accounted for as operating leases. Lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term.

(e) **Construction contracts**

Contract revenue comprises the agreed contract amount and appropriate amounts from variation orders, claims and incentive payments. Variations in contract work, claims and incentive payments are included in contract revenue to the extent that they have been agreed with the customer and are capable of being reliably measured. If the variations have not been agreed with customer, variations will be recognised only to the extent of contract cost incurred that it is probable will be recoverable.

Contract costs incurred comprise direct materials, the costs of subcontracting, direct labour and an appropriate proportion of variable and fixed construction overheads.

The Group uses the "percentage-of-completion method" to determine the appropriate amount of revenue in a given period. When the outcome of a construction contract can be estimated reliably, revenue from a fixed price contract is recognised on the percentage-of-completion method, measured by reference to the work certified of the relevant contracts and the proportion of costs incurred to date to the estimated total costs of the relevant contracts. Revenue from a cost plus construction contract is recognised on the percentage-of-completion method, by reference to the recoverable costs incurred during the period plus the related fee earned, measured by the proportion of costs incurred to date to the estimated total costs of the relevant contract.

When the outcome of a construction contract cannot be estimated reliably, revenue is recognised only to the extent of contract costs incurred that are probable to be recoverable. When it is probable that total contracts costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

Construction contracts in progress at the end of the reporting period are recorded at the amount of costs incurred plus recognised profits less recognised losses and progress billings, and are presented in the consolidated statement of financial position as "Gross amount due from customers for contract work". When progress billings exceed costs incurred plus recognised profits less recognised losses, the surplus is recorded in the consolidated statement of financial position as "Gross amount due to customers for contract work". Progress billings not yet paid by the customer are included in the consolidated statement of financial position under "Trade and bills receivables". Amounts received before the related work is performed are included in the consolidated statement of financial position under "Receipts in advance".

(f) **Recognition and derecognition of financial instruments**

Financial assets and financial liabilities are recognised in the consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instruments.

Financial assets are derecognised when the contractual rights to receive cash flows from the assets expire; the Group transfers substantially all the risks and rewards of ownership of the assets; or the Group neither transfers nor retains substantially all the risks and rewards of ownership of the assets but has not retained control on the assets. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and the cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

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

(g) **Financial assets**

Financial assets are recognised and derecognised on a trade date basis where the purchase or sale of an financial asset is under a contract whose terms require delivery of the financial assets within the timeframe established by the market concerned, and are initially measured at fair value, plus directly attributable transaction costs.

The Group classifies its financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(i) ***Loans and receivables***

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. These assets are carried at amortised cost using the effective interest method (except for short-term receivables where interest is immaterial) minus any reduction for impairment or uncollectibility. Typically trade and other receivables, bank balances and cash are classified in this category.

(ii) ***Available-for-sale financial assets***

Available-for-sale financial assets are non-derivative financial assets that are not classified as loans and receivables, held-to-maturity investments or financial assets at fair value through profit or loss. Available-for-sale financial assets are subsequently measured at fair value. Gains or losses arising from changes in fair value of these investments are recognised in other comprehensive income and accumulated in the investment revaluation reserve, until the investments are disposed of or there is objective evidence that the investments are impaired, at which time the cumulative gains or losses previously recognised in other comprehensive income are reclassified from equity to profit or loss. Interest calculated using the effective interest method and dividends on available-for-sale equity investments are recognised in profit or loss.

Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity instruments, are measured at cost less impairment losses.

(h) **Trade and other receivables**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection of trade and other receivables is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less allowance for impairment.

(i) **Cash and cash equivalents**

For the purpose of the statements of cash flows, cash and cash equivalents represent cash at bank and on hand, demand deposits with banks and other financial institutions, and short-term highly liquid investments which are readily convertible into known amounts of cash and subject to an insignificant risk of change in value. Bank overdrafts which are repayable on demand and form an integral part of the Group's cash management are also included as a component of cash and cash equivalents.

(j) **Financial liabilities and equity instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and an equity instrument under IFRSs. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. The accounting policies adopted for specific financial liabilities and equity instruments are set out from below.

(k) **Borrowings**

Borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method.

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

(l) **Financial guarantee contract liabilities**

Financial guarantee contract liabilities are measured initially at their fair value and are subsequently measured at the higher of:

— the amount of the obligations under the contracts, as determined in accordance with IAS 37 "Provisions, Contingent Liabilities and Contingent Assets"; and

— the amount initially recognised less cumulative amortisation recognised in profit or loss on a straight-line basis over the terms of the guarantee contracts.

(m) **Trade and other payables**

Trade and other payables are recognised initially at their fair value and subsequently measured at amortised cost using the effective interest method unless the effect of discounting would be immaterial, in which case they are stated at cost.

(n) **Equity instruments**

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

(o) **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable and is recognised when it is probable that the economic benefits will flow to the Group and the amount of revenue can be measured reliably.

Revenue from construction contracts is recognised based on the stage of completion of the contract activity as detailed in note 4(e) above.

Maintenance service income is recognised when the service is rendered.

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

(p) **Employee benefits**

(i) *Employee leave entitlements*

Employee entitlements to annual leave and long service leave are recognised when they accrue to employees. A provision is made for the estimated liability for annual leave and long service leave as a result of services rendered by employees up to the end of the reporting period.

Employee entitlements to sick leave and maternity leave are not recognised until the time of leave.

(ii) *Pension obligations*

The Group contributes to defined contribution retirement schemes which are available to all employees. Contributions to the schemes by the Group and employees are calculated as a percentage of employees' basic salaries. The retirement benefit scheme cost charged to profit or loss represents contributions payable by the Group to the funds.

(iii) *Termination benefit*

Termination benefits are recognised at the earlier of the dates when the Group can no longer withdraw the offer of those benefits and when the Group recognises restructuring costs and involves the payment of termination benefits.

(q) **Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalised as part of the cost of those assets, until such time as the assets are substantially ready for the intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, the amount of borrowing costs eligible for capitalisation is determined by applying a capitalisation rate to the expenditures on that asset. The capitalisation rate is the weighted average of the borrowing costs applicable to the borrowings of the Group that are outstanding during the period, other than borrowings made specifically for the purpose of obtaining a qualifying asset.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) **Government grants**

A government grant is recognised when there is reasonable assurance that the Group will comply with the conditions attaching to it and that the grant will be received.

Government grants relating to income are deferred and recognised in profit or loss over the period to match them with the costs they are intended to compensate.

Government grants that become receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(s) **Taxation**

Income tax represents the sum of the current tax and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit recognised in profit or loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

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

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

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

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted by the end of the reporting period. Deferred tax is recognised in profit or loss, except when it relates to items recognised in other comprehensive income or directly in equity, in which case the deferred tax is also recognised in other comprehensive income or directly in equity.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(t) **Impairment of non-financial assets**

The carrying amounts of non-financial assets are reviewed at each reporting date for indications of impairment and where an asset is impaired, it is written down as an expense through the consolidated statement of profit or loss to its estimated recoverable amount. The recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. If this is the case, recoverable amount is determined for the cash-generating unit to which the asset belongs. Recoverable amount is the higher of value in use and the fair value less costs of disposal of the individual asset or the cash-generating unit.

Value in use is the present value of the estimated future cash flows of the asset/cash-generating unit. Present values are computed using pre-tax discount rates that reflect the time value of money and the risks specific to the asset/cash-generating unit whose impairment is being measured.

Impairment losses for cash-generating units are allocated first against the goodwill of the unit and then pro rata amongst the other assets of the cash-generating unit. Subsequent increases in the recoverable amount caused by changes in estimates are credited to profit or loss to the extent that they reverse the impairment.

(u) **Impairment of financial assets**

At the end of each reporting period, the Group assesses whether its financial assets are impaired, based on objective evidence that, as a result of one or more events that occurred after the initial recognition, the estimated future cash flows of the (group of) financial asset(s) have been affected.

For trade receivables that are assessed not to be impaired individually, the Group assesses them collectively for impairment, based on the Group's past experience of collecting payments, an increase in the delayed payments in the portfolio, observable changes in economic conditions that correlate with default on receivables, etc.

Only for trade receivables, the carrying amount is reduced through the use of an allowance account and subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in profit or loss.

For all other financial assets, the carrying amount is directly reduced by the impairment loss.

For financial assets measured at amortised cost, if the amount of the impairment loss decreases in a subsequent period and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed (either directly or by adjusting the allowance account for trade receivables) through profit or loss. However, the reversal must not result in a carrying amount that exceeds what the amortised cost of the financial asset would have been had the impairment not been recognised at the date the impairment is reversed.

(v) **Provisions and contingent liabilities**

Provisions are recognised for liabilities of uncertain timing or amount when the Group has a present legal or constructive obligation arising as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made. Where the time value of money is material, provisions are stated at the present value of the expenditures expected to settle the obligation.

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events are also disclosed as contingent liabilities unless the probability of outflow is remote.

(w) **Events after the reporting period**

Events after the reporting period that provide additional information about the Group's position at the end of the reporting period are adjusting events and are reflected in the Financial Information. Events after the reporting period that are not adjusting events are disclosed in the notes to the Financial Information when material.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

The key assumptions concerning the future, and other key sources of estimation uncertainty at the end of each reporting period, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are discussed below.

Impairment loss for bad and doubtful debts

The Group makes impairment loss for bad and doubtful debts based on assessments of the recoverability of the trade and other receivables, including the current creditworthiness and the past collection history of each debtor. Impairments arise where events or changes in circumstances indicate that the balances may not be collectible. The identification of bad and doubtful debts, in particular of a loss event, requires the use of judgement and estimates. Where the actual result is different from the original estimate, such difference will impact the carrying value of the trade and other receivables and doubtful debt expenses in the year in which such estimate has been changed.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, accumulated impairment loss for bad and doubtful debts amounted to RMB1,040,000, RMB1,040,000, RMB1,040,000 and RMB1,040,000 respectively.

6. FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: foreign currency risk, credit risk, liquidity risk and interest rate risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance.

(a) **Foreign currency risk**

The Group has minimal exposure to foreign currency risk as most of its business transactions, assets and liabilities are principally denominated in the functional currencies of the Group entities. The Group currently does not have a foreign currency hedging policy in respect of foreign currency transactions, assets and liabilities. The Group will monitor its foreign currency exposure closely and will consider hedging significant foreign currency exposure should the need arise.

(b) **Credit risk**

The Group's credit risk is primarily attributable to its trade and other receivables, cash and bank balances and amount due from related companies. In order to minimise credit risk of trade and bill receivables, the directors have delegated a team to be responsible for the determination of credit limits, credit approvals and other monitoring procedures. In addition, the directors review the recoverable amount of each individual trade debt regularly to ensure that adequate impairment losses are recognised for irrecoverable debts. In this regard, the directors consider that the Group's credit risk is significantly reduced.

The Group has no significant concentrations of credit risk.

It has policies in place to ensure that sales are made to customers with an appropriate credit history. Amounts due from related companies are closely monitored by the directors.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Except for the financial guarantees given by the Group as set out in note 31, the Group does not provide any other guarantees which would expose the Group to credit risk. The maximum exposure to credit risk in respect of these financial guarantees at each of the end of the reporting period is disclosed in note 31.

(c) **Liquidity risk**

The Group's policy is to regularly monitor current and expected liquidity requirements to ensure that it maintains sufficient reserves of cash to meet its liquidity requirements in the short and longer term.

The maturity analysis based on contractual undiscounted cash flows of the Group's financial liabilities is as follows:

	Less than 1 year or on demand	Between 1 and 2 years	Between 2 and 5 years	Over 5 years	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
At 31 December 2013					
Trade payables	569,544	—	—	—	569,544
Accruals and other payables	25,892	—	—	—	25,892
Amount due to a director	4,500	—	—	—	4,500
Borrowings	310,188	—	—	—	310,188
Financial guarantees	5,000	—	—	—	5,000
At 31 December 2014					
Trade payables	631,128	—	—	—	631,128
Accruals and other payables	21,696	—	—	—	21,696
Amount due to a director	23,300	—	—	—	23,300
Borrowings	316,866	—	—	—	316,866
Financial guarantees	102,000	—	—	—	102,000
At 31 December 2015					
Trade payables	696,888	—	—	—	696,888
Accruals and other payables	38,854	—	—	—	38,854
Borrowings	313,877	—	—	—	313,877
Financial guarantees	81,000	—	—	—	81,000
At 31 October 2016					
Trade payables	835,941	—	—	—	835,941
Accruals and other payables	45,934	—	—	—	45,934
Amount due to a director	159,932	—	—	—	159,932
Borrowings	63,098	—	—	—	63,098

(d) **Interest rate risk**

The Group's exposure to interest rate risk arises from its bank deposits and bank borrowings. These deposits and borrowings bear interests at variable rates varied with the then prevailing market condition.

At 31 December 2013, 2014 and 2015 and 31 October 2016, it is estimated that a general increase/decrease by 100 basis points in interest rates, with all other variables held constant, would have increased/(decreased) the Group's profit after tax for the year/period as follows:

	Year ended 31 December			Ten months ended 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
100 basis points	(1,602)	(1,175)	(1,681)	(107)
(100) basis points	1,602	1,175	1,681	107

The sensitivity analysis above indicates the impact on the Group's profit for the year/period and retained profits that would have arisen assuming that there is an annualised impact on interest income and expense by a change in interest rates.

(e) **Categories of the financial instruments at the end of each reporting period**

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Financial assets:				
Loans and receivables (including cash and cash equivalents)	882,716	919,288	1,077,826	763,019
Available-for-sale financial assets	64	64	64	64
Financial liabilities:				
Financial liabilities at amortised cost	899,336	981,224	1,041,842	1,102,807

(f) **Fair values**

Except as disclosed in note 19 to the Financial Information, the carrying amounts of the Group's financial assets and financial liabilities as reflected in the consolidated statements of financial position approximate their respective fair values.

7. REVENUE

An analysis of the Group's revenue during the Relevant Periods is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue from construction contracts	554,902	659,324	1,006,339	767,835	1,285,015

8. OTHER INCOME AND GAINS

	Year ended 31 December			Ten months ended 31 October	
	2013	**2014**	**2015**	**2015**	**2016**
	RMB'000	**RMB'000**	**RMB'000**	**RMB'000 (unaudited)**	**RMB'000**
Interest income on:					
Bank deposits	858	2,657	2,814	2,757	156
Others	42	2	233	225	41
Total interest income for financial assets that are not at fair value through profit or loss	900	2,659	3,047	2,982	197
Bad debt recovery	—	—	—	—	116
Compensation income	472	—	8	8	45
Dividend income from unlisted equity investments	67	5	10	9	9
Fair value change on biological asset	5,783	—	—	—	—
Government subsidy (*note 1*)	1,600	—	—	—	—
Government incentives and awards (*note 2*)	190	1,913	1,835	1,835	831
Exchange gain	—	—	—	—	4
Others	3	—	—	—	—
	9,015	4,577	4,900	4,834	1,202

Note:

1. Government subsidy received for the year ended 31 December 2013 mainly related to the subsidy received from the government authority for foundation construction of 寧波滄海農業發展有限公司 (Ningbo Chanhigh Agricultural Development Limited) ("Chanhigh Agricultural").

2. Government incentives and awards mainly related to the incentive and awards received from the local government authority for the achievement of the Group.

9. SEGMENT INFORMATION

The Group has four operating segments as follows:

Landscape construction	—	Variety of municipal and private landscaping projects such as planting of trees, modifying the layout of land, carrying out foundation work for landscape construction, building and construction of parks, etc.
Municipal works construction	—	Mainly municipal or local government works such as municipal road construction, water and lighting works, etc.
Building works	—	Construction of gas stations, auto repair shops, office building and temporary warehouse, etc.
Others	—	Maintenance and heritage restoration services and undertaking renovation works.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technologies and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 to the Financial Information.

Segment revenue is measured in a manner consistent with that in the consolidated statements of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment results. Unallocated income, unallocated corporate expenses, finance costs, income tax expense and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except unallocated cash and bank balances, amounts due from related companies and other unallocated assets.

Segment liabilities mainly consist of current liabilities as disclosed in the consolidated statement of financial position except amount due to a director, current tax liabilities, borrowings, trade and other payables and others.

(i) **Information about operating segment profit or loss, assets and liabilities:**

	Landscape construction	Municipal works construction	Building works	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2013					
External revenue	232,930	227,848	73,363	20,761	554,902
Segment results	19,917	18,930	5,660	2,054	46,561
At 31 December 2013					
Segment assets	290,564	158,162	74,129	37,789	560,644
Segment liabilities	(2,120)	(8,670)	(658)	(492)	(11,940)

	Landscape construction	Municipal works construction	Building works	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014					
External revenue	386,024	224,135	33,207	15,958	659,324
Segment results	48,366	23,657	2,037	2,508	76,568
At 31 December 2014					
Segment assets	405,592	238,314	58,944	16,326	719,176
Segment liabilities	(17,196)	(20,781)	(1,323)	(1,184)	(40,484)

	Landscape construction	Municipal works construction	Building works	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015					
External revenue	410,230	528,746	51,261	16,102	1,006,339
Segment results	63,645	62,656	3,598	2,636	132,535
At 31 December 2015					
Segment assets	412,211	367,014	52,430	11,365	843,020
Segment liabilities	(22,356)	(22,750)	(299)	(626)	(46,031)

	Landscape construction	Municipal works construction	Building works	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ten months ended 31 October 2016					
External revenue	520,248	622,454	109,712	32,601	1,285,015
Segment results	79,424	76,221	7,828	3,342	166,815
At 31 October 2016					
Segment assets	497,743	537,599	67,819	34,361	1,137,522
Segment liabilities	(9,771)	(15,033)	(407)	(1,819)	(27,030)

	Landscape construction	Municipal works construction	Building works	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ten months ended 31 October 2015 (unaudited)					
External revenue	310,278	409,137	36,731	11,689	767,835
Segment results	47,787	50,914	2,793	2,108	103,602

(ii) **Reconciliation of operating segment revenue and profit or loss**

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Revenue					
Total revenue of reportable segments	554,092	659,324	1,006,339	767,835	1,285,015
Elimination of intersegment revenue	—	—	—	—	—
Consolidated revenue	554,092	659,324	1,006,339	767,835	1,285,015
Profit or loss					
Total profits of reportable segments	46,561	76,568	132,535	103,602	166,815
Elimination of intersegment profits	—	—	—	—	—
Unallocated amounts:					
Interest income	19,626	25,596	27,616	24,106	5,710
Fair value change on biological asset	5,783	—	—	—	—
Government subsidy, incentives and awards	1,790	1,913	1,835	1,835	831
Depreciation	(2,317)	(1,175)	(676)	(598)	(402)
Finance costs	(19,108)	(21,371)	(20,039)	(16,917)	(8,943)
Bad debts	(2,244)	—	—	—	—
Allowance for other receivables	(700)	—	—	—	—
Employee benefits expense	(4,568)	(4,216)	(5,662)	(4,192)	(7,613)
Listing expenses	—	—	—	—	(13,026)
Others	(6,953)	(7,577)	(8,391)	(5,589)	(10,498)
Consolidated profit before tax	37,870	69,738	127,218	102,247	132,874

(iii) **Reconciliation of segment assets and liabilities**

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Assets				
Total assets of reportable segments	560,644	719,176	843,020	1,137,522
Amounts due from related companies	363,532	262,985	330,672	—
Bank and cash balances	35,815	119,663	63,152	75,376
Prepayments, deposits and other receivables	151,891	169,506	230,536	227,468
Others	2,392	2,158	2,135	2,508
Consolidated total assets	1,114,274	1,273,488	1,469,515	1,442,874
Liabilities				
Total liabilities of reportable segments	11,940	40,484	46,031	27,030
Trade payables	569,544	631,128	696,888	835,941
Accruals and other payables	33,800	29,620	52,657	48,552
Borrowings	299,400	305,100	306,100	61,000
Current tax liabilities	2,200	12,300	38,470	61,686
Amount due to a director	4,500	23,300	—	159,932
Others	—	—	2,634	—
Consolidated total liabilities	921,384	1,041,932	1,142,780	1,194,141

(iv) **Geographical information**

Based on the locations of the customers, all the revenues are earned in the PRC and all non-current assets of the Group are located in the PRC.

Information about major customers

Revenue from customers contributing over 10% of the total revenue of the Group are as follows:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Landscape and municipal works construction segment Customer A	10.7%	N/A	N/A	N/A	N/A

N/A: Revenue from the customer during the year/period did not exceed 10% of the Group's revenue.

10. FINANCE COSTS

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Interest on bank borrowings	19,108	21,371	20,039	16,917	8,943

11. INCOME TAX EXPENSE

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Current tax - PRC					
Provision for the year	11,079	17,799	32,039	25,724	36,724

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit for the Relevant Periods.

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

As at 31 December 2013, 2014 and 2015 and 31 October 2016, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately RMB1,843,000, RMB3,500,000, RMB7,767,000 and RMB11,856,000 respectively. No liability has been recognised in respect of these differences because the Group is in a position to control the timing for reversal of the temporary differences and it is probable that such differences will not reverse in foreseeable future.

The following subsidiaries of the Company incorporated in the PRC, are assessed and paid the PRC Enterprise Income Tax ("EIT") on a deemed profit basis which is calculated by first multiplying an applicable percentage determined by the relevant tax authority as the table below and then applying the uniform enterprise income tax rate of 25%, except 宣城市滄海園林工程有限公司 (Xuancheng Chanhigh Municipal Landscape Engineering Limited) ("Xuancheng Landscape"), applying a preferential enterprise income tax rate of 20% on 50% reduced assessable profit as Xuancheng Landscape is qualified as a small and low-profit enterprise. For the years ended 31 December 2014 and 2015 and ten months ended 31 October 2016, the EIT of Chanhigh Landscape has been provided at a rate of 25%.

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
				(unaudited)	
Chanhigh Landscape	8%	N/A	N/A	N/A	N/A
Xuancheng Landscape	4%	4%	4%	4%	4%
昆明滄海投資有限公司 (Kunming Chanhigh Investment Limited) ("Kunming Chanhigh")	8%	8%	N/A	N/A	N/A

For other PRC subsidiaries, the EIT has been provided at a rate of 25% for the Relevant Periods.

The reconciliation between the income tax expenses and the product of profit before tax multiplied by the PRC EIT rate is as follows:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
				(unaudited)	
Profit before tax	37,870	69,738	127,218	102,247	132,874
Tax at the EIT of 25%	9,467	17,434	31,805	25,562	33,218
Tax effect of income that is not taxable[(note 1)]	(1,431)	—	—	—	(29)
Tax effect of expenses that are not deductible	840	375	206	143	3,525
Tax effect of using deemed profit method [(note 2)]	2,203	(10)	28	19	10
Income tax expense	11,079	17,799	32,039	25,724	36,724

Notes:

1. The tax effect of income that is not taxable for the year ended 31 December 2013 mainly arose from the fair value change on biological asset of Chanhigh Agricultural.

2. The tax effect of using deemed profit method for the year ended 31 December 2013 mainly represented the tax effect on the difference between the income tax expense charged calculated under the deemed profit method and the net profit method.

12. PROFIT FOR THE YEAR/PERIOD

The Group's profit for the Relevant Periods is stated after charging/(crediting) the following:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Auditors' remuneration (included under the listing expenses)	—	—	—	—	2,220
Bad debt	2,244	—	—	—	—
Allowance for other receivables	700	—	—	—	—
Cost of services rendered	489,183	559,481	839,205	637,094	1,095,303
Depreciation	2,317	1,175	676	598	402
Listing expenses	—	—	—	—	13,026
Loss on disposals of property, plant and equipment	35	—	—	—	—
Fair value change on biological asset	(5,783)	—	—	—	—
Loss on disposal of a subsidiary *(note 30)*	59	87	—	—	—
Operating lease charges - land and buildings	883	841	605	504	1,009

Cost of services rendered includes staff costs and depreciation of approximately RMB10,442,000, RMB11,896,000, RMB13,456,000, RMB11,464,000 (unaudited) and RMB10,720,000 for the years ended 31 December 2013, 2014 and 2015 and ten months ended 31 October 2015 and 2016, respectively which are included in the amounts disclosed separately.

13. EMPLOYEE BENEFITS EXPENSE

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Employee benefits expense:					
Salaries, bonuses and allowances	9,811	10,363	12,856	10,488	13,277
Retirement benefit scheme contributions	3,609	4,486	5,477	4,460	4,454
	13,420	14,849	18,333	14,948	17,731

Five highest paid individuals

The five highest paid individuals in the Group during the Relevant Periods included one, Nil, Nil, Nil and two directors and whose emoluments are reflected in the analysis presented in note 14. The emoluments of the remaining four, five, five, five and three individuals are set out below:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Basic salaries and allowances	255	308	298	247	774
Discretionary bonus	—	—	—	—	—
Retirement benefit scheme contributions	105	139	132	109	40
	360	447	430	356	814

The emoluments fell within the following band:

	No. of individuals				
	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015 (unaudited)	2016
Nil to HK$1,000,000	4	5	5	5	3

14. BENEFITS AND INTERESTS OF DIRECTORS

(a) The emoluments of each director were as follows:

	Fees	Salaries and allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Name of director					
Year ended 31 December 2013					
Mr. Peng DS	—	68	—	—	68
Mr. Peng TB	—	34	—	15	49
Mr. Peng YH	—	34	—	15	49
	—	136	—	30	166

	Fees	Salaries and allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2014					
Mr. Peng DS	—	64	—	—	64
Mr. Peng TB	—	36	—	15	51
Mr. Peng YH	—	36	—	15	51
	—	136	—	30	166

	Fees	Salaries and allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015					
Mr. Peng DS	—	62	—	—	62
Mr. Peng TB	—	42	—	18	60
Mr. Peng YH	—	42	—	18	60
	—	146	—	36	182

	Fees	Salaries and allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ten months ended 31 October 2016					
Mr. Peng DS	—	52	—	—	52
Mr. Peng TB	—	54	—	20	74
Mr. Peng YH	—	96	—	35	131
	—	202	—	55	257

	Fees	Salaries and allowance	Discretionary bonus	Retirement benefit scheme contributions	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Ten months ended 31 October 2015 (Unaudited)					
Mr. Peng DS	—	52	—	—	52
Mr. Peng TB	—	35	—	15	50
Mr. Peng YH	—	35	—	15	50
	—	122	—	30	152

Note: During the Relevant Periods, no emoluments were paid by the Group to the directors as an inducement to join or upon joining the Group or as compensation for loss of office. No director has waived or agreed to waive any emoluments during the Relevant Periods.

(b) The information about guarantees or security provided to certain controlled bodies corporate and connected entities of Peng Family in respect of loans, quasi-loans or credit transactions is as follows:

Name of the borrower	Nature of connection	Nature of guarantee or security	Maximum liability that may be incurred under the guarantee			Amounts or liabilities incurred during the Relevant Periods for the purpose of fulfilling the guarantee or discharging the security
			at the beginning of the year	at the end of the year	during the year	
			RMB'000	RMB'000	RMB'000	RMB'000
As at 31 December 2014						
Loan						
滄海控股集團有限公司 (Chanhigh Holding Group Limited ("CHHG"))	Controlled body corporate of Peng Family	Guarantee	—	75,000	75,000	—
寧波市鄞州天賓貿易有限公司	Controlled body corporate of Peng Family	Guarantee	—	27,000	27,000	—
As at 31 December 2015						
Loan						
CHHG	Controlled body corporate of Peng Family	Guarantee	75,000	65,000	75,000	—
寧波市鄞州天賓貿易有限公司	Controlled body corporate of Peng Family	Guarantee	27,000	16,000	27,000	—
As at 31 October 2016						
CHHG	Controlled body corporate of Peng Family	Guarantee	65,000	—	65,000	—
寧波市鄞州天賓貿易有限公司	Controlled body corporate of Peng Family	Guarantee	16,000	—	16,000	—

(c) Directors' material interests in transactions, arrangements or contracts

No significant transactions, arrangements and contracts in relation to the Group's business to which the Company was a party and in which a director of the Company and the director's connected party has a material interest, whether directly or indirectly, subsisted at the end of the Relevant Periods or at any time during the Relevant Periods.

15. DIVIDENDS

During the Relevant Periods, the Company's subsidiaries made the following distributions to its then shareholders:

	Year ended 31 December			Ten months ended 31 October 2016	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Dividends declared and paid/payable to its then shareholders during the Relevant Periods by:					
Chanhigh Landscape	—	13,273	—	—	14,782

The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of this report.

16. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this Financial Information, is not considered meaningful due to the Group Reorganisation and the basis of presentation of the results of the Group for the Relevant Periods as further explained in note 2 to the Financial Information.

17. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Plant and machinery	Office equipment, furniture and fixtures	Motor vehicles	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Cost					
At 1 January 2013	11,435	11,615	2,685	208	25,943
Additions	196	31	136	3	366
Disposals	—	—	(36)	—	(36)
Disposal of a subsidiary	(11,631)	—	(2,102)	—	(13,733)
At 31 December 2013 and 1 January 2014	—	11,646	683	211	12,540
Additions	—	899	42	—	941
At 31 December 2014 and 1 January 2015	—	12,545	725	211	13,481
Additions	—	89	114	450	653
At 31 December 2015 and 1 January 2016	—	12,634	839	661	14,134
Additions	—	65	440	270	775
At 31 October 2016	—	12,699	1,279	931	14,909
Accumulated depreciation					
At 1 January 2013	452	8,387	778	108	9,725
Charge for the year	684	1,236	357	40	2,317
Disposals	—	—	(1)	—	(1)
Disposal of a subsidiary	(1,136)	—	(693)	—	(1,829)
At 31 December 2013 and 1 January 2014	—	9,623	441	148	10,212
Charge for the year	—	1,063	72	40	1,175
At 31 December 2014 and 1 January 2015	—	10,686	513	188	11,387
Charge for the year	—	563	67	46	676
At 31 December 2015 and 1 January 2016	—	11,249	580	234	12,063
Charge for the period	—	261	57	84	402
At 31 October 2016	—	11,510	637	318	12,465
Carrying amount					
At 31 December 2013	—	2,023	242	63	2,328
At 31 December 2014	—	1,859	212	23	2,094
At 31 December 2015	—	1,385	259	427	2,071
At 31 October 2016	—	1,189	642	613	2,444

18. INVESTMENT IN SUBSIDIARIES

The Company

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Investment in a subsidiary	—	—	—	—

The amount due from a subsidiary is unsecured, interest-free and repayable on demand.

Particulars of the subsidiaries are as follows:

Name of subsidiary	Date and place of incorporation/ establishment	Particular of issued share capital	Equity interests attributable to the Group As at 31 December 2013	2014	2015	As at 31 October 2016	Principal activities
Directly held by the Company							
Chanhigh Investments Limited ("Chanhigh Investments")	15 March 2016 British Virgin Islands	United States Dollar 2	—	—	—	100%	Investment holding
Indirectly held by the Company							
Chanhigh Hong Kong Limited	30 March 2016 Hong Kong	HK$1	—	—	—	100%	Investment holding
Chanhigh Landscape	22 February 2001 The PRC	Registered capital of RMB152,000,000	100%	100%	100%	100%	Provision of services of municipal work and landscape construction and the related services
Xuancheng Landscape	23 July 2012 The PRC	Registered capital of RMB100,000	100%	100%	100%	100%	Provision of services of municipal work and landscape construction and the related services
Kunming Chanhigh	24 November 2011 The PRC	Registered capital of RMB10,000,000	100%	—	—	—	Project investment and management

19. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Non-current assets:				
Unlisted equity investments	64	64	64	64

The unlisted equity investments were carried at cost as they do not have a quoted market price in an active market and their carrying value cannot be reliably measured.

Included in the unlisted equity investments, the Group invested RMB51,000 to set up 合肥綠群市政園林有限公司 (Hefei Lvqun Municipal Works and Landscape Company Limited) ("Hefei Landscape"), a company incorporated in the PRC, in 2013 and owned 51% equity interests in Hefei Landscape. Due to the Group could not appoint any director to Hefei Landscape in accordance with the shareholders' agreement, the Group is unable to exercise control or significant influence over Hefei Landscape. The investment is classified as available-for-sale financial assets. In June 2016, all equity owners of Hefei Landscape resolved to dissolve Hefei Landscape and had submitted the application of dissolution Hefei Landscape accordingly. The liquidation process is expected to be completed in May 2017. According to the latest available information provided by the Group, no impairment loss on the investment cost of Hefei Landscape to be recognised as at 31 October 2016 as the net asset value of Hefei Landscape attributable to the Group is above its investment cost.

20. TRADE AND OTHER RECEIVABLES

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade and bills receivables				
Trade receivables	355,030	369,448	454,446	479,332
Bills receivables	—	28	1,200	600
	355,030	369,476	455,646	479,932
Utility deposits	—	50	50	50
Prepayments				
Advance to suppliers	23,552	2,342	2,180	15,271
Others	—	—	—	133
Listing expenses	—	—	—	4,353
	23,552	2,342	2,180	19,757
Other receivables				
Interest receivables	—	2,500	—	—
Construction contracts performance guarantees and deposit for tender	70,123	98,006	142,410	126,512
Retentions receivables (*note 2*)	52,097	58,357	75,609	77,439
Other tax receivables	31	—	—	—
Others (*note 1*)	6,088	8,251	10,287	3,710
	128,339	167,114	228,306	207,661
	506,921	538,982	686,182	707,400

Included in the trade receivables were amount due from CHHG, the then immediate parent of Chanhigh Landscape of approximately RMB21,507,000, RMB15,194,000, RMB12,181,000 and RMB20,000 as at 31 December 2013, 2014 and 2015 and 31 October 2016 respectively.

Trade and bills receivables represented the construction contracts and rendering of services receivables from the customers at each of the reporting dates. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade and bills receivables, based on the contract terms for the works certified is as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	56,557	106,822	124,101	163,259
91 to 180 days	34,196	32,073	60,852	94,825
181 to 365 days	144,473	86,806	106,869	32,870
Over 1 year but less than 2 years	88,961	84,797	115,079	114,874
Over 2 years but less than 3 years	24,609	52,211	48,745	55,025
Over 3 years	6,234	6,767	—	19,079
	355,030	369,476	455,646	479,932

As at 31 December 2013, 2014 and 2015 and 31 October 2016, no trade and bills receivables were individually determined to be impaired.

As of 31 December 2013, 2014 and 2015 and 31 October 2016, no trade and bills receivables were past due but not impaired. Based on past experience, management believes that no provision for impairment is necessary in respect of the trade and bills receivables as there has not been a significant change in credit quality and the balances are still considered recoverable.

The carrying amount of the Group's trade and bills receivables are denominated in RMB.

Note:

1 Included in others, is a loan to a third party of RMB1,550,000, RMB2,070,000, RMB2,152,000 as at 31 December 2013, 2014 and 2015 was unsecured, with no fixed repayment term and interests bearing at 0%, 0% and 0.662% per month for the years ended 31 December 2013, 2014 and 2015, respectively.

2 The aging analysis of retention receivables past due but not impaired are as follow:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Not yet due	37,437	33,916	51,895	38,608
Within 1 year	14,660	16,538	13,369	30,706
Over 1 year but less than 2 years	—	7,903	10,345	8,125
	52,097	58,357	75,609	77,439

The movement in the allowance for impairment loss of other receivables is as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Balance at beginning of year/period	340	1,040	1,040	1,040
Allowance for other receivables	700	—	—	—
Balance at end of year/period	1,040	1,040	1,040	1,040

21. GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Contract costs incurred plus recognised profits less recognised losses to date	1,060,874	1,720,261	2,638,445	3,906,459
Less: Progress billings	(858,077)	(1,374,175)	(2,273,495)	(3,259,155)
	202,797	346,086	364,950	647,304
Gross amount due from customers for contract work	205,614	349,700	387,374	657,590
Gross amount due to customers for contract work	(2,817)	(3,614)	(22,424)	(10,286)
	202,797	346,086	364,950	647,304

In respect of construction contracts in progress at 31 December 2013, 2014 and 2015 and 31 October 2016, retentions receivables included in other receivables are RMB52,097,000, RMB58,357,000, RMB75,609,000 and RMB77,439,000, respectively, in which RMB25,517,000, RMB26,315,000, RMB42,962,000 and RMB38,608,000, respectively are expected to be recovered after more than twelve months.

Advances received in respect of construction contracts at 31 December 2013, 2014 and 2015 and 31 October 2016 amounted to RMB9,123,000, RMB36,870,000, RMB23,584,000 and RMB16,744,000, respectively.

22. AMOUNTS DUE FROM/TO A DIRECTOR AND RELATED COMPANIES

(a) Amounts due to a director

The Group

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Peng YH	4,500	23,300	—	159,932

The Company

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Mr. Peng YH	—	—	—	159,370

Note: The amounts due to a director are unsecured, interest-free and have no fixed terms of repayment. The amounts due of approximately RMB159,370,000 has been fully settled through capitalisation and issue of 1,000 ordinary shares of the Company to each of Vast Base Investments Limited ("Vast Base") and TEUR Holdings Limited ("TEUR") in March 2017, and the remaining amounts due will be repaid to such director in March 2017 before listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited.

(b) Amounts due from related companies are as follows (note 1, 2 and 3):

	As at 1 January 2013	As at 31 December 2013	Maximum outstanding balance during the year ended 31 December 2013	Annualised interest rate
	RMB'000	RMB'000	RMB'000	
Chanhigh Agricultural	—	38,500	38,500	7.8%
滄海房地產股份有限公司	4,200	43,530	43,530	7.8%
寧波滄海新城房地產有限公司	7,000	7,000	7,080	8.5%
長興滄海房地產開發有限公司	19,650	14,580	20,650	8.5%
寧波城展物業服務有限公司	14	25,000	25,000	8.2%
寧波昆侖濱海酒店管理有限公司	37,500	38,100	38,100	7.8%
CHHG	65,560	196,822	196,822	7.8%
寧波市鄞州天賓貿易有限公司	40,000	—	95,700	7.8%
寧波市鄞州元亨利貞傳媒有限公司	200	—	204	8.5%
寧波城展環保科技有限公司	1,128	—	1,151	8.5%
寧波甬良物產有限公司	—	—	47,000	8.5%
	175,252	363,532		

	As at 1 January 2014	As at 31 December 2014	Maximum outstanding balance during the year ended 31 December 2014	Annualised interest rate
	RMB'000	RMB'000	RMB'000	
Chanhigh Agricultural	38,500	44,100	47,100	7.4%
滄海房地產股份有限公司	43,530	61,930	74,430	7.4%
寧波滄海新城房地產有限公司	7,000	—	7,000	12.7%
長興滄海房地產開發有限公司	14,580	7,250	20,650	8.2%
寧波城展物業服務有限公司	25,000	62,200	68,700	7.4%
寧波昆侖濱海酒店管理有限公司	38,100	39,400	39,400	7.4%
CHHG	196,822	1,655	206,822	7.4%
寧波市鄞州天賓貿易有限公司	—	46,450	207,250	7.4%
寧波甬良物產有限公司	—	—	30,000	Nil
	363,532	262,985		

	As at 1 January 2015	As at 31 December 2015	Maximum outstanding balance during the year ended 31 December 2015	Annualised interest rate
	RMB'000	RMB'000	RMB'000	
Chanhigh Agricultural	44,100	51,502	51,502	7.4%
滄海房地產股份有限公司	61,930	2,215	84,330	7.4%
長興滄海房地產開發有限公司	7,250	2,900	7,360	8.2%
寧波城展物業服務有限公司	62,200	—	66,700	7.4%
寧波昆侖濱海酒店管理有限公司	39,400	40,650	40,650	7.4%
CHHG	1,655	27,943	27,943	7.4%
寧波市鄞州天賓貿易有限公司	46,450	86,700	86,700	7.4%
寧波甬良物產有限公司	—	118,762	196,450	8.2%
	262,985	330,672		

	As at 1 January 2016	As at 31 October 2016	Maximum outstanding balance during the ten months period ended 31 October 2016	Annualised interest rate
	RMB'000	RMB'000	RMB'000	
Chanhigh Agricultural	51,502	—	55,408	5.4%
滄海房地產股份有限公司	2,215	—	3,000	Nil
長興滄海房地產開發有限公司	2,900	—	3,900	Nil
寧波城展物業服務有限公司	—	—	2,900	Nil
寧波昆侖濱海酒店管理有限公司	40,650	—	41,650	5.4%
CHHG	27,943	—	33,443	Nil
寧波市鄞州天賓貿易有限公司	86,700	—	151,964	5.4%
寧波甬良物產有限公司	118,762	—	149,312	5.9%
	330,672	—		

Notes:

1 Peng Family are interested in the transactions above to the extent that they are ultimate beneficial shareholders of the captioned companies.

2 The amounts due from the related companies are non-trade in nature, unsecured, with interests charged at 0.4%-1.0% per month and have no fixed terms of repayment.

3 The amounts due from the related companies has no overdue nor not paid and no provision for doubtful debts was made during the Relevant Periods.

23. BANK AND CASH BALANCES

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Cash at banks and on hand	31,762	31,760	61,482	71,814
Deposits with initial term of over three months	4,053	87,903	1,670	3,562
	35,815	119,663	63,152	75,376

The interest rates on deposits with initial terms over three months, were 0.4% to 5%, 0.4% to 6%, 0.3% to 3.5% and 0.3% to 3.5% per annum for the year ended 31 December 2013, 2014 and 2015 and ten months ended 31 October 2016, respectively.

The Group's bank and cash balances are denominated in RMB.

Conversion of RMB into foreign currencies is subject to the PRC's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations.

24. PAID IN CAPITAL

	Authorised	Issued and fully paid
	HK$'000	RMB'000
Ordinary shares of HK$0.1 each		
- upon incorporation on 1 April 2016	380	—
- issue of 2,000 shares at nil paid	—	—
Balance at 31 October 2016	380	—

The Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 1 April 2016 with an authorised share capital of HK$380,000 divided into 38,000,000 shares of HK$0.01 each. On the same day, the initial subscribing shareholder transferred the one issued share to Vast Base at par and allotted and issued one issued share to TEUR at par.

On 11 April 2016 each of Vast Base and TEUR transferred one ordinary share of Chanhigh Investments to the Company in consideration of the Company allotted and issued 999 ordinary shares of HK$0.01 each of the Company to Vast Base and TEUR.

For the purpose of this report, the paid in capital as presented in the consolidated statements of the financial position as at 31 December 2013, 2014 and 2015 represented the equity capital of Chanhigh Landscape.

25. RESERVE MOVEMENT OF THE COMPANY

	Retained profits
	RMB'000
As at date of incorporation	—
Total comprehensive income	—
At 31 October 2016	—

26. RESERVES

(a) **Group**

The amounts of the Group's reserves and movements therein are presented in the consolidated statements of profit or loss and other comprehensive income and consolidated statement of changes in equity.

(b) **Nature and purpose of reserves**

(i) ***Other reserve***

Other reserve arose as a result of the Group Reorganisation and represented the difference between the consideration of repurchase of equity interests in Chanhigh Landscape by Chanhigh Hong Kong Limited over the registered capital of Chanhigh Landscape.

(ii) ***Statutory surplus reserve***

The statutory surplus reserve, which is non-distributable, is appropriated from the profit after taxation of the Group's PRC subsidiaries under the applicable laws and regulations in the PRC.

27. TRADE PAYABLES

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Trade payables	569,544	631,128	696,888	835,941

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
0 to 90 days	107,774	160,401	203,542	152,145
91 to 180 days	56,690	39,211	113,705	93,727
181 to 365 days	179,290	119,981	167,541	246,847
Over 1 year but less than 2 years	205,580	193,671	138,472	271,758
Over 2 years but less than 3 years	6,780	106,241	59,125	41,095
Over 3 years	13,430	11,623	14,503	30,369
	569,544	631,128	696,888	835,941

The carrying amount of the Group's trade payables are denominated in RMB.

28. ACCRUALS AND OTHER PAYABLES

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Accrued staff costs	3,583	6,899	10,997	13,430
Accrued expense	2,396	2,965	7,155	4,210
Accrued listing expense	—	—	—	3,685
Accrued rental expense *(note 1)*	—	—	—	1,009
Advance from a staff *(note 2)*	—	—	14,000	—
Other tax payables	—	2,652	2,220	21,087
Deposit from suppliers	7,908	7,924	13,803	2,618
Others	19,913	9,180	4,482	2,513
	33,800	29,620	52,657	48,552

Note 1: The accrued rent was due to a related company - 寧波市鄞州天賓貿易有限公司.

Note 2: The advance from a staff was interest free, unsecured and repayable on demand.

29. BORROWINGS

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Secured bank loans repayable within one year	299,400	305,100	306,100	61,000

The carrying amount of the Group's borrowings are denominated in RMB.

The average interest rates per annum at the end of each reporting period were as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
Secured bank loans	7.11%	7.05%	5.63%	5.43%

The Group's borrowings of RMB50,000,000, RMB28,800,000, RMB18,800,000 and RMB Nil as at 31 December 2013, 2014 and 2015 and 31 October 2016 respectively were arranged at fixed rates and expose the Group to fair value interest rate risk. Other borrowings of RMB249,400,000, RMB276,300,000, RMB287,300,000 and RMB61,000,000 as at 31 December 2013, 2014 and 2015 and 31 October 2016 respectively were arranged at floating rates, thus exposing the Group to cash flow interest rate risk.

Borrowings of RMB299,400,000, RMB305,100,000 and RMB306,100,000 as at 31 December 2013, 2014 and 2015 respectively were secured by the following:

(a) Unlimited guarantees from directors of the Group;

(b) Unlimited guarantees from related companies; and

(c) Legal charge over the land and properties of related companies.

Borrowings of RMB61,000,000 as at 31 October 2016 were unsecured.

30. NOTES TO THE CONSOLIDATED STATEMENTS OF CASH FLOWS

(a) Disposal of a subsidiary during the year ended 31 December 2013

On 13 November 2013, the Group disposed 90% of equity interests of a subsidiary, Chanhigh Agricultural, at a consideration of RMB9,000,000 to CHHG.

Net assets of Chanhigh Agricultural at the date of disposal were as follows:

	RMB'000
Property, plant and equipment	11,904
Biological asset	31,932
Deposits, prepayments and other receivables	2,735
Current tax assets	6
Bank and cash balances	395
Accruals and other payables	(36,707)
Trade payables	(200)
Net assets disposed of	10,065
Non-controlling interests	(1,006)
Loss on disposal of a subsidiary	(59)
Total consideration - satisfied by cash	9,000
Net cash inflow arising on disposal:	
Cash consideration received	9,000
Cash and cash equivalents disposed of	(395)
	8,605

(b) **Disposal of a subsidiary during the year ended 31 December 2014**

On 14 April 2014, the Group disposed the entire equity interests of a subsidiary, Kunming Chanhigh, at a consideration of RMB10,000,000 to a third party.

Net assets at the date of disposal were as follows:

	RMB'000
Gross amount due from customers for contract work	6,033
Deposits, prepayments and other receivables	4,066
Bank and cash balances	50
Accruals and other payables	(62)
Net assets disposed of	10,087
Loss on disposal of a subsidiary	(87)
Total consideration - satisfied by cash	10,000
Net cash outflow arising on disposal:	
Cash consideration received	10,000
Cash and cash equivalents disposed of	(50)
	9,950

31. FINANCIAL GUARANTEE CONTRACTS

As at 31 December 2013, 2014 and 2015, a subsidiary of the Company issued guarantees to several banks in respect of banking facilities granted to some related companies and independent third parties.

The directors do not consider it probable that a claim will be made against the subsidiary under the guarantees. The maximum liability of the Group under the guarantees is the outstanding amount of the bank loans drawn under the guarantees amounted to approximately RMB5,000,000, RMB102,000,000 and RMB81,000,000 as at 31 December 2013, 2014 and 2015 respectively.

The fair value of the guarantee at date of inception is not material and is not recognised in the Financial Information.

As at 31 October 2016, no financial guarantees are issued by the Group.

32. CONTINGENT LIABILITIES

As at 31 December 2013, 2014 and 2015 and 31 October 2016, the Group did not have any significant contingent liabilities.

33. CAPITAL COMMITMENTS

Capital commitments at 31 December 2013, 2014 and 2015 and 31 October 2016 are as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Contracted but not provided for	—	—	—	—

34. LEASE COMMITMENTS

The Group as lessee

At 31 December 2013, 2014 and 2015 and 31 October 2016, the total future minimum lease payments under non-cancellable operating leases are payable as follows:

	As at 31 December			As at 31 October
	2013	2014	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000
Within one year	313	452	1,490	1,467
In the second to fifth years inclusive	162	445	1,464	267
After fifth years	—	—	4	4
	475	897	2,958	1,738

Operating lease payments represent rentals payable by the Group for its offices and director's quarter. Leases are negotiated for an average term of 1 to 4 years and rentals are fixed over the lease terms and do not include contingent rentals.

35. RELATED PARTY TRANSACTIONS

(a) In addition to those related party transactions and balances disclosed elsewhere in the Financial Information, the Group had the following transaction with its related parties during the Relevant Periods:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Contract revenues from CHHG	48,613	400	—	—	2,257
Contract revenues from 湖州滄湖建設投資有限公司 (Huzhou Canghu Construction Investment Company Limited)	—	—	—	—	20,241
Interest income from related companies	18,726	22,937	24,569	21,124	5,513
Rental expenses paid to a related company	841	841	605	504	1,009

Peng Family are interested in the transactions above to the extent they are ultimate beneficial shareholders of the related companies.

(b) The remuneration of directors and other members of key management during the Relevant Periods was as follows:

	Year ended 31 December			Ten months ended 31 October	
	2013	2014	2015	2015	2016
	RMB'000	RMB'000	RMB'000	RMB'000 (unaudited)	RMB'000
Salaries and other benefits	136	136	146	122	202
Retirement benefits scheme contributions	30	30	36	30	55
	166	166	182	152	257

(c) Personal guarantees were given by the directors against the banking facilities granted to the Group at nil consideration as at December 2013, 2014 and 2015. As at 31 October 2016, no personal guarantees was given by the directors.

36. EVENTS AFTER THE REPORTING PERIOD

Subsequent to 31 October 2016, the Group is a defendant in a law suit claiming of approximately RMB2.8 million. The Group intends to contest the claim. While the final outcome of the proceedings is uncertain, it is the directors' opinion that the ultimate liability, if any, will not have a material impact on the Group's financial position.

37. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Company or any of its subsidiaries now comprising the Group in respect of any period subsequent to 31 October 2016.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong

This information set forth in this Appendix II does not form part of the Accountants' Report prepared by RSM Hong Kong, Certified Public Accountants, Hong Kong, the reporting accountants of our Company, as set forth in Appendix I to this prospectus, and is included herein for information only.

The unaudited pro forma financial information should be read in conjunction with the section headed "Financial information" in this prospectus and the Accountants' Report set forth in Appendix I to the prospectus.

(A) UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

The following is an illustrative and unaudited pro forma statement of our adjusted consolidated net tangible assets as of 31 October 2016, which has been prepared in accordance with Rule 4.29 of the Listing Rules for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 October 2016, and is based on our consolidated net tangible assets as at 31 October 2016, as set out in the "Accountants' Report" in Appendix I to this prospectus.

The unaudited pro forma financial information has been prepared, on the basis of the notes set out below, to illustrate how the Global Offering may have affected the net tangible assets attributable to the owners of our Company had it occurred as of 31 October 2016. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true picture of the financial position of our Group.

	Audited consolidated net tangible assets attributable to owners of our Company as of 31 October 2016	Estimated net proceeds from the Global Offering *(Note 1)*	Unaudited pro forma adjusted net consolidated tangible assets attributable to the owners of our Company	Unaudited pro forma adjusted net consolidated tangible assets per Share *(Note 2)*
	RMB'000	RMB'000	RMB'000	RMB
Based on a minimum Offer Price of HK$1.88 per Offer Share	248,733	228,357	477,090	0.80
Based on a maximum Offer Price of HK$2.38 per Offer Share	248,733	292,337	541,070	0.90

Notes:

(1) The adjustment to the pro forma statement of net tangible assets reflects the estimated proceeds from the Global Offering to be received by the Company. The estimated proceeds from the Global Offering is based on the Offer Price of HK$1.88 and HK$2.38 per Offer Share, respectively, being the lower and higher end price of the stated Offer Price range, and 150,000,000 Shares, net of underwriting fee and other estimated listed-related expenses of approximately RMB20.9 million and RMB23.3 million, respectively.

(2) The unaudited pro forma adjusted consolidated net tangible assets attributable to the owners of the Company and the amounts per Share are arrived at after the adjustments referred to in the preceding paragraph and on the basis that 600,000,000 shares are expected to be in issue following the Global Offering (including 150,000,000 shares newly issued upon the Global Offering) and the respective Offer Prices of HK$1.88 and HK$2.38 per Share.

(3) The estimated net proceeds from the Global Offering and the unaudited pro forma adjusted consolidated net tangible assets attributable to owners of the Company per Share are converted from or into Hong Kong dollars at an exchange rate of RMB0.88 to HK$1.00, the People's Bank of China rate prevailing on 19 January 2017. No representation is made that the HK$ amounts have been, could have been or may be converted into RMB, or vice versa, at that rate.

(4) No adjustment has been made to reflect any trading result or other transactions of our Group entered into subsequent to 31 October 2016.

(B) ACCOUNTANTS' REPORT ON UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, prepared for the sole purpose of inclusion in this prospectus, from the independent reporting accountants, RSM Hong Kong, Certified Public Accountants, Hong Kong.

29th Floor
Lee Garden Two
28 Yun Ping Road
Causeway Bay
Hong Kong

21 March 2017

The Board of Directors
Chanhigh Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Chanhigh Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") by the directors of the Company (the "Directors") for illustrative purposes only. The pro forma financial information consists of the pro forma adjusted net tangible assets statement as at 31 October 2016 as set out on page II-1 of the prospectus issued by the Company. The applicable criteria on the basis of which the Directors have compiled the pro forma financial information are described in section A of Appendix II to the prospectus.

The pro forma financial information has been compiled by the Directors to illustrate the impact of the Global Offering of 150,000,000 Shares of HK$0.01 each on the Group financial position as at 31 October 2016 as if the Global Offering had taken place on 31 October 2016. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements included in accountants' report as set out in Appendix I to the prospectus.

Directors' Responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 "Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars" ("AG 7") issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the Code of Ethics for Professional Accountants issued by the HKICPA, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

The firm applies Hong Kong Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Reporting Accountants' Responsibilities

Our responsibility is to express an opinion, as required by paragraph 29(7) of Chapter 4 of the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom those reports were addressed by us at the dates of their issue.

We conducted our engagement in accordance with Hong Kong Standard on Assurance Engagements 3420 "Assurance Engagements to Report on the Compilation of Pro Forma Financial Information Included in a Prospectus" issued by the HKICPA. This standard requires that the reporting accountants plans and performs procedures to obtain reasonable assurance about whether the Directors have compiled the pro forma financial information in accordance with paragraph 29 of Chapter 4 of the Listing Rules and with reference to AG 7 issued by the HKICPA.

For purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the pro forma financial information, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the pro forma financial information.

The purpose of unaudited pro forma financial information included in the prospectus is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the Group as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the event or transaction as at 31 October 2016 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been properly compiled on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Directors in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- The related pro forma adjustments give appropriate effect to those criteria; and

- The pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the reporting accountants' judgement, having regard to the reporting accountants' understanding of the nature of the Group, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

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

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Group; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 29(1) of Chapter 4 of the Listing Rules.

Yours faithfully,
RSM Hong Kong
Certified Public Accountants
Hong Kong

*The following is the preliminary financial information of our Group for the year ended 31 December 2016 ("**2016 Preliminary Financial Information**"), together with comparative financial information for the year ended 31 December 2015 and a discussion of changes in our Group's financial condition and results of operations between the two periods. The 2016 Preliminary Financial Information in this Appendix III has not been audited and may be subject to adjustments.*

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

	Note	Year ended 31 December	
		2015	**2016**
		RMB'000	**RMB'000**
			(unaudited)
Revenue	3	1,006,339	1,551,858
Cost of services rendered		(839,205)	(1,333,225)
Business tax and auxiliary charges		(34,599)	(24,007)
Gross profit		132,535	194,626
Other income and gains	4	29,469	7,675
Administrative and other operating expenses		(14,747)	(42,312)
Profit from operations		147,257	159,989
Finance costs	5	(20,039)	(9,503)
Profit before tax		127,218	150,486
Income tax expense	6	(32,039)	(42,482)
Profit for the year attributable to owners of the Company	7	95,179	108,004
Other comprehensive income for the year, net of tax		—	—
Total comprehensive income for the year attributable to owners of the Company		95,179	108,004

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	As at 31 December 2015 RMB'000	As at 31 December 2016 RMB'000 (unaudited)
Non-current assets			
Property, plant and equipment		2,071	2,448
Available-for-sale financial assets		64	64
Total non-current assets		2,135	2,512
Current assets			
Trade and other receivables	10	686,182	720,599
Gross amount due from customers for contract work	11	387,374	694,020
Amounts due from related companies		330,672	—
Bank and cash balances		63,152	111,308
Total current assets		1,467,380	1,525,927
TOTAL ASSETS		1,469,515	1,528,439
EQUITY AND LIABILITIES			
Equity attributable to owners of the Company			
Paid in capital		152,000	—
Reserves		174,735	260,587
Total equity		326,735	260,587
Current liabilities			
Trade payables	12	696,888	895,397
Accruals and other payables		52,657	56,809
Receipts in advance		26,241	18,034
Gross amount due to customers for contract work	11	22,424	8,994
Amount due to a director		—	160,337
Borrowings		306,100	61,000
Current tax liabilities		38,470	67,281
Total current liabilities		1,142,780	1,267,852
TOTAL EQUITY AND LIABILITIES		1,469,515	1,528,439

NOTES TO THE 2016 PRELIMINARY FINANCIAL INFORMATION

1. BASIS OF PRESENTATION AND ACCOUNTING POLICIES

The 2016 Preliminary Financial Information is extracted from the Group's consolidated financial statements for the year ended 31 December 2016.

The consolidated financial statements of the Group has been prepared in accordance with the International Financial Reporting Standards ("IFRSs") and disclosure requirements of the Hong Kong Companies Ordinance and the applicable disclosure required by the Rules Governing the Listing of Securities on the Stock Exchange of Hong Kong Limited.

The consolidated financial statements has been prepared under the historical cost convention, unless mentioned otherwise in the accounting policies below (e.g. certain financial instruments that are measured at fair value).

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in note 5 to the "Appendix I — Accountants' Report".

The Group has adopted all the new and revised IFRSs that are relevant to its operations and effective for its accounting periods beginning on 1 January 2016. IFRSs comprise International Financial Reporting Standards ("IFRS"); International Accounting Standards ("IAS"); and Interpretations.

2. IMPACTS OF THE ADOPTION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS

The Group has not early applied new and revised IFRSs that have been issued but are not yet effective for the financial year beginning 1 January 2016. These new and revised IFRSs include the following which may be relevant to the Group.

	Effective for accounting periods beginning on or after
Amendments to IAS 7 Statement of Cash Flows: Disclosure initiative	1 January 2017
Amendments to IAS 12 Income Taxes: Recognition of deferred tax assets for unrealised losses	1 January 2017
IFRS 9 Financial Instruments	1 January 2018
IFRS 15 Revenue from Contracts with Customers	1 January 2018
IFRS 16 Leases	1 January 2019
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts	1 January 2018
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures: Sale or contribution of assets between an investor and its associates or joint venture	To be determined

The Group is in the process of making an assessment of what the impact of these amendments and new standards is expected to be in the period of initial application. So far the Group has identified some aspects of the new standards which may have a significant impact on the consolidated financial statements. Further details of the expected impacts are discussed below. As the Group has not completed its assessment, further impacts may be identified in due course.

IFRS 9 Financial Instruments

The standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

The standard introduces a new approach to the classification of financial assets which is based on cash flow characteristics and the business model in which the asset is held. A debt instrument that is held within a business model whose objective is to collect the contractual cash flows and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at amortised cost. A debt instrument that is held within a business model whose objective is achieved by both collecting the contractual cash flows and selling the instruments and that has contractual cash flows that are solely payments of principal and interest on the principal outstanding is measured at fair value through other comprehensive income. All other debt instruments are measured at fair value through profit or loss. Equity instruments are generally measured at fair value through profit or loss. However, an entity may make an irrevocable election on an instrument-by-instrument basis to measure equity instruments that are not held for trading at fair value through other comprehensive income.

The requirements for the classification and measurement of financial liabilities are carried forward largely unchanged from IAS 39 except that when the fair value option is applied changes in fair value attributable to changes in own credit risk are recognised in other comprehensive income unless this creates an accounting mismatch.

IFRS 9 introduces a new expected-loss impairment model to replace the incurred-loss impairment model in IAS 39. It is no longer necessary for a credit event or impairment trigger to have occurred before impairment losses are recognised. For financial assets measured at amortised cost or fair value through other comprehensive income, an entity will generally recognise 12-month expected credit losses. If there has been a significant increase in credit risk since initial recognition, an entity will recognise lifetime expected credit losses. The standard includes a simplified approach for trade receivables to always recognise the lifetime expected credit losses.

The de-recognition requirements in IAS 39 are carried forward largely unchanged.

IFRS 9 substantially overhauls the hedge accounting requirements in IAS 39 to align hedge accounting more closely with risk management and establish a more principle based approach.

The new expected credit loss impairment model in IFRS 9 may result in the earlier recognition of impairment losses on the Group's trade receivables and other financial assets. The Group is unable to quantity the impact until a more detailed assessment is completed.

IFRS 15 Revenue from Contracts with Customers

IFRS 15 replaces all existing revenue standards and interpretations.

The core principle of the standard is that an entity recognises revenue to depict the transfer of goods and services to customers in an amount that reflects the consideration to which the entity expects to become entitled in exchange for those goods and services.

An entity recognises revenue in accordance with the core principle by applying a 5-step model:

1. Identify the contract with a customer

2. Identify the performance obligations in the contract

3. Determine the transaction price

4. Allocate the transaction price to the performance obligations in the contract

5. Recognise revenue when or as the entity satisfies a performance obligation

The standard also includes comprehensive disclosure requirements relating to revenue.

The Group is unable to estimate the impact of the new standard on the consolidated financial statements until a more detailed analysis is completed.

IFRS 16 Leases

IFRS 16 replaces IAS 17 Leases and related interpretations. The new standard introduces a single accounting model for lessees. For lessees the distinction between operating and finance leases is removed and lessees will recognise right-of-use assets and lease liabilities for all leases (with optional exemptions for short-term leases and leases of low value assets). IFRS 16 carries forward the accounting requirements for lessors in IAS 17 substantially unchanged. Lessors will therefore continue to classify leases as operating or financing leases.

The Group's office property leases are currently classified as operating leases and the lease payments (net of any incentives received from the lessor) are recognised as an expense on a straight-line basis over the lease term. Under IFRS 16 the Group may need to recognise and measure a liability at the present value of the future minimum lease payments and recognise a corresponding right-of-use asset for these leases. The interest expense on the lease liability and depreciation on the right-of-use asset will be recognised in profit or loss. The Group's assets and liabilities will increase and the timing of expense recognition will also be impacted as a result.

The Group will need to perform a more detailed assessment in order to determine the new assets and liabilities arising from these operating leases commitments after taking into account the transition reliefs available in IFRS 16 and the effects of discounting.

3. REVENUE AND SEGMENT INFORMATION

The Group has four operating segments as follows:

Landscape construction	—	Variety of municipal and private landscaping projects such as planting of trees, modifying the layout of land, carrying out foundation work for landscape construction, building and construction of parks, etc.
Municipal works construction	—	Mainly municipal or local government works such as municipal road construction, water and lighting works, etc.
Building works	—	Construction of gas stations, auto repair shops, office building and temporary warehouse, etc.
Others	—	Maintenance and heritage restoration services and undertaking renovation works.

The Group's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technologies and marketing strategies.

The accounting policies of the operating segments are the same as those described in note 4 in "Appendix I — Accountants' Report"

Segment revenue is measured in a manner consistent with that in the consolidated statements of profit or loss and other comprehensive income.

The directors assess the performance of the operating segments based on a measure of segment results. Unallocated income, unallocated corporate expenses, finance costs, income tax expense and other major items that are isolated and non-recurring in nature are not included in segment results.

Segment assets mainly consist of current assets and non-current assets as disclosed in the consolidated statement of financial position except unallocated cash and bank balances, amounts due from related companies and other unallocated assets.

Segment liabilities mainly consist of current liabilities as disclosed in the consolidated statement of financial position except amount due to a director, current tax liabilities, borrowings, trade and other payables and others.

(i) **Information about operating segment profit or loss, assets and liabilities:**

	Landscape construction	Municipal works construction	Building works	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2015					
External revenue	410,230	528,746	51,261	16,102	1,006,339
Segment results	63,645	62,656	3,598	2,636	132,535
At 31 December 2015					
Segment assets	412,211	367,014	52,430	11,365	843,020
Segment liabilities	(22,356)	(22,750)	(299)	(626)	(46,031)

	Landscape construction	Municipal works construction	Building works	Others	Total
	RMB'000	RMB'000	RMB'000	RMB'000	RMB'000
Year ended 31 December 2016 (unaudited)					
External revenue	628,200	708,783	161,656	53,219	1,551,858
Segment results	94,251	83,877	11,052	5,446	194,626
At 31 December 2016 (unaudited)					
Segment assets	538,648	539,162	86,764	43,286	1,207,860
Segment liabilities	(17,342)	(8,120)	(245)	(1,321)	(27,028)

(ii) **Reconciliation of operating segment revenue and profit or loss**

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Revenue		
Total revenue of reportable segments	1,006,339	1,551,858
Elimination of intersegment revenue	—	—
Consolidated revenue	1,006,339	1,551,858
Profit or loss		
Total profits of reportable segments	132,535	194,626
Elimination of intersegment profits	—	—
Unallocated amounts:		
Interest income	27,616	5,914
Government subsidy, incentives and awards	1,835	974
Depreciation	(676)	(486)
Finance costs	(20,039)	(9,503)
Employee benefits expense	(5,662)	(9,419)
Listing expenses	—	(18,159)
Others	(8,391)	(13,461)
Consolidated profit before tax	127,218	150,486

(iii) **Reconciliation of segment assets and liabilities**

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Assets		
Total assets of reportable segments	843,020	1,207,860
Amounts due from related companies	330,672	—
Bank and cash balances	63,152	111,308
Prepayments, deposits and other receivables	230,536	206,759
Others	2,135	2,512
Consolidated total assets	1,469,515	1,528,439
Liabilities		
Total liabilities of reportable segments	46,031	27,028
Trade payables	696,888	895,397
Accruals and other payables	52,657	56,809
Borrowings	306,100	61,000
Current tax liabilities	38,470	67,281
Amount due to a director	—	160,337
Others	2,634	—
Consolidated total liabilities	1,142,780	1,267,852

(iv) **Geographical information**

Based on the locations of the customers, all the revenues are earned in the PRC and all non-current assets of the Group are located in the PRC.

Information about major customers

During the year, no revenue from customers contributing over 10% of the total revenue of the Group.

4. OTHER INCOME AND GAINS

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Interest income on:		
Bank deposits	2,814	360
Amount due from related parties	24,569	5,513
Others	233	41
Total interest income for financial assets that are not at fair value through profit or loss	27,616	5,914
Bad debt recovery	—	724
Compensation income	8	45
Dividend income from unlisted equity investments	10	9
Government incentives and awards (*note 1*)	1,835	974
Exchange gain	—	9
	29,469	7,675

Note:

1. Government incentives and awards mainly related to the incentive and awards received from the local government authority for the achievement of the Group.

5. FINANCE COSTS

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Interest on bank borrowings	20,039	9,503

6. INCOME TAX EXPENSE

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Current tax - PRC		
Provision for the year	32,039	42,482

No provision for Hong Kong Profits Tax is required since the Group has no assessable profit during the year (2015: Nil).

Tax charge on profits assessable elsewhere have been calculated at the rates of tax prevailing in the countries in which the Group operates, based on existing legislation, interpretation and practices in respect thereof.

As at 31 December 2016, the aggregate amount of temporary differences associated with undistributed earnings of subsidiaries for which deferred tax liabilities have not been recognised is approximately RMB11,926,000 (2015: RMB7,767,000). No liability has been recognised in respect of these differences because the Group is in a position to control the timing reversal of the temporary differences and it is probable that such differences will not reverse in foreseeable future.

For the year ended 31 December 2016, one of the subsidiaries of the Company incorporated in the PRC, 宣城市滄海園林工程有限公司 (Xuancheng Chanhigh Municipal Landscape Engineering Limited) ("Xuancheng Landscape"), is assessed and paid the PRC Enterprise Income Tax ("EIT") on a deemed profit basis which is calculated by first multiplying an applicable percentage determined by the relevant tax authority of 4% (2015: 4%) and then applying a preferential enterprise income tax rate of 20% on 50% reduced assessable profit as Xuancheng Landscape is qualified as a small and low-profit enterprise. For another PRC subsidiary, the EIT has been provided at a rate of 25% for the year ended 31 December 2016 (2015: 25%).

The reconciliation between the income tax expenses and the product of profit before tax multiplied by the PRC EIT rate is as follows:

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Profit before tax	127,218	150,486
Tax at the EIT of 25%	31,805	37,622
Tax effect of income that is not taxable	—	(181)
Tax effect of expenses that are not deductible	206	5,024
Tax effect of using deemed profit method *(note 1)*	28	17
Income tax expense	32,039	42,482

Notes:

1. The tax effect of using deemed profit method mainly represented the tax effect on the difference between the income tax expense charged calculated under the deemed profit method and the net profit method.

7. PROFIT FOR THE YEAR

The Group's profit for the year is stated after charging the following:

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Cost of services rendered	839,205	1,333,225
Depreciation	676	486
Listing expenses	—	18,159
Operating lease charges - land and buildings	605	1,195

Cost of services rendered includes staff costs and depreciation of approximately RMB12,559,000 for the year ended 31 December 2016 (2015: RMB13,456,000) which are included in the amounts disclosed separately.

8. DIVIDENDS

During the year ended 31 December 2016, the Company's subsidiary made the following distributions to its then shareholders:

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Dividends declared and paid/payable to its then shareholders during the year by:		
Chanhigh Landscape	—	14,782

The rate of dividend and the number of shares ranking for dividend is not presented as such information is not meaningful having regard to the purpose of this appendix.

9. EARNINGS PER SHARE

Earnings per share information is not presented as its inclusion, for the purpose of this 2016 Preliminary Financial Information, is not considered meaningful due to the Group Reorganisation and the basis of presentation of the results of the Group for the year as further explained in note 2 to the "Appendix I — Accountants' Report".

10. TRADE AND OTHER RECEIVABLES

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Trade and bills receivables		
Trade receivables	454,446	512,540
Bills receivables	1,200	1,300
	455,646	513,840
Utility deposits	50	—
Prepayments		
Advance to suppliers	2,180	4,812
Listing expenses	—	4,765
	2,180	9,577
Other receivables		
Construction contracts performance guarantees and deposit for tender	142,410	115,999
Retentions receivables (*note 2*)	75,609	78,239
Others (*note 1*)	10,287	2,944
	228,306	197,182
	686,182	720,599

Included in the trade receivables were amount due from CHHG, the then immediate parent of Chanhigh Landscape of approximately RMB20,000 (2015: RMB12,181,000) as at 31 December 2016.

Also included in the trade receivables was an amount due from a related company, 湖州滄湖建設投資有限公司 (Huzhou Canghu Construction Investment Company Limited), of approximately RMB259,000 as at 31 December 2016 (2015: Nil).

Trade and bills receivables represented the construction contracts and rendering of services receivables from the customers at each of the reporting dates. The Group's trading terms with its customers are mainly on credit. The Group seeks to maintain strict control over its outstanding receivables to minimise the credit risk. Overdue balances are reviewed regularly by the directors.

The aging analysis of trade and bills receivables, based on the contract terms for the works certified is as follows:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
0 to 90 days	124,101	180,870
91 to 180 days	60,852	76,059
181 to 365 days	106,869	86,373
Over 1 year but less than 2 years	115,079	89,521
Over 2 years but less than 3 years	48,745	63,718
Over 3 years	—	17,299
	455,646	513,840

As at 31 December 2016, no trade and bills receivables were individually determined to be impaired (2015: Nil).

As of 31 December 2016, no trade and bills receivables were past due but not impaired (2015: Nil). Based on past experience, management believes that no provision for impairment is necessary in respect of the trade and bills receivables as there has not been a significant change in credit quality and the balances are still considered recoverable.

The carrying amount of the Group's trade and bills receivables are denominated in RMB.

Note:

1 Included in others, is a loan to a third party of RMB2,152,000 as at 31 December 2015, was unsecured, with no fixed repayment term and interests bearing at 0.662% per month for the year ended 31 December 2015.

2 The aging analysis of retention receivables past due but not impaired are as follows:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Not yet due	51,895	40,211
Within 1 year	13,369	29,989
Over 1 year but less than 2 years	10,345	8,039
	75,609	78,239

The movement in the allowance for impairment loss of other receivables is as follows:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Balance at beginning of year	1,040	1,040
Allowance for other receivables	—	—
Balance at end of year	1,040	1,040

11. GROSS AMOUNT DUE FROM/TO CUSTOMERS FOR CONTRACT WORK

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Contract costs incurred plus recognised profits less recognised losses to date	2,638,445	4,236,842
Less: Progress billings	(2,273,495)	(3,551,816)
	364,950	685,026
Gross amount due from customers for contract work	387,374	694,020
Gross amount due to customers for contract work	(22,424)	(8,994)
	364,950	685,026

In respect of construction contracts in progress at 31 December 2016, retentions receivables included in other receivables are RMB78,239,000 (2015: RMB75,609,000), in which RMB35,274,000 (2015: RMB42,962,000) is expected to be recovered after more than twelve months.

Advances received in respect of construction contracts at 31 December 2016 amounted to RMB18,034,000 (2015: RMB23,584,000).

12. TRADE PAYABLES

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Trade payables	696,888	895,397

The aging analysis of trade payables, based on the date of receipt of goods, is as follows:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
0 to 90 days	203,542	189,706
91 to 180 days	113,705	92,796
181 to 365 days	167,541	233,401
Over 1 year but less than 2 years	138,472	289,616
Over 2 years but less than 3 years	59,125	55,917
Over 3 years	14,503	33,961
	696,888	895,397

The carrying amount of the Group's trade payables are denominated in RMB.

MANAGEMENT DISCUSSION AND ANALYSIS

BUSINESS REVIEW

In 2016, driven by various government initiatives such as "Sponge City" and "Beautiful China" strategies, together with the continuous investments of the government in urban infrastructure to develop a sustainable environment in China, our business continued to grow rapidly. In addition, we also seek to expand our business coverage through active participation in tendering organised by local government or state-invested enterprises of different locality, aiming to achieve a stable growth of our business with a diverse customer base. We also sought to further enhance our credit control, strengthen our risk management system and explore new cooperation model with the stakeholders in the industry, in order to optimise our overall profitability.

We are one of the prominent landscape and municipal works construction service providers in Zhejiang Province, with footprint covering 12 provinces, three municipalities and two autonomous regions in China. We principally provide landscape and municipal works construction and maintenance services to our customers. In addition, we undertake building works and renovation works, and provide other services such as provision of maintenance and heritage building restoration services. We provided landscape and municipal works construction services mainly to state-invested enterprises and local governments. We act as a contractor and are responsible for the construction of landscaping and municipal works which fall within the scope of our professional qualifications. We possess eight professional qualifications with respect to landscaping, municipal and building works which place our Group in an advantageous position to capture business opportunities arising from the varying scale of landscaping and municipal works in our target market.

Leveraging on our strong integrated competitive strength, our sound track record of providing high quality landscaping and municipal works, together with our continued efforts in developing our principal businesses, 2016 was another remarkable year. We recorded a consolidated net profit of RMB108.0 million for FY2016. Netting off the listing expenses of RMB18.2 million (charged to our consolidated statement of profit or loss) (2015: nil), profit for the year recorded an increase of 13.5% from RMB95.2 million for FY2015 to RMB108.0 million for FY2016.

Going forward, we plan to implement the following strategies, which we believe, will further strengthen our core competitive strengths and enable us to capture rising business opportunity:

- Continuing to enhance our core competitive strengths through (i) horizontal integration with local landscape construction companies to expand our business coverage; and (ii) vertical integration through selective acquisitions of and investments in architectural design firm(s) to enrich our service capability.

- Increasing marketing efforts in private sector and enhancing cooperation with stakeholders in public sector to enlarge our customer base through (i) increasing cooperation with developers and contractors in private sectors; and (ii) exploring different forms of cooperation with local governments.

- Continuing to retain and attract, motivate and develop high-calibre and experienced staff.

- Continuing to enhance project execution efficiency and work quality.

Since 31 December 2016, we did not experience any significant change in our pricing and there was no material change in our cost of principal raw materials. Further, to the best of our Directors' knowledge, since 31 December 2016, there was no development in our industry which may materially and adversely affect our business.

PROSPECTS

Looking ahead, as a result of the continuous economic growth and improvement in people's living standard in the PRC, it is expected that significant investments in the construction of landscaping facilities and municipal facilities will continuously be made by PRC central and local governments and state-invested enterprises. However, as a by-product of rapid economic development, the environmental pollution has been deteriorating and has become one of the key policy agenda of the PRC government.

In order to sustain continuous municipal development and improvement and to achieve environmental conservation, the PRC central government has rolled out various municipal development strategies, such as "Beautiful China" and "Sponge City", in a number of pilot cities across China. These strategies focus on continuous improvement of urban areas' living standard, restoration of urban ecosystems and energy saving through the construction of a more sophisticated and well-planned municipal infrastructure and landscaping-based facilities, such as developing landscaping features and drainage network in urban districts. These policy initiatives create business opportunities for enterprises which are well-qualified and capable of undertaking the related construction projects.

Taking into consideration of our experience in the construction of municipal facilities and landscaping facilities, our Group's professional and dedicated workforce and our planned strategic expansion into other parts of China where we have limited presence but the market has full potential, the management of our Group believes that we will continue to be benefited by these policy initiatives and grow our principal business with a relatively high pace in the foreseeable future.

Further, in light of the increasing popularity and wider adoption of PPP in large-scale governmental landscaping and municipal construction projects, we are continuously seeking appropriate partners to explore and capture business opportunities that may arise from such operational model. In the meantime, we will also develop stringent internal procedures in the areas of project selection, risk identification, cash flow management, project execution and post-completion management to effectively manage the risks involved in the projects with PPP model. We believe that, with a sound project planning and risk management system, our strategic involvement in PPP projects in future will effectively enlarge our customer base and enhance our profitability.

Finally, through our on-going efforts in developing our business and enhancing our core competitive strengths, our Group endeavours to be one of the largest enterprises of the landscaping sector in our target market in the long run.

RESULTS OF OPERATIONS

The following table sets forth a summary, for the periods indicated, of our consolidated results of operations.

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Revenue	1,006,339	1,551,858
Cost of services rendered	(839,205)	(1,333,225)
Business tax and auxiliary charges	(34,599)	(24,007)
Gross profit	132,535	194,626
Other income and gains	29,469	7,675
Administrative and other operating expenses	(14,747)	(42,312)
Profit from operations	147,257	159,989
Finance costs	(20,039)	(9,503)
Profit before tax	127,218	150,486

	Year ended 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Profit before tax	127,218	150,486
Income tax expense	(32,039)	(42,482)
Profit for the year attributable to owners of the Company	95,179	108,004
Other comprehensive income for the year, net of tax	—	—
Total comprehensive income for the year attributable to owners of the Company	95,179	108,004

Revenue

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

	Year ended 31 December			
	2015		2016 (unaudited)	
	RMB'000	%	RMB'000	%
Landscape construction	410,230	40.8	628,200	40.5
Municipal works construction	528,746	52.5	708,783	45.7
Building works	51,261	5.1	161,656	10.4
Others	16,102	1.6	53,219	3.4
Total	1,006,339	100.0	1,551,858	100.0

Our revenue increased by 54.2% or RMB545.5 million from RMB1,006.3 million for FY2015 to RMB1,551.9 million for FY2016, which was primarily due to the increase from the landscape construction and municipal works construction segments during the same years.

Landscape construction

Our Group recorded an increasing trend on revenue from the landscape construction segment, amounting to RMB410.2 million and RMB628.2 million for FY2015 and FY2016, respectively, representing a growth of RMB218.0 million or 53.1%, primarily attributable to the increase in total number of landscape construction projects undertaken by us and the increase in the average contract value of our landscape construction projects newly commenced in FY2016.

Municipal works construction

Our Group recorded an increasing trend on revenue from the municipal works construction segment of RMB528.7 million and RMB708.8 million for FY2015 and FY2016, respectively, representing a growth of 34.0% or RMB180.1 million. The increase was primarily attributable to the significant increase in the average contract value of our municipal works construction projects newly commenced for FY2016.

Building works

Our Group experienced a significant increase in revenue from the building works segment by RMB110.4 million or 215.4% from RMB51.3 million for FY2015 to RMB161.7 million for FY2016, primarily attributable to the increase in the number of projects that recognised revenue for FY2016.

Others

We recorded revenue from the others segment of RMB16.1 million and RMB53.2 million for FY2015 and FY2016, respectively, and the increase was primarily attributable to a relatively large size decoration project in Ningbo with RMB33.0 million revenue recognised for FY2016.

Cost of services rendered

The following table sets forth, for the periods indicated, a breakdown of our cost of sales by nature:

	Year ended 31 December			
	2015		2016 (unaudited)	
	RMB'000	%	RMB'000	%
Materials Consumed	602,416	71.8	867,496	65.1
Direct Wages	109,354	13.0	236,624	17.7
Leasing of equipment and machines	102,613	12.2	195,810	14.7
Depreciation	628	0.1	409	0.1
Other direct cost	24,194	2.9	32,886	2.4
Total	839,205	100.0	1,333,225	100.0

Cost of service rendered increased by 58.9% or RMB494.0 million from RMB839.2 million for FY2015 to RMB1,333.2 million for FY2016. Cost of materials consumed increased by 44.0% or RMB265.1 million from RMB602.4 million for FY2015 to RMB867.5 million for FY2016, primarily attributable to (i) the increase in plants and saplings consumed mainly resulting from our revenue growth from the landscape construction and municipal works construction segments, partially offset by the decrease in average prices for plants and saplings purchased in the market; and (ii) the increase in cements consumed mainly resulting from the increase in number of building works and municipal works construction projects during the respective periods. Cost of direct wages increased by 116.4% or RMB127.2 million from RMB109.4 million for FY2015 to RMB236.6 million for FY2016, primarily attributable to (i) the increase in total number of projects undertaken by us for the respective periods; (ii) the inclusion of VAT tax expenses as part of our labour service cost pursuant to the PRC tax reform effective since May 2016; (iii) the increase in average wages in the PRC labour market during the respective periods; and (iv) the higher direct labour cost incurred for certain newly commenced projects during FY2016 due to the nature and complexity of manual work involved. Leasing of equipment and machineries increased by 90.8% or RMB93.2 million from RMB102.6 million for FY2015 to RMB195.8 million for FY2016, primarily attributable to the increase in total number of projects undertaken by us during the respective periods. Cost of depreciation decreased by

34.9% or RMB0.2 million from RMB0.6 million for FY2015 to RMB0.4 million for FY2016. Cost of other direct cost increased by 35.9% or RMB8.7 million from RMB24.2 million for FY2015 to RMB32.9 million for FY2016, generally in line with the growth in our cost of services rendered during the respective periods.

Business tax and auxiliary charges

Business tax and auxiliary charges amounted to RMB34.6 million and RMB24.0 million for FY2015 and FY2016, respectively, representing 3.4% and 1.5% of our revenue for the same periods.

Gross profit and gross profit margin

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

	Year ended 31 December			
	2015		2016 (unaudited)	
	Gross profit	Gross profit margin	Gross profit	Gross profit margin
	RMB'000	%	RMB'000	%
Landscape construction	63,645	15.5	94,251	15.0
Public works construction	62,656	11.8	83,877	11.8
Building works	3,598	7.0	11,052	6.8
Others	2,636	16.4	5,446	10.2
Total/Average	132,535	13.2	194,626	12.5

As a result of the foregoing, our gross profit increased by 46.8% or RMB62.1 million from RMB132.5 million for FY2015 to RMB194.6 million for FY2016. Our gross profit margin slightly decreased from 13.2% for FY2015 to 12.5% for FY2016, primarily attributable to the increase in our total direct labour cost due to (i) the inclusion of VAT tax expenses as part of our labour service cost pursuant to the PRC tax reform effective since May 2016; (ii) the increase in average wages in the PRC labour market for FY2016; and (iii) the higher direct labour cost incurred for certain newly commenced projects for FY2016 due to the nature and complexity of manual work involved.

Other income and gains

Other income and gains decreased by 74.0% or RMB21.8 million from RMB29.5 million for FY2015 to RMB7.7 million for FY2016, primarily attributable to the decrease in interest income from related parties and on bank deposits as a result of (i) the decrease in average monthly balances of the amounts due from related parties and bank deposits respectively; and (ii) the decrease in interest rates due to the decrease in PBOC benchmark rate during the respective periods.

Administrative and other operating expenses

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended 31 December			
	2015		2016 (unaudited)	
	RMB'000	%	RMB'000	%
Staff salaries and benefits	5,662	38.4	9,419	22.3
Legal and professional fees	1,014	6.9	422	1.0
Business development expenses	2,058	14.0	4,697	11.1
Other tax and related expenses	2,422	16.4	2,571	6.1
Depreciation	48	0.3	78	0.2
Operating lease rental on office premises	605	4.1	1,195	2.8
Motor vehicle expenses	581	3.9	632	1.5
Listing expenses	—	—	18,159	42.9
Other administrative and other operating expenses	2,357	16.0	5,139	12.1
Total	14,747	100.0	42,312	100.0

Our administrative expenses increased by 186.9% or RMB27.6 million from RMB14.7 million for FY2015 to RMB42.3 million for FY2016, primarily attributable to (i) the increase in the non-recurring listing expenses by RMB18.2 million; (ii) the increase in the staff salaries and benefits by RMB3.8 million mainly resulting from the increase in staff salaries and provision for retirement and benefit scheme expenses; and (iii) the increase in business development expenses by RMB2.6 million mainly resulting from our business expansion during the respective periods.

Finance costs

Our finance costs decreased by 52.6% or RMB10.5 million from RMB20.0 million for FY2015 to RMB9.5 million for FY2016, primarily attributable to (i) the decrease in average monthly balance of bank borrowings during the respective periods; and (ii) the decrease in bank borrowing rates due to the decrease in PBOC benchmark rate during the respective periods.

Income tax expense

Our income tax expense increased by 32.6% or RMB10.4 million from RMB32.0 million for FY2015 to RMB42.5 million for FY2016, primarily attributable to the increase in our gross profit and the effect of the non-recurring and non-deductible listing expenses incurred during FY2016.

Profit for the year and net profit margin

As a result of the foregoing, our profit for the year increased by 13.5% or RMB12.8 million from RMB95.2 million for FY2015 to RMB108.0 million for FY2016. Our net profit margin decreased from 9.5% for FY2015 to 7.0% for FY2016, primarily attributable to the non-recurring listing expenses incurred during FY2016.

LIQUIDITY AND CAPITAL RESOURCES

Net Current Assets

The table below sets forth selected information for our current assets and current liabilities as at the dates indicated, respectively:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Current Assets		
Trade and other receivables	686,182	720,599
Gross amount due from customers for contract work	387,374	694,020
Amounts due from related companies	330,672	—
Bank and cash balances	63,152	111,308
	1,467,380	1,525,927
Current Liabilities		
Trade payables	696,888	895,397
Accruals and other payables	52,657	56,809
Receipt in advance	26,241	18,034
Gross amount due to customers for contract work	22,424	8,994
Amounts due to a director	—	160,337
Bank borrowings	306,100	61,000
Current tax liabilities	38,470	67,281
	1,142,780	1,267,852
Net current assets	324,600	258,075

Our Group's net current assets decreased by 20.5% or RMB66.5 million from RMB324.6 million as at 31 December 2015 to RMB258.1 million as at 31 December 2016. The decrease was primarily due to (i) the decrease in our amounts due from related companies by RMB330.7 million resulting from the settlements of our related companies' balances; (ii) the increase in trade payables by RMB198.5 million mainly resulting from increase in our costs of materials consumed; and (iii) the increase in amount due to a director by RMB160.3 million resulting from a loan from Mr. Peng YH for reorganisation purpose and advances from Mr. Peng YH for our Group's expenses, which was partially offset by (i) the increase in gross amount due from/(to) customers for contract work by RMB320.1 million mainly resulting from the increase in number of projects undertaken by us; and (ii) the decrease in bank borrowings by RMB245.1 million resulting from the repayments of bank borrowings with guarantees.

Trade and other receivables

The following table sets forth an analysis of our trade and other receivables as at the respective dates indicated:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Trade and bills receivables		
Trade receivables	454,446	512,540
Bills receivables	1,200	1,300
	455,646	513,840
Deposits, prepayments and other receivables		
Utility deposits	50	—
Prepayments		
- Advance to suppliers	2,180	4,812
- Listing expenses	—	4,765
Other receivables		
- Construction contracts performance guarantees and deposit for tender	142,410	115,999
- Retention receivables	75,609	78,239
- Others	10,287	2,944
	230,536	206,759
	686,182	720,599

Our trade and other receivables increased by 5.0% or RMB34.4 million from RMB686.2 million as at 31 December 2015 to RMB720.6 million as at 31 December 2016. The increase was primarily due to (i) the increase in trade and bills receivables by RMB58.2 million resulting from the increase in our revenue which was partially offset by our increased effort in the collection of these receivables; (ii) the increase in prepayments for listing expenses by RMB4.8 million; and was partially offset by the decrease in construction contracts performance guarantees and deposit for tender by RMB26.4 million mainly because certain performance guarantees were released by our customers upon lapse of the respective guarantee periods during FY2016.

The following table sets forth the ageing analysis of our trade and bills receivables, based on the contract terms for the work certified, as at the dates indicated:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
0 to 90 days	124,101	180,870
91 to 180 days	60,852	76,059
181 to 365 days	106,869	86,373
Over 1 year but less than 2 years	115,079	89,521
Over 2 years but less than 3 years	48,745	63,718
Over 3 years	—	17,299
Total	455,646	513,840

The table below sets forth a summary of average turnover days of trade and bills receivables for the periods indicated:

	Year ended 31 December	
	2015	2016
		(unaudited)
Average turnover days of trade and bills receivables (1)	149.6	114.0

Note (1) Average turnover days of trade and bills receivables for FY2015 and FY2016 is derived by dividing the arithmetic mean of the opening and closing balances of trade and bills receivables for the relevant period by revenue and multiplying by 365 days.

Our average turnover days of trade and bills receivables decreased from 149.6 days in FY2015 to 114.0 days in FY2016, mainly due to (i) the high growth rate of our revenue during the same periods, and (ii) our tightened credit control with respect to customers with long-aged trade and bills receivables by increasing effort to collect outstanding payment and close monitoring of receivable balances on an on-going basis.

Amounts due from/to customers for contract work

The following table sets forth our amounts due from/to customers for contract work as at the dates indicated.

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Gross amounts due from customers for contract work	387,374	694,020
Gross amounts due to customers for contract work	(22,424)	(8,994)
Construction contracts in progress	364,950	685,026

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Contract costs incurred plus recognised profits less recognised losses to date	2,638,445	4,236,842
Less: Progress billings	(2,273,495)	(3,551,816)
	364,950	685,026

Our construction contracts in progress increased by 87.7% or RMB320.0 million from RMB365.0 million as at 31 December 2015 to RMB685.0 million as at 31 December 2016. The increase was primarily due to (i) the accumulation of construction works done as projects being carried out; and (ii) the increase in total number of projects undertaken by us during the year.

Trade payables

The table below sets forth, as at the dates indicated, the ageing analysis of our trade payables based on the date of receipt of goods:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
0 to 90 days	203,542	189,706
91 to 180 days	113,705	92,796
181 to 365 days	167,541	233,401
Over 1 year but less than 2 years	138,472	289,616
Over 2 years but less than 3 years	59,125	55,917
Over 3 years	14,503	33,961
Total	696,888	895,397

Our trade payables increased by 28.5% or RMB198.5 million from RMB696.9 million as at 31 December 2015 to RMB895.4 million as at 31 December 2016. The increase was primarily due to the increase in our costs of materials consumed and direct labour costs during the same periods.

The table below sets forth a summary of average turnover days of trade payables for the periods indicated:

	Year ended 31 December	
	2015	2016
		(unaudited)
Average turnover days of trade payables[1]	289.0	218.0

Note (1) Average turnover days of trade payables for FY2015 and FY2016 is derived by dividing the arithmetic mean of the opening and closing balances of trade payables for the relevant period by cost of service rendered, excluding depreciation and multiplying by 365 days.

Our average turnover days of trade payables decreased from 289.0 days in FY2015 to 218.0 days in FY2016, mainly due to the fact that: (i) we accelerated our collection process of trade receivables from our customers and managed to settle our outstanding trade payables with our suppliers more promptly; and (ii) we endeavour to shorten our settlement duration of trade payables with our suppliers in order to maintain an amicable working relationship with them on a long-term basis.

Accruals and other payables

The following table sets forth our accruals and other payables by nature as at the respective dates indicated:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Accrued staff costs	10,997	13,807
Accrued expenses	7,155	5,093
Accrued listing expense	—	8,470
Accrued rental expense	—	548
Advance from a staff	14,000	—
Other tax payables	2,220	24,030
Deposits from suppliers	13,803	2,618
Others	4,482	2,243
	52,657	56,809

Our accruals and other payables increased from RMB52.7 million as at 31 December 2015 to RMB56.8 million as at 31 December 2016, which was mainly attributable to (i) the increase in other tax payables of RMB21.8 million due to the significant increase in VAT tax payables pursuant to the PRC tax reform effective since May 2016; and (ii) the increase in accrued listing expenses of RMB8.5 million, which was partially offset by (i) the decrease in advances from a staff by RMB14.0 million upon repayment by us of such amount; and (ii) the decrease in deposits from suppliers by RMB11.2 million mainly because closing to the end of December 2016, there were fewer new projects which we required our suppliers to provide guarantees for materials procured.

Receipts in advance

Our receipts in advance decreased from RMB26.2 million as at 31 December 2015 to RMB18.0 million as at 31 December 2016, which was mainly attributable to the fact that closing to the end of December 2016, there were fewer new projects commenced which we required our customers to provide down payments.

Amounts due from related companies/amount due to a director

Our amount due from related companies decreased from RMB330.7 million as at 31 December 2015 to nil as at 31 December 2016, and our amount due to a director increased from nil as at 31 December 2015 to RMB160.3 million as at 31 December 2016, respectively. The amount represents a loan from Mr. Peng YH for reorganisation purpose and advances from Mr. Peng YH for our Group's expenses.

All our amount due to a director were unsecured, interest-free and had no fixed terms of repayment. As at 31 January 2017, we recorded amount due to a director of RMB160.3 million. Our amount due to a director has been (i) capitalised by way of issue of 1,000 Shares to each of Vast Base and TEUR on 15 March 2017; and (ii) the remaining amount due has been repaid to Mr. Peng YH on 13 March 2017. As at the date of this prospectus, there is no amount due to any directors. Further details of the settlement by way of capitalisation, please refer to the paragraph headed "History, Development and Reorganisation — Settlement of amount due to a director by way of capitalisation" in this prospectus.

CAPITAL EXPENDITURES AND COMMITMENTS

Our Group's capital expenditures principally consisted of expenditures on acquisitions of property, plant and equipment in our operations. Our capital expenditure slightly increased from RMB0.7 million for FY2015 to RMB0.9 million for FY2016.

Operating lease commitments

As at 31 December 2015 and 2016, our Group had commitments for future minimum lease payments in respect of our Group's offices under non-cancellable operating lease arrangements, which fall due as follows:

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Within one year	1,490	1,641
In the second to fifth year inclusive	1,464	300
Over five years	4	3
Total	2,958	1,944

Capital commitments

As at 31 December 2015 and 2016, our Group had no capital commitments.

INDEBTEDNESS

Borrowings

The following table sets forth our total debts as at the dates indicated.

	As at 31 December	
	2015	2016
	RMB'000	RMB'000 (unaudited)
Secured short-term bank borrowings	306,100	61,000

Our bank borrowings decreased from RMB306.1 million as at 31 December 2015 to RMB61.0 million as at 31 December 2016, primarily due to our repayment of such borrowings through repayment of advances from the related companies. The average interest rates per annum were 5.63% and 5.43% for FY2015 and FY2016, respectively.

As at 31 December 2015 and 2016, we had unutilised banking facilities available to us of nil and RMB230.0 million, respectively.

Except as disclosed above, and apart from intra-group liabilities, as at 31 December 2015 and 2016, our Group did not have any outstanding loan capital issued or agreed to be issued, bank overdrafts, loans or other similar indebtedness, liabilities under acceptances (other than normal trade bills) or acceptable credits, debentures, mortgages, charges, finance leases or hire purchases commitments, guarantees, material covenants, or other material contingent liabilities.

KEY FINANCIAL RATIOS

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

	For the year ended 31 December	
	2015	2016
		(unaudited)
Gross profit margin (%) [(1)]	13.2	12.5
Net profit margin (%) [(2)]	9.5	7.0
Return on equity (%) [(3)]	29.1	41.4
Return on total assets (%) [(4)]	6.5	7.1

	As at 31 December	
	2015	2016
		(unaudited)
Current ratio [(5)]	1.3	1.2
Gearing ratio [(6)]	0.9	0.2
Net debt to equity ratio [(7)]	0.7	Net Cash

Notes:

(1) We calculated gross profit margin for FY2015 and FY2016 on gross profit divided by total revenue for the respective years and multiplied by 100%.

(2) We calculated net profit margin for FY2015 and FY2016 on profit for the year divided by total revenue for the respective years and multiplied by 100%.

(3) We calculated return on equity for FY2015 and FY2016 based on the profit for the year for the respective years divided by total equity attributable to the Shareholders as at the respective years ends and multiplied by 100%.

(4) We calculated return on total assets for FY2015 and FY2016 based on the net profit for the respective years divided by the total assets as at the respective years ends and multiplied by 100%.

(5) We calculated current ratios as at 31 December 2015 and 2016 based on the total current assets as at the respective year ends divided by the total current liabilities as at the respective year ends.

(6) We calculated gearing ratios as at 31 December 2015 and 2016 based on the total debt as at the respective year ends divided by total equity as at the respective years.

(7) We calculated net debt to equity ratios as at 31 December 2015 and 2016 based on net debts (being total borrowings net of cash and cash equivalents) as at the respective year ends divided by total equity as at the respective years ends.

Please see "Results of Operations" in this Appendix III for a discussion of the gross profit margin and net profit margin.

Return on equity

Our return on equity increased from 29.1% for FY2015 to 41.4% for FY2016, primarily due to (i) the increase in our profit for the year that generally in line with our revenue growth during FY2016; and (ii) the decrease in total equity as a result of the decrease in paid in capital by RMB152.0 million, which was reallocated to amount due to Mr. Peng YH for reorganisation purpose as at 31 December 2016.

Return on total assets

Our return on total assets increased from 6.5% for FY2015 to 7.1% for FY2016, primarily due to the relatively smaller total assets growth mainly resulting from the increase in trade and bills receivables, compared with the growth in profit for the year during FY2016.

Current ratio

Our current ratio remained relatively stable at 1.3 as at 31 December 2015 and 1.2 as at 31 December 2016.

Gearing ratio

Our gearing ratio decreased from 0.9 as at 31 December 2015 to 0.2 as at 31 December 2016, primarily due to the significant decrease in bank borrowing as being partially offset by the decrease in total equity because of reorganisation that led to a decrease in paid in capital.

Net debt to equity ratio

Our Group recorded net cash for net debt to equity ratio as at 31 December 2016 as cash and cash equivalents exceeded total bank borrowings as at the same date.

QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS

Please refer to the section headed "Financial Information — Quantitative and Qualitative Disclosures about Market Risks" in this prospectus for further information.

CODE ON CORPORATE GOVERNANCE PRACTICES

As we were not yet listed on the Stock Exchange during FY2016, the Corporate Governance Code as set out in Appendix 14 to the Listing Rules (the "**Corporate Governance Code**") was not applicable to us during such period under review. After the Listing, we will comply with the code provisions set forth in the Corporate Governance Code.

REVIEW OF OUR PRELIMINARY FINANCIAL INFORMATION

We have established an audit committee, with effect from the Listing in compliance with the Corporate Governance Code. The unaudited financial information of our Group for FY2016 have been agreed with the Reporting Accountants following their work under Practice Note 730 "Guidance for Auditors Regarding Preliminary Announcement of Annual Results" issued by the HKICPA and the proposed members of the audit committee have discussed with our management, and reviewed, the 2016 Preliminary Financial Information as set out in this Appendix III.

PURCHASE, SALES OR REDEMPTION OF OUR COMPANY'S SHARES

As we were not yet listed on the Stock Exchange during FY2016, this disclosure requirement is not applicable to us.

Set out below is a summary of certain provisions of the Memorandum and Articles of Association of the Company and of certain aspects of Cayman company law.

The Company was incorporated in the Cayman Islands as an exempted company with limited liability on 1 April, 2016 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Company's constitutional documents consist of its memorandum of association (the "Memorandum") and its articles of association (the "Articles").

1. MEMORANDUM OF ASSOCIATION

(a) The Memorandum states, inter alia, that the liability of members of the Company is limited to the amount, if any, for the time being unpaid on the shares respectively held by them and that the objects for which the Company is established are unrestricted (including acting as an investment company), and that the Company shall have and be capable of exercising all the functions of a natural person of full capacity irrespective of any question of corporate benefit, as provided in section 27(2) of the Companies Law and in view of the fact that the Company is an exempted company that the Company will not trade in the Cayman Islands with any person, firm or corporation except in furtherance of the business of the Company carried on outside the Cayman Islands.

(b) The Company may by special resolution alter its Memorandum with respect to any objects, powers or other matters specified therein.

2. ARTICLES OF ASSOCIATION

The Articles were conditionally adopted on 15 March 2017 with effect from the Listing Date. The following is a summary of certain provisions of the Articles:

(a) Shares

(i) *Classes of shares*

The share capital of the Company consists of ordinary shares.

(ii) *Variation of rights of existing shares or classes of shares*

Subject to the Companies Law, if at any time the share capital of the Company is divided into different classes of shares, all or any of the special rights attached to the shares or any class of shares may (unless otherwise provided for by the terms of issue of that class) be varied, modified or abrogated either with the consent in writing of the holders of not less than three-fourths in nominal value of the issued shares of that class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of that class. To every such separate general meeting the provisions of the Articles relating to general meetings will *mutatis mutandis* apply, but so that the necessary quorum (other than at an adjourned meeting) shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class and at any adjourned meeting two holders present in person or by proxy (whatever the number of shares held by them) shall be a quorum. Every holder of shares of the class shall be entitled to one vote for every such share held by him.

Any special rights conferred upon the holders of any shares or class of shares shall not, unless otherwise expressly provided in the rights attaching to the terms of issue of such shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* therewith.

(iii) ***Alteration of capital***

The Company may by ordinary resolution of its members:

(i) increase its share capital by the creation of new shares;

(ii) consolidate all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and attach to such shares any preferential, deferred, qualified or special rights, privileges, conditions or restrictions as the Company in general meeting or as the directors may determine;

(iv) sub divide its shares or any of them into shares of smaller amount than is fixed by the Memorandum; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(iv) ***Transfer of shares***

All transfers of shares may be effected by an instrument of transfer in the usual or common form or in a form prescribed by The Stock Exchange of Hong Kong Limited (the "**Stock Exchange**") or in such other form as the board may approve and which may be under hand or, if the transferor or transferee is a clearing house or its nominee(s), by hand or by machine imprinted signature or by such other manner of execution as the board may approve from time to time.

The instrument of transfer shall be executed by or on behalf of the transferor and the transferee provided that the board may dispense with the execution of the instrument of transfer by the transferee. The transferor shall be deemed to remain the holder of the share until the name of the transferee is entered in the register of members in respect of that share.

The board may, in its absolute discretion, at any time transfer any share upon the principal register to any branch register or any share on any branch register to the principal register or any other branch register.

The board may decline to recognise any instrument of transfer unless a fee (not exceeding the maximum sum as the Stock Exchange may determine to be payable) determined by the Directors is paid to the Company, the instrument of transfer is properly stamped (if applicable), it is in respect of only one class of share and is lodged at the relevant registration office or registered office or such other place at which the principal register is kept accompanied by the relevant share certificate(s) and such other evidence as the board may reasonably require to show the right of the transferor to make the transfer (and if the instrument of transfer is executed by some other person on his behalf, the authority of that person so to do).

The registration of transfers may be suspended and the register closed on giving notice by advertisement in any newspaper or by any other means in accordance with the requirements of the Stock Exchange, at such times and for such periods as the board may determine. The register of members must not be closed for periods exceeding in the whole thirty (30) days in any year.

Subject to the above, fully paid shares are free from any restriction on transfer and free of all liens in favour of the Company.

(v) ***Power of the Company to purchase its own shares***

The Company is empowered by the Companies Law and the Articles to purchase its own shares subject to certain restrictions and the board may only exercise this power on behalf of the Company subject to any applicable requirements imposed from time to time by the Stock Exchange.

Where the Company purchases for redemption a redeemable share, purchases not made through the market or by tender must be limited to a maximum price determined by the Company in general meeting. If purchases are by tender, tenders must be made available to all members alike.

(vi) ***Power of any subsidiary of the Company to own shares in the Company***

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

(vii) ***Calls on shares and forfeiture of shares***

The board may from time to time make such calls upon the members in respect of any monies unpaid on the shares held by them respectively (whether on account of the nominal value of the shares or by way of premium). A call may be made payable either in one lump sum or by installments. If the sum payable in respect of any call or instalment is not paid on or before the day appointed for payment thereof, the person or persons from whom the sum is due shall pay interest on the same at such rate not exceeding twenty per cent. (20%) per annum as the board may agree to accept from the day appointed for the payment thereof to the time of actual payment, but the board may waive payment of such interest wholly or in part. The board may, if it thinks fit, receive from any member willing to advance the same, either in money or money's worth, all or any part of the monies uncalled and unpaid or installments payable upon any shares held by him, and upon all or any of the monies so advanced the Company may pay interest at such rate (if any) as the board may decide.

If a member fails to pay any call on the day appointed for payment thereof, the board may serve not less than fourteen (14) clear days' notice on him requiring payment of so much of the call as is unpaid, together with any interest which may have accrued and which may still accrue up to the date of actual payment and stating that, in the event of non-payment at or before the time appointed, the shares in respect of which the call was made will be liable to be forfeited.

If the requirements of any such notice are not complied with, any share in respect of which the notice has been given may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the board to that effect. Such forfeiture will include all dividends and bonuses declared in respect of the forfeited share and not actually paid before the forfeiture.

A person whose shares have been forfeited shall cease to be a member in respect of the forfeited shares but shall, notwithstanding, remain liable to pay to the Company all monies which, at the date of forfeiture, were payable by him to the Company in respect of the shares, together with (if the board shall in its discretion so require) interest thereon from the date of forfeiture until the date of actual payment at such rate not exceeding twenty per cent. (20%) per annum as the board determines.

(b) **Directors**

(i) ***Appointment, retirement and removal***

At each annual general meeting, one third of the Directors for the time being (or if their number is not a multiple of three, then the number nearest to but not less than one third) shall retire from office by rotation provided that every Director shall be subject to retirement at an annual general meeting at least once every three years. The Directors to retire by rotation shall include any Director who wishes to retire and not offer himself for re-election. Any further Directors so to retire shall be those who have been longest in office since their last re-election or appointment but as between persons who became or were last re-elected Directors on the same day those to retire will (unless they otherwise agree among themselves) be determined by lot.

Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification. Further, there are no provisions in the Articles relating to retirement of Directors upon reaching any age limit.

The Directors have the power to appoint any person as a Director either to fill a casual vacancy on the board or as an addition to the existing board. Any Director appointed to fill a casual vacancy shall hold office until the first general meeting of members after his appointment and be subject to re-election at such meeting and any Director appointed as an addition to the existing board shall hold office only until the next following annual general meeting of the Company and shall then be eligible for re-election.

A Director may be removed by an ordinary resolution of the Company before the expiration of his period of office (but without prejudice to any claim which such Director may have for damages for any breach of any contract between him and the Company) and members of the Company may by ordinary resolution appoint another in his place. Unless otherwise determined by the Company in general meeting, the number of Directors shall not be less than two. There is no maximum number of Directors.

The office of director shall be vacated if:

(aa) he resigns by notice in writing delivered to the Company;

(bb) he becomes of unsound mind or dies;

(cc) without special leave, he is absent from meetings of the board for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) he is prohibited from being a director by law; or

(ff) he ceases to be a director by virtue of any provision of law or is removed from office pursuant to the Articles.

The board may appoint one or more of its body to be managing director, joint managing director, or deputy managing director or to hold any other employment or executive office with the Company for such period and upon such terms as the board may determine and the board may revoke or terminate any of such appointments. The board may delegate any of its powers, authorities and discretions to committees consisting of such Director or Directors and other persons as the board thinks fit, and it may from time to time revoke such delegation or revoke the appointment of and discharge any such committees either wholly or in part, and either as to persons or purposes, but every committee so formed must, in the exercise of the powers, authorities and discretions so delegated, conform to any regulations that may from time to time be imposed upon it by the board.

(ii) ***Power to allot and issue shares and warrants***

Subject to the provisions of the Companies Law and the Memorandum and Articles and to any special rights conferred on the holders of any shares or class of shares, any share may be issued (a) with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Directors may determine, or (b) on terms that, at the option of the Company or the holder thereof, it is liable to be redeemed.

The board may issue warrants conferring the right upon the holders thereof to subscribe for any class of shares or securities in the capital of the Company on such terms as it may determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of the Stock Exchange and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company are at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board is obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others with registered addresses in any particular territory or territories being a territory or territories where, in the absence of a registration statement or other special formalities, this would or might, in the opinion of the board, be unlawful or impracticable. Members affected as a result of the foregoing sentence shall not be, or be deemed to be, a separate class of members for any purpose whatsoever.

(iii) ***Power to dispose of the assets of the Company or any of its subsidiaries***

There are no specific provisions in the Articles relating to the disposal of the assets of the Company or any of its subsidiaries. The Directors may, however, exercise all powers and do all acts and things which may be exercised or done or approved by the Company and which are not required by the Articles or the Companies Law to be exercised or done by the Company in general meeting.\

(iv) ***Borrowing powers***

The board may exercise all the powers of the Company to raise or borrow money, to mortgage or charge all or any part of the undertaking, property and assets and uncalled capital of the Company and, subject to the Companies Law, to issue debentures, bonds and other securities of the Company, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

(v) ***Remuneration***

The ordinary remuneration of the Directors is to be determined by the Company in general meeting, such sum (unless otherwise directed by the resolution by which it is voted) to be divided amongst the Directors in such proportions and in such manner as the board may agree or, failing agreement, equally, except that any Director holding office for part only of the period in respect of which the remuneration is payable shall only rank in such division in proportion to the time during such period for which he held office. The Directors are also entitled to be prepaid or repaid all travelling, hotel and incidental expenses reasonably expected to be incurred or incurred by them in attending any board meetings, committee meetings or general meetings or separate meetings of any class of shares or of debentures of the Company or otherwise in connection with the discharge of their duties as Directors.

Any Director who, by request, goes or resides abroad for any purpose of the Company or who performs services which in the opinion of the board go beyond the ordinary duties of a Director may be paid such extra remuneration as the board may determine and such extra remuneration shall be in addition to or in substitution for any ordinary remuneration as a Director. An executive Director appointed to be a managing director, joint managing director, deputy managing director or other executive officer shall receive such remuneration and such other benefits and allowances as the board may from time to time decide. Such remuneration may be either in addition to or in lieu of his remuneration as a Director.

The board may establish or concur or join with other companies (being subsidiary companies of the Company or companies with which it is associated in business) in establishing and making contributions out of the Company's monies to any schemes or funds for providing pensions, sickness or compassionate allowances, life assurance or other benefits for employees (which expression as used in this and the following paragraph shall include any Director or ex-Director who may hold or have held any executive office or any office of profit with the Company or any of its subsidiaries) and ex-employees of the Company and their dependents or any class or classes of such persons.

The board may pay, enter into agreements to pay or make grants of revocable or irrevocable, and either subject or not subject to any terms or conditions, pensions or other benefits to employees and ex-employees and their dependents, or to any of such persons, including pensions or benefits additional to those, if any, to which such employees or ex-employees or their dependents are or may become entitled under any such scheme or fund as is mentioned in the previous paragraph. Any such pension or benefit may, as the board considers desirable, be granted to an employee either before and in anticipation of, or upon or at any time after, his actual retirement.

(vi) ***Compensation or payments for loss of office***

Pursuant to the Articles, payments to any Director or past Director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the Director is contractually entitled) must be approved by the Company in general meeting.

(vii) ***Loans and provision of security for loans to Directors***

The Company must not make any loan, directly or indirectly, to a Director or his close associate(s) if and to the extent it would be prohibited by the Companies Ordinance (Chapter 622 of the laws of Hong Kong) as if the Company were a company incorporated in Hong Kong.

(viii) ***Disclosure of interests in contracts with the Company or any of its subsidiaries***

A Director may hold any other office or place of profit with the Company (except that of the auditor of the Company) in conjunction with his office of Director for such period and upon such terms as the board may determine, and may be paid such extra remuneration therefor in addition to any remuneration provided for by or pursuant to the Articles. A Director may be or become a director or other officer of, or otherwise interested in, any company promoted by the Company or any other company in which the Company may be interested, and shall not be liable to account to the Company or the members for any remuneration, profits or other benefits received by him as a director, officer or member of, or from his interest in, such other company. The board may also cause the voting power conferred by the shares in any other company held or owned by the Company to be exercised in such manner in all respects as it thinks fit, including the exercise thereof in favour of any resolution appointing the Directors or any of them to be directors or officers of such other company, or voting or providing for the payment of remuneration to the directors or officers of such other company.

No Director or proposed or intended Director shall be disqualified by his office from contracting with the Company, either with regard to his tenure of any office or place of profit or as vendor, purchaser or in any other manner whatsoever, nor shall any such contract or any other contract or arrangement in which any Director is in any way interested be liable to be avoided, nor shall any Director so contracting or being so interested be liable to account to the Company or the members for any remuneration, profit or other benefits realised by any such contract or arrangement by reason of such Director holding that office or the fiduciary relationship thereby established. A Director who to his knowledge is in any way, whether directly or indirectly, interested in a contract or arrangement or proposed contract or arrangement with the Company must declare the nature of his interest at the meeting of the board at which the question of entering into the contract or arrangement is first taken into consideration, if he knows his interest then exists, or in any other case, at the first meeting of the board after he knows that he is or has become so interested.

A Director shall not vote (nor be counted in the quorum) on any resolution of the board approving any contract or arrangement or other proposal in which he or any of his close associates is materially interested, but this prohibition does not apply to any of the following matters, namely:

(aa) any contract or arrangement for giving to such Director or his close associate(s) any security or indemnity in respect of money lent by him or any of his close associates or obligations incurred or undertaken by him or any of his close associates at the request of or for the benefit of the Company or any of its subsidiaries;

(bb) any contract or arrangement for the giving of any security or indemnity to a third party in respect of a debt or obligation of the Company or any of its subsidiaries for which the Director or his close associate(s) has himself/themselves assumed responsibility in whole or in part whether alone or jointly under a guarantee or indemnity or by the giving of security;

(cc) any contract or arrangement concerning an offer of shares or debentures or other securities of or by the Company or any other company which the Company may promote or be interested in for subscription or purchase, where the Director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(dd) any contract or arrangement in which the Director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the Company by virtue only of his/their interest in shares or debentures or other securities of the Company; or

(ee) any proposal or arrangement concerning the adoption, modification or operation of a share option scheme, a pension fund or retirement, death, or disability benefits scheme or other arrangement which relates both to Directors, his close associates and employees of the Company or of any of its subsidiaries and does not provide in respect of any Director, or his close associate(s), as such any privilege or advantage not accorded generally to the class of persons to which such scheme or fund relates.

(c) **Proceedings of the Board**

The board may meet for the despatch of business, adjourn and otherwise regulate its meetings as it considers appropriate. Questions arising at any meeting shall be determined by a majority of votes. In the case of an equality of votes, the chairman of the meeting shall have an additional or casting vote.

(d) **Alterations to constitutional documents and the Company's name**

The Articles may be rescinded, altered or amended by the Company in general meeting by special resolution. The Articles state that a special resolution shall be required to alter the provisions of the Memorandum, to amend the Articles or to change the name of the Company.

(e) **Meetings of members**

(i) ***Special and ordinary resolutions***

A special resolution of the Company must be passed by a majority of not less than three-fourths of the votes cast by such members as, being entitled so to do, vote in person or, in the case of such members as are corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles.

Under the Companies Law, a copy of any special resolution must be forwarded to the Registrar of Companies in the Cayman Islands within fifteen (15) days of being passed.

An ordinary resolution is defined in the Articles to mean a resolution passed by a simple majority of the votes of such members of the Company as, being entitled to do so, vote in person or, in the case of corporations, by their duly authorised representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given held in accordance with the Articles.

(ii) ***Voting rights and right to demand a poll***

Subject to any special rights or restrictions as to voting for the time being attached to any shares, at any general meeting on a poll every member present in person or by proxy or, in the case of a member being a corporation, by its duly authorised representative shall have one vote for every fully paid share of which he is the holder but so that no amount paid up or credited as paid up on a share in advance of calls or installments is treated for the foregoing purposes as paid up on the share. A member entitled to more than one vote need not use all his votes or cast all the votes he uses in the same way.

At any general meeting a resolution put to the vote of the meeting is to be decided by way of a poll save that the chairman of the meeting may in good faith, allow a resolution which relates purely to a procedural or administrative matter to be voted on by a show of hands in which case every member present in person (or being a corporation, is present by a duly authorised representative), or by proxy(ies) shall have one vote provided that where more than one proxy is appointed by a member which is a clearing house (or its nominee(s)), each such proxy shall have one vote on a show of hands.

If a recognised clearing house (or its nominee(s)) is a member of the Company it may authorise such person or persons as it thinks fit to act as its representative(s) at any meeting of the Company or at any meeting of any class of members of the Company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be deemed to have been duly authorised without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee(s)) as if such person was the registered holder of the shares of the Company held by that clearing house (or its nominee(s)) including, where a show of hands is allowed, the right to vote individually on a show of hands.

Where the Company has any knowledge that any shareholder is, under the rules of the Stock Exchange, required to abstain from voting on any particular resolution of the Company or restricted to voting only for or only against any particular resolution of the Company, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(iii) ***Annual general meetings***

The Company must hold an annual general meeting of the Company every year within a period of not more than fifteen (15) months after the holding of the last preceding annual general meeting or a period of not more than eighteen (18) months from the date of adoption of the Articles, unless a longer period would not infringe the rules of the Stock Exchange.

(iv) ***Notices of meetings and business to be conducted***

An annual general meeting must be called by notice of not less than twenty-one (21) clear days and not less than twenty (20) clear business days. All other general meetings must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice is exclusive of the day on which it is served or deemed to be served and of the day for which it is given, and must specify the time and place of the meeting and particulars of resolutions to be considered at the meeting, in the case of special business, the general nature of that business.

In addition, notice of every general meeting must be given to all members of the Company other than to such members as, under the provisions of the Articles or the terms of issue of the shares they hold, are not entitled to receive such notices from the Company, and also to, among others, the auditors for the time being of the Company.

Any notice to be given to or by any person pursuant to the Articles may be served on or delivered to any member of the Company personally, by post to such member's registered address or by advertisement in accordance with the requirements of the Stock Exchange. Subject to compliance with Cayman Islands law and the rules of the Stock Exchange, notice may also be served or delivered by the Company to any member by electronic means.

All business that is transacted at an extraordinary general meeting and at an annual general meeting is deemed special, save that in the case of an annual general meeting, each of the following business is deemed an ordinary business:

(aa) the declaration and sanctioning of dividends;

(bb) the consideration and adoption of the accounts and balance sheet and the reports of the directors and the auditors;

(cc) the election of directors in place of those retiring;

(dd) the appointment of auditors and other officers;

(ee) the fixing of the remuneration of the directors and of the auditors;

(ff) the granting of any mandate or authority to the directors to offer, allot, grant options over or otherwise dispose of the unissued shares of the Company representing not more than twenty per cent (20%) in nominal value of its existing issued share capital; and

(gg) the granting of any mandate or authority to the directors to repurchase securities of the Company.

(v) ***Quorum for meetings and separate class meetings***

No business shall be transacted at any general meeting unless a quorum is present when the meeting proceeds to business, but the absence of a quorum shall not preclude the appointment of a chairman.

The quorum for a general meeting shall be two members present in person (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy and entitled to vote. In respect of a separate class meeting (other than an adjourned meeting) convened to sanction the modification of class rights the necessary quorum shall be two persons holding or representing by proxy not less than one-third in nominal value of the issued shares of that class.

(vi) ***Proxies***

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and is entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy is entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorised representative) or by proxy.

(f) **Accounts and audit**

The board shall cause true accounts to be kept of the sums of money received and expended by the Company, and the matters in respect of which such receipt and expenditure take place, and of the property, assets, credits and liabilities of the Company and of all other matters required by the Companies Law or necessary to give a true and fair view of the Company's affairs and to explain its transactions.

The accounting records must be kept at the registered office or at such other place or places as the board decides and shall always be open to inspection by any Director. No member (other than a Director) shall have any right to inspect any accounting record or book or document of the Company except as conferred by law or authorised by the board or the Company in general meeting. However, an exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

A copy of every balance sheet and profit and loss account (including every document required by law to be annexed thereto) which is to be laid before the Company at its general meeting, together with a printed copy of the Directors' report and a copy of the auditors' report, shall not less than twenty-one (21) days before the date of the meeting and at the same time as the notice of annual general meeting be sent to every person entitled to receive notices of general meetings of the Company under the provisions of the Articles; however, subject to compliance with all applicable laws, including the rules of the Stock Exchange, the Company may send to such persons summarised financial statements derived from the Company's annual accounts and the directors' report instead provided that any such person may by notice in writing served on the Company, demand that the Company sends to him, in addition to summarised financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

At the annual general meeting or at a subsequent extraordinary general meeting in each year, the members shall appoint an auditor to audit the accounts of the Company and such auditor shall hold office until the next annual general meeting. The remuneration of the auditors shall be fixed by the Company in general meeting or in such manner as the members may determine.

The financial statements of the Company shall be audited by the auditor in accordance with generally accepted auditing standards which may be those of a country or jurisdiction other than the Cayman Islands. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor must be submitted to the members in general meeting.

(g) **Dividends and other methods of distribution**

The Company in general meeting may declare dividends in any currency to be paid to the members but no dividend shall be declared in excess of the amount recommended by the board.

The Articles provide dividends may be declared and paid out of the profits of the Company, realised or unrealised, or from any reserve set aside from profits which the directors determine is no longer needed. With the sanction of an ordinary resolution dividends may also be declared and paid out of share premium account or any other fund or account which can be authorised for this purpose in accordance with the Companies Law.

Except in so far as the rights attaching to, or the terms of issue of, any share may otherwise provide, (i) all dividends shall be declared and paid according to the amounts paid up on the shares in respect whereof the dividend is paid but no amount paid up on a share in advance of calls shall for this purpose be treated as paid up on the share and (ii) all dividends shall be apportioned and paid pro rata according to the amount paid up on the shares during any portion or portions of the period in respect of which the dividend is paid. The Directors may deduct from any dividend or other monies payable to any member or in respect of any shares all sums of money (if any) presently payable by him to the Company on account of calls or otherwise.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared on the share capital of the Company, the board may further resolve either (a) that such dividend be satisfied wholly or in part in the form of an allotment of shares credited as fully paid up, provided that the shareholders entitled thereto will be entitled to elect to receive such dividend (or part thereof) in cash in lieu of such allotment, or (b) that shareholders entitled to such dividend will be entitled to elect to receive an allotment of shares credited as fully paid up in lieu of the whole or such part of the dividend as the board may think fit.

The Company may also upon the recommendation of the board by an ordinary resolution resolve in respect of any one particular dividend of the Company that it may be satisfied wholly in the form of an allotment of shares credited as fully paid up without offering any right to shareholders to elect to receive such dividend in cash in lieu of such allotment.

Any dividend, interest or other sum payable in cash to the holder of shares may be paid by cheque or warrant sent through the post addressed to the holder at his registered address, or in the case of joint holders, addressed to the holder whose name stands first in the register of the Company in respect of the shares at his address as appearing in the register or addressed to such person and at such addresses as the holder or joint holders may in writing direct. Every such cheque or warrant shall, unless the holder or joint holders otherwise direct, be made payable to the order of the holder or, in the case of joint holders, to the order of the holder whose name stands first on the register in respect of such shares, and shall be sent at his or their risk and payment of the cheque or warrant by the bank on which it is drawn shall constitute a good discharge to the Company. Any one of two or more joint holders may give effectual receipts for any dividends or other moneys payable or property distributable in respect of the shares held by such joint holders.

Whenever the board or the Company in general meeting has resolved that a dividend be paid or declared the board may further resolve that such dividend be satisfied wholly or in part by the distribution of specific assets of any kind.

All dividends or bonuses unclaimed for one year after having been declared may be invested or otherwise made use of by the board for the benefit of the Company until claimed and the Company shall not be constituted a trustee in respect thereof. All dividends or bonuses unclaimed for six years after having been declared may be forfeited by the board and shall revert to the Company.

No dividend or other monies payable by the Company on or in respect of any share shall bear interest against the Company.

(h) **Inspection of corporate records**

Pursuant to the Articles, the register and branch register of members shall be open to inspection for at least two (2) hours during business hours by members without charge, or by any other person upon a maximum payment of HK$2.50 or such lesser sum specified by the board, at the registered office or such other place at which the register is kept in accordance with the Companies Law or, upon a maximum payment of HK$1.00 or such lesser sum specified by the board, at the office where the branch register of members is kept, unless the register is closed in accordance with the Articles.

(i) **Rights of minorities in relation to fraud or oppression**

There are no provisions in the Articles relating to rights of minority shareholders in relation to fraud or oppression. However, certain remedies are available to shareholders of the Company under Cayman Islands law, as summarised in paragraph 3(f) of this Appendix.

(j) **Procedures on liquidation**

A resolution that the Company be wound up by the court or be wound up voluntarily shall be a special resolution.

Subject to any special rights, privileges or restrictions as to the distribution of available surplus assets on liquidation for the time being attached to any class or classes of shares:

(i) if the Company is wound up and the assets available for distribution amongst the members of the Company shall be more than sufficient to repay the whole of the capital paid up at the commencement of the winding up, the excess shall be distributed *pari passu* amongst such members in proportion to the amount paid up on the shares held by them respectively; and

(ii) if the Company is wound up and the assets available for distribution amongst the members as such shall be insufficient to repay the whole of the paid-up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up, or which ought to have been paid up, at the commencement of the winding up on the shares held by them respectively.

If the Company is wound up (whether the liquidation is voluntary or by the court) the liquidator may, with the authority of a special resolution and any other sanction required by the Companies Law divide among the members in specie or kind the whole or any part of the assets of the Company whether the assets shall consist of property of one kind or shall consist of properties of different kinds and the liquidator may, for such purpose, set such value as he deems fair upon any one or more class or classes of property to be divided as aforesaid and may determine how such division shall be carried out as between the members or different classes of members. The liquidator may, with the like authority, vest any part of the assets in trustees upon such trusts for the benefit of members as the liquidator, with the like authority, shall think fit, but so that no contributory shall be compelled to accept any shares or other property in respect of which there is a liability.

(k) **Subscription rights reserve**

The Articles provide that to the extent that it is not prohibited by and is in compliance with the Companies Law, if warrants to subscribe for shares have been issued by the Company and the Company does any act or engages in any transaction which would result in the subscription price of such warrants being reduced below the par value of a share, a subscription rights reserve shall be established and applied in paying up the difference between the subscription price and the par value of a share on any exercise of the warrants.

3. CAYMAN ISLANDS COMPANY LAW

The Company is incorporated in the Cayman Islands subject to the Companies Law and, therefore, operates subject to Cayman Islands law. Set out below is a summary of certain provisions of Cayman company law, although this does not purport to contain all applicable qualifications and exceptions or to be a complete review of all matters of Cayman company law and taxation, which may differ from equivalent provisions in jurisdictions with which interested parties may be more familiar:

(a) **Company operations**

As an exempted company, the Company's operations must be conducted mainly outside the Cayman Islands. The Company is required to file an annual return each year with the Registrar of Companies of the Cayman Islands and pay a fee which is based on the amount of its authorised share capital.

(b) **Share capital**

The Companies Law provides that where a company issues shares at a premium, whether for cash or otherwise, a sum equal to the aggregate amount of the value of the premiums on those shares shall be transferred to an account, to be called the "share premium account". At the option of a company, these provisions may not apply to premiums on shares of that company allotted pursuant to any arrangement in consideration of the acquisition or cancellation of shares in any other company and issued at a premium.

The Companies Law provides that the share premium account may be applied by the company subject to the provisions, if any, of its memorandum and articles of association in (a) paying distributions or dividends to members; (b) paying up unissued shares of the company to be issued to members as fully paid bonus shares; (c) the redemption and repurchase of shares (subject to the provisions of section 37 of the Companies Law); (d) writing-off the preliminary expenses of the company; and (e) writing-off the expenses of, or the commission paid or discount allowed on, any issue of shares or debentures of the company.

No distribution or dividend may be paid to members out of the share premium account unless immediately following the date on which the distribution or dividend is proposed to be paid, the company will be able to pay its debts as they fall due in the ordinary course of business.

The Companies Law provides that, subject to confirmation by the Grand Court of the Cayman Islands (the "Court"), a company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, by special resolution reduce its share capital in any way.

(c) **Financial assistance to purchase shares of a company or its holding company**

There is no statutory restriction in the Cayman Islands on the provision of financial assistance by a company to another person for the purchase of, or subscription for, its own or its holding company's shares. Accordingly, a company may provide financial assistance if the directors of the company consider, in discharging their duties of care and acting in good faith, for a proper purpose and in the interests of the company, that such assistance can properly be given. Such assistance should be on an arm's-length basis.

(d) **Purchase of shares and warrants by a company and its subsidiaries**

A company limited by shares or a company limited by guarantee and having a share capital may, if so authorised by its articles of association, issue shares which are to be redeemed or are liable to be redeemed at the option of the company or a shareholder and the Companies Law expressly provides that it shall be lawful for the rights attaching to any shares to be varied, subject to the provisions of the company's articles of association, so as to provide that such shares are to be or are liable to be so redeemed. In addition, such a company may, if authorised to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorise the manner and terms of purchase, a company cannot purchase any of its own shares unless the manner and terms of purchase have first been authorised by an ordinary resolution of the company. At no time may a company redeem or purchase its shares unless they are fully paid. A company may not redeem or purchase any of its shares if, as a result of the redemption or purchase, there would no longer be any issued shares of the company other than shares held as treasury shares. A payment out of capital by a company for the redemption or purchase of its own shares is not lawful unless immediately following the date on which the payment is proposed to be made, the company shall be able to pay its debts as they fall due in the ordinary course of business.

Shares purchased by a company is to be treated as cancelled unless, subject to the memorandum and articles of association of the company, the directors of the company resolve to hold such shares in the name of the company as treasury shares prior to the purchase. Where shares of a company are held as treasury shares, the company shall be entered in the register of members as holding those shares, however, notwithstanding the foregoing, the company is not be treated as a member for any purpose and must not exercise any right in respect of the treasury shares, and any purported exercise of such a right shall be void, and a treasury share must not be voted, directly or indirectly, at any meeting of the company and must not be counted in determining the total number of issued shares at any given time, whether for the purposes of the company's articles of association or the Companies Law.

A company is not prohibited from purchasing and may purchase its own warrants subject to and in accordance with the terms and conditions of the relevant warrant instrument or certificate. There is no requirement under Cayman Islands law that a company's memorandum or articles of association contain a specific provision enabling such purchases and the directors of a company may rely upon the general power contained in its memorandum of association to buy and sell and deal in personal property of all kinds.

Under Cayman Islands law, a subsidiary may hold shares in its holding company and, in certain circumstances, may acquire such shares.

(e) **Dividends and distributions**

The Companies Law permits, subject to a solvency test and the provisions, if any, of the company's memorandum and articles of association, the payment of dividends and distributions out of the share premium account. With the exception of the foregoing, there are no statutory provisions relating to the payment of dividends. Based upon English case law, which is regarded as persuasive in the Cayman Islands, dividends may be paid only out of profits.

No dividend may be declared or paid, and no other distribution (whether in cash or otherwise) of the company's assets (including any distribution of assets to members on a winding up) may be made to the company, in respect of a treasury share.

(f) **Protection of minorities and shareholders' suits**

The Courts ordinarily would be expected to follow English case law precedents which permit a minority shareholder to commence a representative action against or derivative actions in the name of the company to challenge (a) an act which is ultra vires the company or illegal, (b) an act which constitutes a fraud against the minority and the wrongdoers are themselves in control of the company, and (c) an irregularity in the passing of a resolution which requires a qualified (or special) majority.

In the case of a company (not being a bank) having a share capital divided into shares, the Court may, on the application of members holding not less than one fifth of the shares of the company in issue, appoint an inspector to examine into the affairs of the company and to report thereon in such manner as the Court shall direct.

Any shareholder of a company may petition the Court which may make a winding up order if the Court is of the opinion that it is just and equitable that the company should be wound up or, as an alternative to a winding up order, (a) an order regulating the conduct of the company's affairs in the future, (b) an order requiring the company to refrain from doing or continuing an act complained of by the shareholder petitioner or to do an act which the shareholder petitioner has complained it has omitted to do, (c) an order authorising civil proceedings to be brought in the name and on behalf of the company by the shareholder petitioner on such terms as the Court may direct, or (d) an order providing for the purchase of the shares of any shareholders of the company by other shareholders or by the company itself and, in the case of a purchase by the company itself, a reduction of the company's capital accordingly.

Generally claims against a company by its shareholders must be based on the general laws of contract or tort applicable in the Cayman Islands or their individual rights as shareholders as established by the company's memorandum and articles of association.

(g) **Disposal of assets**

The Companies Law contains no specific restrictions on the power of directors to dispose of assets of a company. However, as a matter of general law, every officer of a company, which includes a director, managing director and secretary, in exercising his powers and discharging his duties must do so honestly and in good faith with a view to the best interests of the company and exercise the care, diligence and skill that a reasonably prudent person would exercise in comparable circumstances.

(h) **Accounting and auditing requirements**

A company must cause proper books of account to be kept with respect to (i) all sums of money received and expended by the company and the matters in respect of which the receipt and expenditure takes place; (ii) all sales and purchases of goods by the company; and (iii) the assets and liabilities of the company.

Proper books of account shall not be deemed to be kept if there are not kept such books as are necessary to give a true and fair view of the state of the company's affairs and to explain its transactions.

An exempted company must make available at its registered office in electronic form or any other medium, copies of its books of account or parts thereof as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(i) **Exchange control**

There are no exchange control regulations or currency restrictions in the Cayman Islands.

(j) **Taxation**

Pursuant to section 6 of the Tax Concessions Law (2011 Revision) of the Cayman Islands, the Company has obtained an undertaking from the Governor-in-Cabinet:

(1) that no law which is enacted in the Cayman Islands imposing any tax to be levied on profits, income, gains or appreciation shall apply to the Company or its operations; and

(2) that the aforesaid tax or any tax in the nature of estate duty or inheritance tax shall not be payable on or in respect of the shares, debentures or other obligations of the Company.

The undertaking for the Company is for a period of twenty years from 24 May, 2016.

The Cayman Islands currently levy no taxes on individuals or corporations based upon profits, income, gains or appreciations and there is no taxation in the nature of inheritance tax or estate duty. There are no other taxes likely to be material to the Company levied by the Government of the Cayman Islands save for certain stamp duties which may be applicable, from time to time, on certain instruments executed in or brought within the jurisdiction of the Cayman Islands. The Cayman Islands are a party to a double tax treaty entered into with the United Kingdom in 2010 but otherwise is not party to any double tax treaties.

(k) **Stamp duty on transfers**

No stamp duty is payable in the Cayman Islands on transfers of shares of Cayman Islands companies except those which hold interests in land in the Cayman Islands.

(l) **Loans to directors**

There is no express provision in the Companies Law prohibiting the making of loans by a company to any of its directors.

(m) **Inspection of corporate records**

Members of the Company have no general right under the Companies Law to inspect or obtain copies of the register of members or corporate records of the Company. They will, however, have such rights as may be set out in the Company's Articles.

(n) **Register of members**

An exempted company may maintain its principal register of members and any branch registers at such locations, whether within or without the Cayman Islands, as the directors may, from time to time, think fit. A branch register must be kept in the same manner in which a principal register is by the Companies Law required or permitted to be kept. The company shall cause to be kept at the place where the company's principal register is kept a duplicate of any branch register duly entered up from time to time.

There is no requirement under the Companies Law for an exempted company to make any returns of members to the Registrar of Companies of the Cayman Islands. The names and addresses of the members are, accordingly, not a matter of public record and are not available for public inspection.

However, an exempted company shall make available at its registered office, in electronic form or any other medium, such register of members, including any branch register of members, as may be required of it upon service of an order or notice by the Tax Information Authority pursuant to the Tax Information Authority Law of the Cayman Islands.

(o) **Register of Directors and Officers**

The Company is required to maintain at its registered office a register of directors and officers which is not available for inspection by the public. A copy of such register must be filed with the Registrar of Companies in the Cayman Islands and any change must be notified to the Registrar within sixty (60) days of any change in such directors or officers.

(p) **Winding up**

A company may be wound up (a) compulsorily by order of the Court, (b) voluntarily, or (c) under the supervision of the Court.

The Court has authority to order winding up in a number of specified circumstances including where the members of the company have passed a special resolution requiring the company to be wound up by the Court, or where the company is unable to pay its debts, or where it is, in the opinion of the Court, just and equitable to do so. Where a petition is presented by members of the company as contributories on the ground that it is just and equitable that the company should be wound up, the Court has the jurisdiction to make certain other orders as an alternative to a winding-up order, such as making an order regulating the conduct of the company's affairs in the future, making an order authorising civil proceedings to be brought in the name and on behalf of the company by the petitioner on such terms as the Court may direct, or making an order providing for the purchase of the shares of any of the members of the company by other members or by the company itself.

A company (save with respect to a limited duration company) may be wound up voluntarily when the company so resolves by special resolution or when the company in general meeting resolves by ordinary resolution that it be wound up voluntarily because it is unable to pay its debts as they fall due. In the case of a voluntary winding up, such company is obliged to cease to carry on its business (except so far as it may be beneficial for its winding up) from the time of passing the resolution for voluntary winding up or upon the expiry of the period or the occurrence of the event referred to above.

For the purpose of conducting the proceedings in winding up a company and assisting the Court therein, there may be appointed an official liquidator or official liquidators; and the court may appoint to such office such person, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court must declare whether any act required or authorised to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court.

As soon as the affairs of the company are fully wound up, the liquidator must make a report and an account of the winding up, showing how the winding up has been conducted and how the property of the company has been disposed of, and thereupon call a general meeting of the company for the purposes of laying before it the account and giving an explanation thereof. This final general meeting must be called by at least 21 days' notice to each contributory in any manner authorised by the company's articles of association and published in the Gazette.

(q) **Reconstructions**

There are statutory provisions which facilitate reconstructions and amalgamations approved by a majority in number representing seventy-five per cent. (75%) in value of shareholders or class of shareholders or creditors, as the case may be, as are present at a meeting called for such purpose and thereafter sanctioned by the Court. Whilst a dissenting shareholder would have the right to express to the Court his view that the transaction for which approval is sought would not provide the shareholders with a fair value for their shares, the Court is unlikely to disapprove the transaction on that ground alone in the absence of evidence of fraud or bad faith on behalf of management.

(r) **Take-overs**

Where an offer is made by a company for the shares of another company and, within four (4) months of the offer, the holders of not less than ninety per cent. (90%) of the shares which are the subject of the offer accept, the offeror may at any time within two (2) months after the expiration of the said four (4) months, by notice in the prescribed manner require the dissenting shareholders to transfer their shares on the terms of the offer. A dissenting shareholder may apply to the Court within one (1) month of the notice objecting to the transfer. The burden is on the dissenting shareholder to show that the Court should exercise its discretion, which it will be unlikely to do unless there is evidence of fraud or bad faith or collusion as between the offeror and the holders of the shares who have accepted the offer as a means of unfairly forcing out minority shareholders.

(s) **Indemnification**

Cayman Islands law does not limit the extent to which a company's articles of association may provide for indemnification of officers and directors, except to the extent any such provision may be held by the Court to be contrary to public policy (e.g. for purporting to provide indemnification against the consequences of committing a crime).

4. GENERAL

Conyers Dill & Pearman, the Company's special legal counsel on Cayman Islands law, have sent to the Company a letter of advice summarising certain aspects of Cayman Islands company law. This letter, together with a copy of the Companies Law, is available for inspection as referred to in the paragraph headed "Documents available for inspection" in Appendix VI to this prospectus. Any person wishing to have a detailed summary of Cayman Islands company law or advice on the differences between it and the laws of any jurisdiction with which he is more familiar is recommended to seek independent legal advice.

A. FURTHER INFORMATION ABOUT OUR COMPANY

1. Incorporation

Our Company was incorporated in the Cayman Islands under the Cayman Islands Companies Law as an exempted company with limited liability on 1 April 2016. Our Company has established a place of business in Hong Kong at Unit 3201A, 32/F Citicorp Centre, 18 Whitfield Road, Hong Kong and was registered in Hong Kong under Part 16 of the Companies Ordinance as a non-Hong Kong company on 20 May 2016, with Mr. Tong Tai Alex of Flat D, 37/F Royal Terrace, 933 King's Road, Quarry Bay, Hong Kong appointed as our authorised representative for the acceptance of service of process and notices in Hong Kong.

As we are incorporated in the Cayman Islands, we operate subject to the Cayman Islands Companies Law and to our constitution, which comprises the Memorandum of Association and Articles of Association. A summary of various provisions of our constitution and relevant aspects of the Cayman Islands Companies Law is set out in "Summary of the Constitution of our Company and Cayman Islands Companies Law" in Appendix IV to this prospectus.

2. Change in share capital of our Company

As at the date of incorporation, our authorised share capital was HK$380,000 divided into 38,000,000 shares of HK$0.01 each. Upon its incorporation, one Share was allotted and issued in cash at par, to its initial subscriber. On the same day, the said one Share was transferred to TEUR. In addition, one Share was allotted and issued in cash at par to Vast Base. The following changes in our share capital have taken place since the date of incorporation:

(a) On 11 April 2016, each of TEUR and Vast Base transferred 1 share of Chanhigh Investments to our Company. In consideration of the said transfer, our Company allotted and issued 999 Shares to each of TEUR and Vast Base.

(b) on 15 March 2017, our Company allotted and issued 1,000 Shares to Vast Base and 1,000 Shares to TEUR credited as fully paid for full settlement of the PYH Loan.

(c) On 15 March 2017, the authorised share capital of our Company was increased from HK$380,000 divided into 38,000,000 Shares of HK$0.01 each to HK$20,000,000 divided into 2,000,000,000 Shares of HK$0.01 each by creation of an additional 1,962,000,000 Shares.

(d) On 15 March 2017, conditional upon (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option), and (ii) the Global Offering becoming unconditional, an aggregate sum of HK$4,499,960 will be capitalised from the share premium account of our Company and applied in paying up in full of 449,996,000 Shares credited as fully paid at par to be allotted and issued to the then existing Shareholders whose names appeared on the register of members of our Company in proportion (as nearly as possible without involving fractions) to their respective shareholdings so that the number of Shares so allotted and issued, when aggregated with the number of Shares already owned by the then existing

Shareholders, will constitute not more than 75% of the enlarged issued share capital immediately following completion of the Global Offering (without taking into account any Share which may be issued and allotted pursuant to the exercise of the Over-allotment Option).

(d) Conditional upon (i) the Listing Committee granting approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Share which may be issued pursuant to the exercise of the Over-allotment Option), and (ii) the Global Offering becoming unconditional, our Company will issue and allot 150,000,000 new Shares ranking *pari passu* in all respects with the Shares, credited as fully paid under the Global Offering.

Assuming that the Global Offering becomes unconditional and the Offer Shares are issued, our issued share capital upon completion of the Global Offering will be HK$6,000,000 divided into 600,000,000 Shares (without taking into account any Shares which may be issued and allotted pursuant to the exercise of the Over-allotment Option).

Save for the aforesaid and as mentioned in the paragraph headed "Resolutions in writing passed by our Shareholders passed on 15 March 2017" below, there has been no alteration in the share capital of our Company since incorporation.

3. **Changes in share capital of our subsidiaries**

Our Company's subsidiaries includes Chanhigh Investments, Chanhigh HK, Chanhigh Landscape, Hefei Landscape and Xuancheng Landscape.

Save as set out in the section headed "History, Development and Reorganisation" in this prospectus, there has been no alteration in the share capital of any of our subsidiaries within the two years immediately preceding the date of this prospectus.

4. **Resolutions in writing passed by our Shareholders passed on 15 March 2017**

On 15 March 2017, our then Shareholders, passed resolutions in writing, pursuant to which, amongst other matters:

(a) our Company approved an increase of its authorised share capital from HK$380,000 to HK$20,000,000 by the creation of an additional 1,962,000,000 Shares, each ranking *pari passu* in all respects with our existing issued Shares;

(b) our Company approved and adopted the Memorandum with immediate effect and the Articles with effect from the Listing Date;

(c) conditional on (i) the Listing Committee granting the approval of the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned herein (including any Shares which may be issued pursuant to the exercise of the Over-allotment Option); and (ii) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional (including, if relevant, as a result of the waiver of any condition(s) by the Sole Lead Manager acting for themselves and on behalf of the Underwriters) and not being terminated in accordance with the terms of such agreements or otherwise, in each case on or before such dates as may be specified in the Underwriting Agreements:

(i) the Directors are authorised to capitalise the sum of HK$4,499,960 and apply the same in paying up in full at par 449,996,000 Shares for allotment and issue to the Shareholders whose names appeared on the register of members of our Company in proportion (as nearly as possible without involving fractions) to their then existing Shareholders in our Company and such Shares to be allotted and issued shall rank pari passu in all respects with all other existing issued shares;

(ii) the Global Offering was approved and the Directors were authorised to effect the same and to allot and issue the new Shares pursuant to the Global Offering on and subject to the terms and conditions stated in this prospectus;

(iii) the Over-allotment Option was approved and the Directors were authorised to effect the same and to allot and issue the Over-allotment Shares upon the exercise of the Over-allotment Option; and

(d) a general unconditional mandate (the "**Issuing Mandate**") was given to the Directors to exercise all powers for and on our behalf to allot, issue and deal with (otherwise than by way of rights issue or any scrip dividend schemes or similar arrangements providing for the allotment and issue of Shares in lieu of the whole or part of a dividend on Shares in accordance with the Articles or a specific authority granted by the Shareholders in general meeting or pursuant to the Global Offering, unissued Shares and securities carrying rights to subscribe for, exchange or convert into Shares (whether the exercise of such rights may take place during or after the period while such mandate remains in effect) with a total number of Shares not exceeding 20% of the total number of Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect from the date of Listing until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

(e) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors authorizing them to exercise all powers for and on our behalf to repurchase on the Stock Exchange or on any other stock exchange on which the Shares may be listed and which is recognised by the SFC and the Stock Exchange for this purpose such number of Shares not exceeding 10% of the aggregate of the total number of Shares in issue immediately following completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option), such mandate to remain in effect until whichever is the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles or any applicable laws of the Cayman Islands to be held; or

(iii) the passing of an ordinary resolution of the Shareholders in general meeting revoking, varying or renewing such mandate;

(f) the Issuing Mandate was extended by the addition to the aggregate number of Shares which may be allotted or agreed conditionally or unconditionally to be allotted by the Directors pursuant to such general mandate of an amount representing the aggregate number of Shares repurchased by our Company pursuant to the Repurchase Mandate provided that such extended amount shall not exceed 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding Shares which may be allotted and issued pursuant to the exercise of the Over-allotment Option).

5. **Reorganisation**

The companies comprising our Group underwent the Reorganisation in preparation for the listing. For further information relating to the Reorganisation, please refer to the section headed "History, Development and Reorganisation — Reorganisation".

6. **Repurchase of Shares by our Company**

This section includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase of our own securities.

(a) ***Regulations of the Listing Rules***

The Listing Rules permit companies whose primary listings are on the Stock Exchange to repurchase their securities on the Stock Exchange subject to certain restrictions, the most important of which are summarised below:

(i) *Shareholders' approval*

All repurchases of securities (which must be fully paid up in the case of shares) on the Stock Exchange by a company with a primary listing on the Stock Exchange must be approved in advance by an ordinary resolution, either by way of general mandate or by specific approval in relation to specific transaction.

Pursuant to the written resolutions of our then Shareholders passed on 15 March 2017, a general unconditional mandate (being the Repurchase Mandate referred to above) was given to the Directors authorizing any repurchase by us of our Shares on the Stock Exchange, or on any other stock exchange on which the securities of our Company may be listed and which is recognised by the SFC and the Stock Exchange of such number of Shares with a total number as will represent up to 10% of the total number of Shares in issue immediately following the completion of the Global Offering (excluding any Shares which may be issued pursuant to the exercise of the Over-allotment Option) at any time until (i) the conclusion of the next annual general meeting of the Company; (ii) or the expiration of the period within which the next annual general meeting of the Company is required by the Articles or any applicable laws of Cayman Islands to be held; (iii) or the passing of an ordinary resolution by our Shareholders in general meeting revoking, varying or renewing such mandate, whichever occurs first.

(ii) *Source of funds*

Repurchases must be funded out of funds legally available for the purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands. Any repurchase may be made out of funds legally permitted to be utilised in this connection, including profits of our Company, share premium account for our Company or out of proceeds of a fresh issue of Shares made for that purpose and in the case of any premium payable on a repurchase over the par value of the Shares to be repurchased, it must be paid out of either or both of the profits of our Company or our Company's share premium account. Subject to satisfaction of the solvency test prescribed by the Cayman Islands Companies Law, a repurchase may also be made out of capital.

(b) ***Reasons for repurchases***

Our Directors believe that it is in the best interests of our Company and the Shareholders for our Directors to have a general authority from our Shareholders to enable our Company to repurchase Shares in the market. Repurchases of Shares will only be made when our Directors believe that such repurchases will benefit our Company and our Shareholders. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net value of our Company and its assets and/or its earnings per Share.

(c) ***Funding of repurchases***

In repurchasing Shares, our Company may only apply funds legally available for such purpose in accordance with the Memorandum and the Articles and the applicable laws and regulations of the Cayman Islands.

The Directors do not propose to exercise the Repurchase Mandate to such an extent as would, in the circumstances, have a material adverse effect on the working capital or gearing position of our Company which, in the opinion of the Directors, are from time to time appropriate for our Company. However, there might be a material adverse impact on the working capital or gearing position of our Company as compared with the position disclosed in this prospectus in the event that the Repurchase Mandate is exercised in full.

(d) ***Share capital***

Exercise in full of the Repurchase Mandate, on the basis of 600,000,000 Shares in issue immediately after the completion of the Global Offering (without taking into account any Shares which may be issued upon the exercise of the Over-allotment Option) would result in up to 60,000,000 Shares being repurchased by our Company during the period prior to the earliest of:

(i) the conclusion of the next annual general meeting of our Company;

(ii) the expiration of the period within which the next annual general meeting of our Company is required by the Articles and applicable laws and regulations of the Cayman Islands to be held; or

(iii) the revocation, variation or renewal of the Repurchase Mandate by an ordinary resolution of the Shareholders in general meeting.

(e) ***Trading restrictions***

Pursuant to the Listing Rules, our Company:

(i) shall not purchase its Shares on the Stock Exchange if the purchase price is higher by 5% or more than the average closing market price for the five preceding trading days on which its Shares were traded on the Stock Exchange;

(ii) shall not purchase its Shares on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange from time to time;

(iii) shall not knowingly purchase its Shares from a core connected person and a core connected person shall not knowingly sell Shares to our Company, on the Stock Exchange;

(iv) shall procure that any broker appointed by our Company to effect the purchase of its Shares shall disclose to the Stock Exchange such information with respect to purchases made on behalf of our Company as the Stock Exchange may request;

(v) shall not purchase its Shares on the Stock Exchange at any time after an inside information has come its knowledge until the information is made publicly available. In particular, during the period of one month immediately preceding the earlier of:

(a) the date of the board meeting (as such date is first notified to the Stock Exchange in accordance with the Listing Rules) for approval of our Company's results for any year, half-year, quarterly or any other interim period (whether or not required under the Listing Rules); and

(b) the deadline for our Company to publish an announcement of its results for any year or half-year under the Listing Rules, or quarterly or any other interim period (whether or not required under the Listing Rules),

and ending on the date of the results announcement, our Company may not purchase its Shares on the Stock Exchange, unless the circumstances are exceptional;

(vi) may not purchase its Shares on the Stock Exchange if that purchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or the relevant prescribed minimum percentage for the Company as determined by the Listing Rules from time to time).

The Stock Exchange may waive all or part of the above restrictions if, in its opinion, the above are exceptional circumstances.

(f) ***General***

None of our Directors or, to the best of their knowledge, having made all reasonable enquiries, any of their respective close associates (as defined in the Listing Rules), have any present intention if the Repurchase Mandate is approved by the Shareholders, to sell any Shares to our Company or its subsidiaries.

Our Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules and the applicable laws and regulations of the Cayman Islands.

No core connected person of our Company has notified us that he or it has a present intention to sell Shares to us, or has undertaken not to do so, if the Repurchase Mandate is exercised.

No repurchase of Shares has been made by us since our incorporation.

If as a result of a repurchase of Shares, a Shareholder's proportionate interest in the voting rights of our Company increases, such increase will be treated as an acquisition for the purpose of the Takeovers Code. Accordingly, a Shareholder, or a group of Shareholders acting in concert (within the meaning of the Takeovers Code), depending on the level of increase of the Shareholders' interest, could obtain or consolidate control of our Company and become obliged to make a mandatory offer in accordance with Rule 26 of the Takeovers Code as a result of a repurchase of Shares made immediately after the listing of the Shares on the Stock Exchange. Save as aforesaid, our Directors are not aware of any other consequences which would arise under the Takeovers Code as a consequence of any repurchases made pursuant to the Repurchase Mandate immediately after the Listing.

B. FURTHER INFORMATION ABOUT THE BUSINESS

1. Summary of material contracts

The following contracts (not being contracts in the ordinary course of business) have been entered into by our Group within the two years preceding the date of this prospectus and are or may be material:

(a) Framework Agreement;

(b) Sub-Agreement 1;

(c) Sub-Agreement 2;

(d) Deed of Indemnity;

(e) Deed of Non-competition;

(f) an equity share transfer agreement dated 22 April 2016 entered into between CHHG and Chanhigh HK pursuant to which CHHG transferred its 91% equity interest in Chanhigh Landscape to Chanhigh HK;

(g) an equity share transfer agreement dated 22 April 2016 entered into between Mr. Peng DS and Chanhigh HK, pursuant to which Mr. Peng DS transferred his 9% equity interest in Chanhigh Landscape to Chanhigh HK;

(h) the deed of assignment dated 15 March 2017 entered into among Mr. Peng YH, Vast Base, TEUR and our Company, pursuant to which Mr. Peng YH shall assign RMB79,684,784.50 which represents 50% of the loan in a amount of RMB159,369,569 from Mr. Peng YH to each of Vast Base and TEUR;

(i) Hong Kong Underwriting Agreement;

(j) Licence Agreement;

(k) Tenancy Agreement;

(l) the cornerstone investment agreement dated 16 March 2017 entered into among our Company, the Sole Global Coordinator and Zhejiang Yongchuang, pursuant to which Zhejiang Yongchuang agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) which aggregate amount shall be capped at HK$78,000,000 (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%); and

(m) the cornerstone investment agreement dated 16 March 2017 entered into among our Company, the Sole Global Coordinator and Shanghai Jinmai, pursuant to which Shanghai Jinmai agreed to subscribe at the Offer Price for such number of Shares (rounded down to the nearest whole board lot of 2,000 Shares) which aggregate amount shall be capped at HK$39,000,000 (excluding brokerage fee of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%)

2. Intellectual Property Rights

(a) *Trademarks*

(i) As at the Latest Practicable Date, our Company has registered the following trademark in Hong Kong:

Trademark	Registration Number(s)	Applicant	Class *(Note)*	Date of application	Expiry Date
A. 沧海 CHANHIGH B. 沧海 CHANHIGH	303741200	Chanhigh Landscape	37, 44	12 April 2016	11 April 2026

Note:

Class 37: Building construction, repair, installation services; construction of public infrastructure; construction of public facilities; housing construction; development and redevelopment of land, real estate, property and residential property (construction services); commercial retail and industrial property development; civil engineering construction, construction engineering and supervision of construction; construction planning; construction, renovation, refurbishment, maintenance and repair of buildings, public and private infrastructure and facilities; management of construction projects; management of property and infrastructure development projects; information, advisory and consultancy services relating to all the aforesaid services.

Class 44: Agriculture, horticulture and forestry services; landscape gardening; flower arranging; landscape planning; landscape design services and landscaping; consultation and design services for landscaping and landscape gardening; landscape maintenance and repair.

(ii) On 6 May 2016, our Company entered into the Licence Agreement with CHHG, pursuant to which CHHG has granted an exclusive right to our Company and its subsidiaries to use the following trademarks:

No.	Trademark	Registrant	Place of Registration	Class (Note)	Registration No.	Expiry Date
1.		CHHG	PRC	1	11485208	20 February 2024
2.		CHHG	PRC	2	11487269	20 February 2024
3.		CHHG	PRC	3	11500718	20 April 2024
4.		CHHG	PRC	4	11487259	20 February 2024
5.		CHHG	PRC	5	11487229	20 February 2024
6.		CHHG	PRC	6	11493579	20 June 2024
7.		CHHG	PRC	7	11485185	13 February 2024
8.		CHHG	PRC	8	11493536	20 April 2024
9.		CHHG	PRC	9	11485139	13 February 2024

No.	Trademark	Registrant	Place of Registration	Class (Note)	Registration No.	Expiry Date
10.		CHHG	PRC	10	11485122	13 February 2024
11.		CHHG	PRC	11	11485127	13 February 2024
12.		CHHG	PRC	12	11485149	13 February 2024
13.		CHHG	PRC	13	11485155	13 February 2024
14.		CHHG	PRC	14	11485160	20 April 2024
15.		CHHG	PRC	15	11493510	20 February 2024
16.		CHHG	PRC	16	11488488	20 February 2024
17.		CHHG	PRC	17	11493515	20 February 2024
18.		CHHG	PRC	18	11488479	20 February 2024
19.		CHHG	PRC	19	11500732	6 April 2024

No.	Trademark	Registrant	Place of Registration	Class (Note)	Registration No.	Expiry Date
20.		CHHG	PRC	20	11488468	20 February 2024
21.		CHHG	PRC	21	11488453	27 August 2024
22.		CHHG	PRC	22	11487338	27 February 2024
23.		CHHG	PRC	23	11487308	20 February 2024
24.		CHHG	PRC	24	11493525	6 March 2024
25.		CHHG	PRC	25	11500769	6 May 2024
26.		CHHG	PRC	26	11487288	20 February 2024
27.		CHHG	PRC	27	11493549	6 March 2024
28.		CHHG	PRC	28	11500748	20 February 2024
29.		CHHG	PRC	29	11500812	6 April 2024

No.	Trademark	Registrant	Place of Registration	Class (Note)	Registration No.	Expiry Date
30.		CHHG	PRC	30	11500823	27 February 2024
31.		CHHG	PRC	31	11500840	20 February 2024
32.		CHHG	PRC	32	11500858	27 February 2024
33.		CHHG	PRC	33	11500881	20 February 2024
34.		CHHG	PRC	34	11485197	20 February 2024
35.		CHHG	PRC	35	11510348	20 February 2024
36.		CHHG	PRC	37	11510364	20 April 2024
37.		CHHG	PRC	38	11485171	13 February 2024
38.		CHHG	PRC	39	11510368	6 March 2024
39.		CHHG	PRC	40	11510378	20 February 2024

No.	Trademark	Registrant	Place of Registration	Class (Note)	Registration No.	Expiry Date
40.		CHHG	PRC	41	11500794	20 February 2024
41.		CHHG	PRC	42	11493557	20 June 2024
42.		CHHG	PRC	45	11493567	6 March 2024

Note:

Class 1 solidified gases for industrial purposes; chlorides; alcohol; fertiliser; saccharin; protein (raw material); cement-waterproofing chemicals; industrial chemicals; plastics, unprocessed; adhesives for industrial purposes

Class 2 dyes; pigments; food dyes; toner cartridges, filled, for printers and photocopiers; paints; anti-corrosive preparations; colophony; waterproof powder (paint); distempers; ink for skin-dressing

Class 3 detergents; polishing; furbishing preparations; aromatics (essential oils); dentifrices; incense; cosmetics for animals; air fragrancing preparations

Class 4 industrial oil; fuel; coal; wax (raw material); candles; dust removing preparations; electrical energy; industrial grease; oil-gas; lubricants

Class 5 medicines for human purposes; nutritional supplements; cleaning agent; medicines for veterinary purposes; gauze for dressings; antiseptic cotton; Chinese medicine pockets; adhesives for dentures; biochemical drugs; disinfectants for hygiene purposes

Class 6 common metals, unwrought or semi-wrought; pipe of metal; buildings of metal; rings of metal; hardware appliances; safes; container of metal for liquid or air

Class 7 agricultural machines; food preparation machines, electromechanical; food processors, electric; injectors for engines; finishing machines; hand-held tools, other than hand-operated; generators of electricity; valves (parts of machines); handling apparatus for loading and unloading; excavators

Class 8 agricultural implements, hand-operated; garden tools, hand-operated; instruments and tools for slaughtering animals; hand tools, hand-operated; punches (hand tools); graving tools (hand tools); blades (hand tools); tableware (knives, forks and spoons)

Class 9 computers; intercommunication apparatus; electro-acoustic assembly; measuring apparatus; optical apparatus and instruments; materials for electricity mains (wires, cables); plugs, sockets and other contacts (electric connections); optical glass; battery boxes; coils, electric

Class 10 medical apparatus and instruments; dental apparatus and instruments; physiotherapy apparatus; furniture especially made for medical purposes; feeding bottles; condoms; artificial limbs; orthopaedic articles; suture materials; massage apparatus

Class 11	lamps; cooking apparatus and installations; refrigerating appliances and installations; air conditioning installations; heating apparatus; regulating and safety accessories for water apparatus; sanitary apparatus and installations; water purification installations; pocket warmers; lights for vehicles
Class 12	carriages (railways); automobiles; shock absorbers for automobiles; decorations inside the vehicle; motorcycles; electric vehicles; cable car; baby carriages; aeronautical apparatus, machines and appliances; automobile tires
Class 13	firing platforms; pyrophoric substances; pyrotechnic products; sprays for personal defence purposes; firecrackers; cartridge pouches; starting paper; fireworks; signal rockets; explosives
Class 14	precious metals, unwrought or semi-wrought, jewelry boxes; chronometric instruments; watches; chronometers
Class 15	musical instruments; musical boxes; drums (musical instruments); accordions; tuning forks; music box; music stands; piano keyboards; electronic musical instruments; conductors' batons
Class 16	paper; towels of paper; printed matter; printed publications; pictures; stationery; writing instruments; self-adhesive tapes for stationery or household purposes; ribbons; chaplets
Class 17	synthetic rubber; sealant compounds for joints; synthetic resins (semi-finished products); plastic sheeting for agricultural purposes; flexible hoses, not of metal; non-conducting materials for retaining heat; insulating materials; waterproof packings; sealing cable (cigarette); stuffing rings
Class 18	leather, unworked or semi-worked; handbags; leather straps; umbrellas; canes; covers for animals; gut for making sausages; purses (wallet); briefcases; leather trimmings for furniture
Class 19	wood; cement; concrete building elements; refractory construction materials, not of metal; waterproofing membrane; construction materials, not of metal; buildings, not of metal; coatings (building materials); binding agents for making briquettes; statuettes of stone, concrete or marble
Class 20	furniture; containers, not of metal (storage, transport); drafting tables; picture frames; bamboo artwork; works of art of wood, wax, plaster or plastic; pillows; furniture fittings, not of metal; cushions; window fittings, not of metal
Class 21	ceramics for household purposes; glassware (including cups, plates, pots, jar); porcelain (including pots, bowls, plates, kettles, tableware, jars, altars, cans); works of art of porcelain, ceramic, earthenware or glass; drinking vessels; cleaning instruments, hand-operated; indoor aquaria; insect traps
Class 22	covers for camouflage; sail; plastic fibers (fibres) for textile use; tents; bottle envelopes of straw
Class 23	yarn; thread; wool; woollen thread and yarn; threads of plastic materials for textile use; spun thread and yarn; worsted; knitting wool; sewing thread and yarn; nylon thread
Class 24	fitted toilet lid covers of fabric
Class 25	clothing; babies' pants (underwear); waterproof clothing; ready-made clothing; shoes; hats; socks; gloves (clothing); scarves; belts (clothing)
Class 26	lace trimmings; clothing accessories; buttons; wigs; haberdashery, except thread; artificial flowers; shoulder pads for clothing; heat adhesive patches for decoration of textile articles (haberdashery); competitors' numbers; decorative articles for the hair
Class 27	mats; pillow mats; wallpaper; carpet underlay
Class 28	apparatus for games; toys; chess games; balls for games; machines for physical exercises; swimming pools (play articles); skating boots with skates attached; sports belts; fishing tackle

Class 29	meat; fish-based foodstuffs; fish, tinned (canned (Am.)); fruit, preserved; vegetables, preserved; milk products; edible oils; gelatine; nuts, prepared; mushrooms, preserved
Class 30	tea; spring lantern festival; oatmeal; noodles; gluten prepared as foodstuff
Class 31	trees; grains (cereals); plants; live animals; fruit, fresh; vegetables, fresh; plant seeds; fodder; sea-cucumbers, live; hay
Class 32	beer; preparations for making beverages
Class 33	fruit extracts, alcoholic; arrack; wine; liqueurs; alcoholic beverages, except beer; rice alcohol; sake; baijiu; alcoholic extracts; cooking wine
Class 34	cigarettes; tobacco pipes; matches; firestones; cigarette filters; tobacco; snuff; ashtrays for smokers; tobacco pouches; mouthpieces for cigarette holders
Class 35	advertising; provision of commercial and business contact information; marketing; employment agency services; relocation services for businesses; word processing; accounting; import-export agency services; sponsorship search; design of advertising materials
Class 37	heating equipment installation and repair; photographic apparatus repair
Class 38	television broadcasting; telephone services; computer aided transmission of messages and images; telex services; voice mail services; videoconferencing services; transmission of electronic mail; message sending; communications by fiber optic networks; providing user access to global computer networks
Class 39	vehicle rental; rental of diving suits; water supplying; courier services (messages or merchandise); travel and sightseeing; rental of wheelchairs
Class 40	material treatment information; metal treating; textile treating; woodworking; paper treating; dressmaking; printing; decontamination of hazardous materials; air freshening; framing of works of art
Class 41	educational services; arranging and conducting of congresses; mobile library services; publication of books; production of shows; entertainment services; health club services (health and fitness training); animal training; toy rental; games equipment rental
Class 42	quality control; vehicle roadworthiness testing; packaging design; computer programming; authenticating works of art; intangible assets valuation
Class 45	clothing rental; marriage agency services; fire-fighting; opening of security locks; rental of safes; organisation of religious meetings

For details of the Licence Agreement, please refer to the section headed “Continuing Connected Transactions” of this prospectus.

(b) *Patent*

As at the Latest Practicable Date, our Group was the registered owner of the following patents that are material to the business of our Group:

	Patent Title	Place of registration	Registrant	Type	Registration no.	Duration of validity
1.	市政園林育苗種子乾燥消毒處理系統	PRC	Chanhigh Landscape	Utility Model Patent	ZL201520711905.X	2025.09.14
2.	一種市政工程用垃圾回收站	PRC	Chanhigh Landscape	Utility Model Patent	ZL201520670890.7	2025.08.31
3.	一種有機污染土壤修復裝置	PRC	Chanhigh Landscape	Utility Model Patent	ZL201520649393.9	2025.08.25
4.	一種垃圾處理裝置	PRC	Chanhigh Landscape	Utility Model Patent	ZL201520600101.2	2025.08.10
5.	安裝有風冷熱泵式空調器的房間的通風系統	PRC	Chanhigh Landscape	Utility Model Patent	ZL2013205375700.5	2023.08.29
6.	保溫架空樓板	PRC	Chanhigh Landscape	Utility Model Patent	ZL201320537585.1	2023.08.29
7.	一種建築用防水塗料及其製備方法	PRC	Chanhigh Landscape	Invention	ZL201410679262.5	2034.11.23
8.	斜坡式建築樓梯	PRC	Chanhigh Landscape	Invention	ZL201410263106.0	2034.6.13

(c) *Domains*

As at the Latest Practicable Date, our Group was the registered owner of the following domain names that are material to the business of our Group:

Domain name	Registrant	Date of Registration	Expiry date
chanhigh.com.hk	Chanhigh HK	4 May 2016	4 May 2026

Save as disclosed herein, there are no other trade or service marks, patents, other intellectual or industrial property rights which are material to the business of our Group.

C. FURTHER INFORMATION ABOUT DIRECTORS AND SUBSTANTIAL SHAREHOLDERS

1. Directors

(a) *Disclosure of interest — interests and short positions of the Directors and the chief executives of our Company in our Shares, underlying Shares and debentures of our Company and our associated corporations*

Immediately following completion of the Global Offering (without taking into account any Shares which fall to be issued upon exercise of the Over-allotment Option), the interest and short position of our Directors or chief executives of our Company in our Shares, underlying Shares and debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will be required to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interest or short positions which they were taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to be notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, will be as follows:

Interest in the Company

Name of Director	Nature of interest	Number and class of securities (Note 1)	Approximate shareholding percentage (%)
Mr. Peng YH	Trustee of the PYH Family Trust and the PTB Family Trust *(Note 2)*	450,000,000 Shares (L)	75%
Mr. Peng TB	interests under section 317 *(Note 3)*	450,000,000 Shares (L)	75%
Mr. Peng DS	interests under section 317 *(Note 3)*	450,000,000 Shares (L)	75%
Ms. Wang SF	interests under section 317 *(Note 3)*	450,000,000 Shares (L)	75%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Vast Base is owned by Mr. Peng YH as trustee of the PYH Family Trust and TEUR is owned by Mr. Peng YH as trustee of the PTB Family Trust. Mr. Peng YH being the trustee of the PYH Family Trust and the PTB Family Trust, is therefore deemed to be interested in the Shares held by the PYH Family Trust and the PTB Family Trust under the SFO.

(3) Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of section 317 of the SFO.

(b) *Particulars of service contracts*

Each of our executive Directors has entered into a service contract with our Company for a term of three years commencing from the Listing Date, which may be terminated in accordance with the provisions of the service contract or by not less than three months' notice in writing served by either party on the other. Particulars of the service agreements of the executive Directors are in all material respects the same. Each of our executive Directors shall be entitled to the annual fee as follows:

Name of Director	Annual Director's remuneration
	RMB
Mr. Peng TB	1,200,000
Mr. Peng YH	1,200,000
Mr. Peng DS	1,200,000

Ms. Wang SF has been appointed as a non-executive Director pursuant to a service contract for a term of three years commencing from the Listing Date. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

Name of Director	Annual Director's remuneration
	RMB
Ms. Wang SF	70,000

Each of Mr. Fan Rong (范榮), Mr. Yang Zhongkai (楊仲凱) and Mr. Shi Weixing (施衛星) has been appointed as an independent non-executive Director pursuant to a service contract for a term of three years commencing from the Listing Date. The appointments are subject to the provisions of retirement by rotation of Directors under the Articles.

Name of Director	Annual Director's remuneration
	RMB
Mr. Fan Rong	70,000
Mr. Shi Weixing	70,000
Mr. Yang Zhongkai	70,000

(c) *Directors' remuneration*

The aggregate amount of remuneration paid and benefits in kind granted to our Directors in respect of each of the three financial years ended 31 December 2013, 31 December 2014 and 31 December 2015 and 10 months ended 31 October 2016 were approximately RMB166,000, RMB166,000, RMB182,000 and RMB257,000, respectively.

Under the arrangement currently in force, the estimated aggregate amount of remuneration payable by our Group to our Directors for the year ending 31 December 2017 will be approximately RMB2,910,000.

Save as disclosed in this prospectus, none of our Directors has or is proposed to have a service contract with any member of our Group, save for contracts expiring or determinable by any member of our Group within one year without the payment of compensation other than statutory compensation.

2. **Substantial Shareholders**

So far as the Directors are aware, immediately following the completion of the Global Offering (without taking into account any Shares which fall to be issued upon exercise of the Over-allotment Option), the following person other than a director or chief executive of our Company will have an interest or short position in the Shares and the underlying Shares which would fall to be disclosed to our Company under provisions of Divisions 2 and 3 of Part XV of the SFO, or who will be, directly or indirectly, interested in 10% or more of the issued Shares carrying rights to vote in all circumstances at general meetings of any other members of our Group:

Shareholder	Nature of interest	Number of Shares (Note 1)	Approximate percentage of shareholding (%)
Vast Base	Beneficial interest	225,000,000 (L)	37.5%
TEUR	Beneficial interest	225,000,000 (L)	37.5%
Mr. Peng YH	Trustee *(Note 2)*	450,000,000 (L)	75%
Mr. Peng TB	interests under section 317 *(Note 3)*	450,000,000 (L)	75%
Mr. Peng DS	interests under section 317 *(Note 3)*	450,000,000 (L)	75%
Ms. Wang SF	interests under section 317 *(Note 3)*	450,000,000 (L)	75%

Notes:

(1) The letter "L" denotes the person's long position in such Shares.

(2) Vast Base is wholly owned by Mr. Peng YH as the trustee of the PYH Family Trust. The PYH Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng YH and his descendants who carry the "PENG (彭)" surname. On the other hand, TEUR is wholly owned by Mr. Peng YH as the trustee of PTB Family Trust. The PTB Family Trust is a discretionary trust set up by Mr. Peng YH whose beneficiaries are Mr. Peng TB and his descendants who carry the "PENG (彭)" surname. Under the SFO, Mr. Peng YH as a trustee of the PYH Family Trust and the PTB Family Trust is deemed to be interested in all Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust.

(3) Pursuant to the Acting-in-Concert Confirmation, each of Mr. Peng DS, Ms. Wang SF, Mr. Peng YH and Mr. Peng TB is deemed to be interested in all the Shares held by Vast Base and TEUR under the PYH Family Trust and the PTB Family Trust by virtue of section 317 of the SFO.

Save as disclosed, without taking into account of Shares which may be taken up under the Global Offering, none of the Directors knows of any person (not being a Director or chief executive of our Company) who will, immediately following completion of the Global Offering and assuming the Over-allotment Option is not exercised, have an interest or short position in the Shares or underlying Shares of our Company which would fall to be disclosed to our Company under the provisions of Divisions 2 and 3 of Part XV of SFO or be interested, directly or indirectly, in 10% or more of the issued Shares carrying rights to vote in all circumstances at general meetings of any member of our Group.

3. **Directors' and Shareholders' interests in suppliers and customers of our Group**

As at the Latest Practicable Date, so far as our Directors are aware, none of the persons who are (1) Directors; (2) their close associates; or (3) Shareholder which to the knowledge of our Directors will own more than 5% of our Company's issued share capital immediately upon completion of the Global Offering assuming the Over-allotment Option is not exercised had interest in the five largest customers or the five largest suppliers of our Group.

4. **Disclaimers**

Save as disclosed herein and as at the Latest Practicable Date:

(a) none of our Directors or experts referred to under the heading "Consents of experts" in this Appendix has any direct or indirect interest in the promotion of our Company, or in any assets which have within the two years immediately preceding the date of this prospectus been acquired or disposed of by or leased to any member of our Group, or are proposed to be acquired or disposed of by or leased to any member of our Group;

(b) none of our Directors or experts referred to under the heading "Consents of experts" in this Appendix is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to the business of our Group;

(c) none of our Directors has any existing or proposed service contracts with any member of our Group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)); and

(d) none of the experts referred to under the heading "Consents of experts" in this Appendix is interested beneficially or otherwise any shareholding in any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

D. OTHER INFORMATION

1. **Estate duty, tax and other indemnities**

The Peng Family, Vast Base and TEUR (collectively, the "**Indemnifiers**") have entered into a deed of indemnity with and in favour of our Company (for itself and as trustee for each of its present subsidiaries) (being the contract referred to in the paragraph headed "Summary of material contracts" in this Appendix) to provide indemnities on a joint and several basis in respect of:

(1) Hong Kong estate duty which might be payable by any member of our Group, by reason of any transfer of property by virtue of section 35 and section 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) to any member of our Group on or before the date of commencement of dealings of the Shares on the Stock Exchange;

(2) taxation falling on any of our Group companies resulting from or by reference to any income, profits or gains earned, accrued or received whether in Hong Kong, the PRC, Cayman Islands, BVI or other parts of the world, on or before the date of commencement of dealings of the Shares on the Stock Exchange which might be payable by any member of our Group; and

(3) any and all losses, claims, actions, proceedings, demands, liabilities, damages, costs (including all legal costs), fees, expenses, fines, penalties, charges of whatever nature arising from any claim, counter claim, assessment, notice, demand or other documents issued or action taken by or on behalf of the Inland Revenue Department of Hong Kong, or the tax bureau of the PRC or any other statutory or governmental authority whatsoever in Hong Kong, the PRC, Cayman Islands, BVI or any other part of the world in relation to taxation; and

(4) losses, claims, actions, proceedings, demands, liabilities, damages, costs (including all legal costs), fees, expenses, fines, penalties, charges and any regulatory punishment by the PRC authorities and of whatever nature which any member of our Group may make, suffer or incur directly or indirectly as a result of or in connection with the following:

(i) the Reorganisation; and

(ii) any and all breaches of any provision under the Companies Ordinance or other applicable laws, rules or regulations which has occurred at any time on or before the date of commencement of dealings of the Shares on the Stock Exchange as set out in the section headed "Business — Legal Compliance And Litigation" in the prospectus and all documents submitted to the Stock Exchange in relation to the Listing.

The Indemnifiers will, however, not be liable under the deed of indemnity:

(i) to the extent that provision or reserve has been made for such taxation or taxation claims in the audited combined accounts of our Group for any accounting period up to 31 December 2015 and 10 months ended 31 October 2016 (the "**Accounts**"); or

(ii) to the extent that such taxation or taxation claims falling on any member of our Group companies in respect of any period commencing on or after 1 November 2016 unless liability for such taxation would not have arisen but for some act or omission of, or transactions entered into by any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) otherwise than in the ordinary course of business or ordinary course of acquiring and disposing of capital assets of our Group companies after 1 November 2016 or pursuant to a binding commitment created on or before 1 November 2016 or pursuant to any statement of intention made in this prospectus; or

(iii) to the extent provisions or reserve made such taxation in the Accounts is finally established to be an over-provision or an excessive reserve; or

(iv) to the extent that the taxation claim arises or is incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law coming into force or interpretation or practice thereof after the date of commencement of dealings of the Shares on the Stock Exchange or to the extent that such taxation claim arises or is increased by an increase in rates of taxation or taxation claims after such date with retrospective effect.

Our Directors have been advised that no material liability for estate duty is likely to fall on our Company or any of our subsidiaries in the Cayman Islands, Hong Kong, BVI or PRC.

2. Litigation

Saved as disclosed in the paragraph headed "Business — Legal Compliance and Litigation" of this prospectus, as at the Latest Practicable Date, no member of our Group was engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to our Directors to be pending or threatened against any member of our Group.

3. Sole Sponsor

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee for a listing of, and permission to deal in, all the Shares in issue and to be issued as mentioned in this prospectus (including any Shares falling to be issued pursuant to the exercise of the Over-allotment Option).

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

The Sole Sponsor's fee is HK$6.0 million and are payable by our Company.

4. Preliminary expenses

The preliminary expenses relating to the incorporation of our Company are estimated to be approximately HK$52,500 and are payable by our Company.

5. Promoter

Our Company has no promoter for the purposes of the Listing Rules. No cash, securities or other benefit has been paid, allotted or given within the two years preceding the date of this prospectus to any promoter of our Company nor is any cash, securities or benefit intended to be paid, allotted or given in connection with the Global Offering or the related transactions described in this prospectus.

6. Qualification of experts

The following are the qualifications of the experts who have given opinion or advice which are contained in this prospectus:

Name	Qualifications
Essence Corporate Finance (Hong Kong) Limited	Licensed corporation under the SFO to engage in type 6 (advising on corporate finance) regulated activities
Jingtian & Gongcheng	PRC legal advisers
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
RSM Hong Kong	Certified public accountants

The statements of the experts as mentioned in this paragraph above were dated the date of this prospectus and were made by the experts for incorporation in this prospectus.

7. **Consents of experts**

Each of the experts whose names are set out in the paragraph 6 of "Qualification of experts" in this Appendix has given and has not withdrawn its written consent to the issue of this prospectus with the inclusion of its report and/or letter and/or valuation certificate and/or opinion and the references to its name included herein in the form and context in which it is respectively included.

8. **Binding effect**

This prospectus shall have the effect, if an application is made in pursuance hereof, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of Sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provisions) Ordinance so far as applicable.

9. **Miscellaneous**

(a) Save as disclosed in this prospectus, and, where applicable:

(i) within the two years preceding the date of this prospectus, no share or loan capital of our Company or any of our subsidiaries has been issued or agreed to be issued or is proposed to be fully or partly paid either for cash or a consideration other than cash;

(ii) no share or loan capital of our Company or any of its subsidiaries is under option or is agreed conditionally or unconditionally to be put under option;

(iii) within the two years preceding the date of this prospectus, no commissions, discounts, brokerages or other special terms have been granted or agreed to be granted in connection with the issue or sale of any share or loan capital of our Company or any of its subsidiaries;

(iv) within the two years preceding the date of this prospectus, no commission has been paid or is payable for subscription, agreeing to subscribe, procuring subscription or agreeing to procure subscription of any share in our Company or any of our subsidiaries; and

(v) no founder, management or deferred shares of our Company or any of our subsidiaries have been issued or agreed to be issued and no amount or benefit had been paid or given within two preceding years or is intended to be paid or given to any promoter.

(b) None of the persons named in the paragraph headed "Qualification of experts" in this Appendix is interested beneficially or otherwise in any shares of any member of our Group or has any right or option (whether legally enforceable or not) to subscribe for or nominate persons to subscribe for any securities in any member of our Group.

(c) The branch share register of our Company will be maintained in Hong Kong by Computershare Hong Kong Investor Services Limited. Unless our Directors otherwise agree, all transfer and other documents of title of Shares must be lodged for registration with and registered by our Company's share register in Hong Kong and may not be lodged in the Cayman Islands. All necessary arrangements have been made to enable the Shares to be admitted to CCASS.

(d) No company within our Group is presently listed on any stock exchange or traded on any trading system.

(e) Saved as disclosed in this prospectus, none of our Directors or the persons named under "Qualification of experts" in this Appendix had received any commissions, discounts, brokerages or other special terms or agency fees from our Group in connection with the issue or sale of any capital of any member of our Group within the two years immediately preceding the date of this prospectus.

(f) The Underwriters will receive such commission(s), fee(s) and/or expense(s) as mentioned in the section headed "Underwriting" in this prospectus.

(g) We entered into certain related party transactions within the two years immediately preceding the date of this prospectus. Please refer to note 35 of the Accountants' Report set out in Appendix I to this prospectus.

(h) There has not been any interruption in the business of our Group which may have or have had a significant effect on the financial position of our Group in the 12 months preceding the date of this prospectus.

(i) There is no arrangement under which future dividends are waived or agreed to be waived.

(j) we have no outstanding convertible debt securities.

10. **Bilingual Prospectus**

The English language and the Chinese language versions of this prospectus are being published separately in reliance upon the exemption provided by Section 4 of the Companies (Exemption of Companies and Prospectus from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong). In case of any discrepancies between the English language version and the Chinese language version, the English language version shall prevail.

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES

The documents attached to a copy of this prospectus and delivered to the Registrar of Companies in Hong Kong for registration were:

- copies of the **WHITE**, **YELLOW** and **GREEN** Application Forms;
- copies of each of the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix V to this prospectus; and
- the written consents referred to in the paragraph headed "Consents of experts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the offices of Iu, Lai & Li Solicitors & Notaries, Rooms 2201, 2201A & 2202, 22nd Floor, Tower I, Admiralty Centre, No.18 Harcourt Road, Hong Kong, during normal business hours up to and including the date which is 14 days from the date of this prospectus:

- the Memorandum of Association and Articles of Association;
- the Accountants' Report prepared by RSM Hong Kong, the text of which is set out in Appendix I to this prospectus;
- the audited consolidated financial statements of our Group for the three financial years ended 31 December 2015 and for the ten months ended 31 October 2016;
- the report on the unaudited pro forma financial information prepared by RSM Hong Kong, details of which are set out in Appendix II to this prospectus;
- the PRC legal opinions issued by Jingtian & Gongcheng, our PRC Legal Advisers on PRC law;
- the letter prepared by Conyers Dill & Pearman, our legal advisers on Cayman Islands law, summarising certain aspects of the company law of the Cayman Islands referred to in Appendix IV to this prospectus;
- the Cayman Islands Companies Law; and
- the material contracts referred to in the paragraph headed "Summary of material contracts" in Appendix V to this prospectus;

- the service contracts and letters of appointment referred to in the paragraph headed "Statutory and General Information — C. Further Information about Directors and Substantial Shareholders — 1. Directors — (b) Particulars of service contracts" in Appendix V to this prospectus; and

- the written consents referred to in the paragraph headed "Consents of experts" in Appendix V to this prospectus.

沧海
CHANHIGH