CHEN XING

辰興發展控股有限公司
Chen Xing Development Holdings Limited

(Incorporated in the Cayman Islands with limited liability)

Stock code : 2286

GLOBAL OFFERING

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

ICBC 工银国际

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

CHEN XING

Chen Xing Development Holdings Limited
辰興發展控股有限公司

(Incorporated in the Cayman Islands with limited liability)

GLOBAL OFFERING

Number of Offer Shares	**:**	**100,000,000 Shares (subject to adjustment)**
Number of Hong Kong Offer Shares	**:**	**10,000,000 Shares (subject to adjustment and reallocation)**
Number of International Placing Shares	**:**	**90,000,000 Shares (subject to adjustment and reallocation)**
Maximum Offer Price	**:**	**HK$3.20 per Offer Share, plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005% (payable in full on application and subject to refund)**
Nominal value	**:**	**HK$0.01 per Share**
Stock code	**:**	**2286**

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

ICBC 工银国际

Co-lead Managers

國泰君安國際 GUOTAI JUNAN INTERNATIONAL

東英 ORIENTAL PATRON

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

See "Risk Factors" for a discussion of certain risks that you should consider before investing in the Shares. Before making an investment decision, prospective investors should consider carefully all information set out in this prospectus.

The Offer Price is expected to be fixed by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us on the Price Determination Date. The Price Determination Date is expected to be on or about June 25, 2015. The Offer Price will not be more than HK$3.20 per Offer Share and is currently expected to be not less than HK$2.60 per Offer Share, unless otherwise announced. Applicants for Hong Kong Offer Shares are required to pay, upon application, the maximum Offer Price of HK$3.20 for each Hong Kong Offer Share together with a brokerage fee of 1%, a SFC transaction levy of 0.0027% and a Stock Exchange trading fee of 0.005%, subject to refund if the Offer Price as finally determined is less than HK$3.20 per Offer Share. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and us, the Global Offering will not proceed and will lapse.

The obligations of the Hong Kong Underwriters under the Hong Kong Underwriting Agreement are subject to termination by the Sole Global Coordinator (for itself and on behalf of the Underwriters) if certain grounds arise prior to 8:00 a.m. on the Listing Date. Such grounds are set out in the section headed "Underwriting" in this prospectus. It is important that you refer to that section for further details.

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

June 22, 2015

Latest time to complete electronic applications through the **White Form eIPO** service through the designated website at **www.eipo.com.hk** *(Notes 2, 3 and 4)*	11:30 a.m. on Thursday, June 25, 2015
Application lists of the Hong Kong Public Offer open *(Note 2)*	11:45 a.m. on Thursday, June 25, 2015
Latest time for lodging **WHITE** and **YELLOW** Application Forms and giving **electronic application instruction** to HKSCC	12:00 noon on Thursday, June 25, 2015
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 Thursday, June 25, 2015
Application Lists of the Hong Kong Public Offer close	12:00 noon on Thursday, June 25, 2015
Price Determination Date *(Note 5)*	Thursday, June 25, 2015
Announcement of the final Offer Price, the level of applications of the Hong Kong Public Offer, the level of indications of interests in the International Placing, and the basis of allocation of the Hong Kong Offer Shares to be published (a) in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese); (b) on the website of our Company at **http://www.chen-xing.cn**; and (c) on the website of the Stock Exchange at **www.hkexnews.hk** on or before	Thursday, July 2, 2015
Results of allocations with Hong Kong identity cards, passport numbers or Hong Kong business registration certificate numbers (where applicable) of successful applicants of the Hong Kong Offer Shares to be made available on the website of our Company at **http://www.chen-xing.cn** and the website of the Stock Exchange at **www.hkexnews.hk** on or before	Thursday, July 2, 2015
Results of allocations in the Hong Kong Public Offering will be available at **www.iporesults.com.hk** with a "search by ID" function	Thursday, July 2, 2015
Dispatch of Share certificates and White Form e-Refund payment instructions/refund cheques in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application pursuant to the Hong Kong Public Offer on or before *(Notes 6, 7 and 8)*	Thursday, July 2, 2015
Dealings in Shares on the Stock Exchange to commence on	Friday, July 3, 2015

Notes:

(1) All times refer to Hong Kong local 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.

(2) If there is a "black" rainstorm warning or a tropical cyclone warning signal number 8 or above in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 25, 2015, the application lists will not open on that day. Further information is set out in the paragraph headed "Effect of bad weather on the opening of the application lists" under the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

(3) Applicants will not be permitted to submit applications through the designated website at www.eipo.com.hk after 11:30 a.m. on the last day for submitting applications. If applicants have already submitted applications and obtained an application reference number from the designated website prior to 11:30 a.m., they 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.

(4) Applicants who apply for Hong Kong Public Offer through the White Form eIPO service should refer to the paragraph headed "Applying through White Form eIPO service" of the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus for details.

(5) The Price Determination Date is expected to be on or about Thursday, June 25, 2015. If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the underwriters) and us, the Global Offering will not proceed.

(6) Our Company will not issue any temporary documents of title in respect of the Shares. Share certificates will only become valid certificates of title at 8:00 a.m. on Friday, July 3, 2015 (Hong Kong time), provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares on the basis of publicly available allocation details 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.

(7) e-Refund payment instructions/refund cheques will be issued in respect of wholly or partially unsuccessful applications and in respect of successful applications if the final Offer Price is less than the price payable on application. Part of the applicant's Hong Kong identity card number or passport number, or, if the application is made by joint applicants, part of the Hong Kong identity card number or passport number of the first-named applicant, provided by the applicant(s) may be printed on the refund cheque, if any. Such data would also be transferred to a third party for refund purpose. Banks may require verification of an applicant's Hong Kong identity card number or passport number before cashing the refund cheque. Inaccurate completion of an applicant's Hong Kong identity card number or passport number may lead to a delay in encashment of, or may invalidate, the refund cheque.

(8) Applicants who apply on **WHITE** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer and have provided all required information may collect their refund cheques (where applicable) and Share certificates (where applicable) in person from our Company's 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 a.m. to 1:00 p.m. on Thursday, July 2, 2015 or any other date as notified by our Company in the newspaper as the date of collection/dispatch of e-Refund payment instructions/refund cheques/Share certificates. Identification and (where applicable) authorization documents acceptable to Computershare Hong Kong Investor Services Limited must be produced at the time of collection.

Applicants who apply on **YELLOW** Application Forms for 1,000,000 Hong Kong Offer Shares or more under the Hong Kong Public Offer and have provided all required information may collect their refund cheques (where applicable) but may not elect to collect their Share certificates (where applicable), which will be deposited into CCASS for credit to their designated CCASS Participants' stock accounts or CCASS Investor Participants' stock accounts, as appropriate. The procedure for collection of refund cheques for applicants who apply on **YELLOW** Application Forms for Hong Kong Offer Shares is the same as that for **WHITE** Application Form applicants.

Applicants who opt for personal collection must not authorize any person to make collection on their behalf. Applicants being corporations which opt for personal collection must attend by their authorized representatives with letters of authorization of their corporations stamped with the corporation's chops (being the name of the corporations). Both individuals and authorized representatives of corporations (as applicable) must produce, at the time of collection, evidence of identity and authority (as applicable) acceptable to our Company's Hong Kong Share Registrar.

Uncollected Share certificates and refund cheques will be dispatched by ordinary post at the applicants' own risk to the addresses specified in the relevant Application Forms. Further information is set out in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus.

For details of the structure of the Global Offering, including conditions of the Hong Kong Public Offer, please refer to the section headed "Structure of the Global Offering" in this prospectus.

IMPORTANT NOTICE TO INVESTORS

You should rely only on the information contained in this prospectus and the Application Forms to make your investment decision. We have not authorized anyone to provide you with information that is different from what is contained in this prospectus. Any information or representation not made in this prospectus must not be relied on by you as having been authorized by the Company, the Sole Global Coordinator, the Sole Sponsor, the Sole Bookrunner, the Sole Lead Manager, any of the Underwriters, any of their respective directors, officers or representatives 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 this is a summary, it does not contain all the information that may be important to you. You should read the whole document before you decide whether you want to invest in the Shares.

There are risks associated with any investment. Some of the particular risks in investing in the Shares are set out in the section headed "Risk Factors" in this prospectus. You should read that section carefully before you decide to invest in the Shares.

OVERVIEW

We are one of the leading property developers in Shanxi Province, focusing on development projects primarily comprising residential and, to a lesser extent, commercial properties. We commenced our property development operations in Jinzhong, Shanxi Province in 1997. For nearly 20 years, adhering to the principles of "building our brand through good faith to enhance our earnings"(“以誠信創品牌，以品牌增效益”), we have implemented a regional development strategy of utilizing Jinzhong as our home base, with expansion into Taiyuan. We have also successfully expanded our footprint to Mianyang, Sichuan Province. In 2013, we ranked 279th among the "Top 500 Property Developers in China" and we ranked first among all property developers based in Shanxi Province, which was jointly selected by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

We operate under the philosophy of "being people-oriented and operating in good faith so as to become a responsible property developer and contribute to a harmonious society"(“以人為本、誠信經營、責任地產、和諧社會”), focusing on developing properties that target the specific preferences and needs of our customers. We offer a wide range of residential properties, including high-rise and mid-rise apartments, multi-layer garden apartments and townhouses. We are currently developing quality large-scale living communities equipped with multi-functional ancillary facilities including retail shops, kindergartens, schools, clubhouses and car parking spaces, which aim to provide high-quality living and consumption options for our customers.

As of March 31, 2015, we had completed 10 projects and certain portions of two projects. As of March 31, 2015, we had a land bank with a total GFA of 2.4 million sq.m. in Jinzhong, Taiyuan and Mianyang, comprising a total GFA of 385,402 sq.m. completed but remaining unsold, two projects and certain portions of three projects under development with a total GFA of 1,289,887 sq.m. and certain portions of two projects held for future development with a total GFA of 768,150 sq.m. We believe that our quality land reserves will provide us with a sufficient project development pipeline for the next four to five years. We engage a prudent land acquisition and project selection strategy by strategically focusing on suburban areas and only acquiring land parcels that (i) can be effectively managed by our available resources, (ii) fit into our investment budget, (iii) have the potential to meet our target project return criteria, and (iv) minimize potential legal concerns.

We completed the subscription for 51% of the equity interest in Jinzhong Development in August 2014, which currently participates in the Urban Redevelopment Scheme in Jinzhong Economic Technology Development District, which has a total site area of 649,208 sq.m., namely, Longtian Project. We develop resettlement housing pursuant to a development and allocation agreement (as supplemented by a later supplemental agreement) with the Management Committee, which provides us a guaranteed margin of 3.8% through a management fee paid to us. The Directors believe that the reason for such management fee (after accounting for the income tax payable thereon) to produce a lower return as compared to our overall net profit margin that ranges from 4.6% to 12.9% during the Track Record Period is attributable to (i) the much lower commercial risk involved for Phase I of Longtian Project where the counter party is the Management Committee; and (ii) the difference in nature of the businesses with Phase I of Longtian Project relating to the sale of resettlement housing as part of the Urban Redevelopment Scheme, whereas the projects undertaken by our Group during the Track Record Period primarily relate to the sale of residential and commercial properties. However, despite its lower profitability, our Directors believe that it is in our interests to participate in Phase I of Longtian Project as our involvement has favorably positioned us to bid for the land use rights in relation to Phases II or III of Longtian Project. Our Directors believe that the local government would favorably consider bidders who have extensive experience in developing quality large-scale living communities and strong industry experience, and therefore our participation in Phase I of Longtian Project, which involves a close business partnership with the local government, would strengthen our industry profile when assessed by the local government in granting the land use rights for Phases II or III of Longtian Project. We expect Phases II and III of Longtian Project will involve the development and sale of residential and commercial properties to ultimate customers. The land parcels of Phase I of Longtian Project are currently held by our indirect non-wholly-owned subsidiary, Jinzhong Development, of which we hold 51% of the equity interest. We believe this will enable us to access potentially available land reserves.

During the Track Record Period, we derived our revenue primarily from the sale of residential properties. We anticipate that we will continue to derive our revenue primarily from the sale of residential properties in the coming periods. The table below sets forth our revenue by source for the periods indicated:

	Year Ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Sale of properties	271,316	105.0%	317,052	104.6%	870,856	105.4%
Property leasing income	4,922	1.9%	5,349	1.7%	5,717	0.7%
	276,238	106.9%	322,401	106.3%	876,573	106.1%
Less: Business tax and government surcharges	(17,734)	6.9%	(19,201)	6.3%	(50,685)	6.1%
Total	**258,504**	**100.0%**	**303,200**	**100.0%**	**825,888**	**100.0%**

The table below sets forth, by property type, the total revenue recognized from sales of properties before deduction of business tax and government surcharges, the total GFA sold and the recognized ASP for the periods indicated:

	Residential			Commercial		
	Revenue(1)	GFA delivered(1)	ASP(1)(2)	Revenue(1)	GFA delivered(1)	ASP(1)(2)
	(RMB'000)	*(sq.m.)*	*(RMB/sq.m.)*	*(RMB'000)*	*(sq.m.)*	*(RMB/sq.m.)*
For the year ended December 31,						
2012	268,742	64,927	4,139	2,574	611	4,213
2013	312,909	107,808	2,902	4,143	1,037	3,995
2014	870,856	187,298	4,649	—	—	—

Notes:

(1) Revenue generated from, GFA delivered and ASP of residential portion of the project and project phases above also include car parking spaces sold if applicable.

(2) ASP is calculated as revenue before deduction of business tax and government surcharges divided by GFA delivered.

OUR COMPETITIVE STRENGTHS

We believe the following are our key competitive strengths to support our sustainable and profitable growth:

- We have established a leading position in the property development industry in Shanxi Province.
- We have an established track record in developing quality large-scale living communities.
- Our standardized property development process enables us to replicate our success across our development projects.
- We have adopted a prudent land acquisition and project selection strategy.
- We have a management team with strong execution capabilities and industry experience.

OUR BUSINESS STRATEGIES

We endeavor to providing high-quality products and services to target customers, while adhering to high corporate and managerial standards, intending to achieve satisfactory profits and investment returns as well as steady and sustainable development. We plan to grow and strengthen our business through the implementation of the following core business strategies:

- Capitalize on the implementation of urbanization policies in Shanxi Province to strengthen our leading market position in Shanxi Province and expand our market presence in central and western China.
- Continue to focus on large-scale property development projects, while constantly improving project design.
- Further enhance our brand influence.
- Continue to attract, retain and motivate skilled and talented workforce.

KEY OPERATING STATISTICS

Property Portfolio Summary

As of March 31, 2015, our property portfolio comprised 15 property development projects under various stages of development in various cities including Jinzhong and Taiyuan, Shanxi Province and Mianyang, Sichuan Province. Please see "Business — Our Property Development Projects — Summary of Our Property Development Projects" and "Business — Description of Our Property Development Projects" starting on pages 152 and 163, respectively, of this prospectus for further details.

Summary of Our Property Development Projects

The following tables set out the breakdown of GFA and other key information as of March 31, 2015 of our property development projects in the PRC under various stages of development:

Completed Projects and Project Phases

As of the Latest Practicable Date, we had obtained the land use rights certificates and building ownership certificates for all of our completed projects and project phases. The following table set forth a summary of information on our completed projects and project phases as of March 31, 2015:

Project	Actual Commencement Date	Actual Completion Date	Site Area	Completed GFA	Saleable/ Leasable GFA Remaining Unsold	GFA Held for Investment	GFA Sold	Other GFA[(1)]	Development Costs	Ownership Interest[(2)]	Attributable Capital Value[(3)]	References in Property Valuation Report
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Jinzhong												
1. East Lake Mall (東湖井)[(6)]	August 1999	July 2000	1,330	17,886	—	10,610	7,276	—	3.9	100	70	14
2. Grand International Mall & Apartments (君豪國際)[(6)]	July 2005	June 2007	7,465	69,440	15,705	8,603	41,236	—	130.3	100	137	3,13
3. Blossom Gardens (錦繡新城)[(6)]	April 2004	April 2007	5,261	39,080	—	—	39,080	—	8.1	100	—	—
4. Xin Xing International Cultural Town (新興國際文教城)			310,473	744,604	25,963	—	707,700	151	1,205.2	100	165	7
Phase I[(6)]	August 2003	December 2005	5,600	24,903	—	—	24,602	—	42.4			
Phase II[(6)]	November 2005	April 2012	17,968	94,046	161	—	92,748	151	101.7			
Phase III	May 2007	December 2009	255,918	550,664	4,603	—	540,443	—	865.9			
Phase IV (partial) [(4)]	November 2012	September 2014	30,987	74,991	21,199	—	49,907	—	195.2			
5. Upper East Gardens (上東庭院)			43,704	127,554	2,219	—	121,596	—	201.4	100	11	9
Phase I[(6)]	September 2005	November 2006	19,361	47,998	—	—	47,926	—	51.2			
Phase II	May 2009	December 2011	24,343	79,556	2,219	—	73,670	—	150.2			
6. Riverside Gardens —Zuoquan (左權濱河嘉園)	August 2005	December 2007	73,035	110,449	—	—	97,990	555	92.8	100	—	—
7. SOLO Apartments (尚座公寓)	March 2007	September 2009	2,411	11,347	312	—	9,471	—	28.7	100	2.9	8
8. Riverside Gardens —Heshun (和順濱河小區)			65,998	116,684	833	—	112,552	340	137.6	100	6	5
Stage I	May 2007	June 2008	60,100	65,000	833	—	61,335	340	57.5			
Stage II	July 2010	October 2012	5,898	51,684	—	—	51,217	—	80.1			
9. Mandarin Gardens —Taigu (太谷文華庭院)	August 2009	May 2011	30,690	54,424	—	—	51,525	—	76.2	100	—	—
Mianyang												
1. Yosemite Valley Town—Mianyang (綿陽優山美郡)	December 2008	May 2012	74,124	127,507	53,812	—	71,682	1,845	407.3	83.89	191.3	10
2. Elite Gardens (綿陽天璽)[(5)]	December 2009	September 2014	68,529	116,947	64,020	—	52,170	687	403.5	83.89	241.6	11
Taiyuan												
1. Yosemite Valley Town—Taiyuan Phase I (Southern District) (龍城優山美郡一期南區)	July 2012	December 2014	115,050	346,410	222,538	—	118,545	—	916.6	100	1,322	12
Total Completed GFA			**798,070**	**1,882,332**	**385,402**	**19,213**	**1,430,821**	**3,576**	**3,611**		**2,146.8**	
Total Attributable GFA[(7)]				**1,842,950**	**366,419**	**19,213**	**1,410,262**	**3,168**	**3,481**			

Properties Under Development and Properties Held for Future Development

As of the Latest Practicable Date, we had obtained the land use rights certificates for all of our properties under development. The following table sets forth a summary of information on our major projects under development or held for future development as of March 31, 2015:

						UNDER DEVELOPMENT			HELD FOR FUTURE DEVELOPMENT						
Project	Project Company	Site Area	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Actual/ Estimated Pre-sale Date	GFA Under Development	Saleable/ Leasable GFA	GFA Pre-sold	Planned GFA	GFA of Land Use Rights Certificates Not Yet Obtained	Development Costs Incurred	Expected Future Development Costs	Ownership Interest[8]	Attributable Capital Value[9]	References in Property Valuation Report
		(sq.m.)				*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Jinzhong															
1. Xin Xing International Cultural Town (新興國際文教城)	Chen Xing	22,578				73,278	59,625	20,977	—	—	183.4	29.5	100	265	15
Phase IV (partial)		—[10]	November 2012[11]	September 2015	January 2015	10,949	8,840	—	—	—	38.0	3.5			
Phase V		22,578	September 2013[11]	September 2015	November 2013	62,329	50,785	20,977	—	—	145.4	26.0			
2. Phase I of Longtian Project (龍田項目一期)	Jinzhong Development	129,048				449,634	427,999	—	—	—	763.1[17]	1,012.1[17]	51	416.2	16
Stage I		14,346	December 2013[12]	March 2016	August 2015[16]	78,954	74,203	—	—	—	146.1	167.8			
Stage II		24,367	December 2013[12]	March 2016	August 2015[16]	110,725	101,386	—	—	—	176.1	267.3			
Stage III		26,682	December 2013[12]	December 2016	May 2016	126,120	121,061	—	—	—	191.6	296.2			
Stage IV		13,422	December 2013[12]	March 2016	August 2015[16]	28,819	28,819	—	—	—	47.3	61.8			
Stage V		50,232	December 2013[12]	March 2016	August 2015[16]	105,016	102,531	—	—	—	202.0	219.0			
3. Shuncheng Street Underground Space (順城街地下空間)	Chen Xing	—[13]	January 2013	September 2015	September 2015	1,407	897	—	—	—	13.1	0.4	100	13	17
Taiyuan															
1. Yosemite Valley Town—Taiyuan (龍城優山美郡)	Chen Xing	303,440				469,264	393,577	96,180	617,900	617,900	872.4	2,738.4	100	1,340	18.21
Phase I (Southern District)[14]		2,078	April 2014	August 2015	April 2015	72,399	72,325	—	—	—	242.0	166.1			
Phase I (Northern District)		108,005	April 2014	May 2017	September 2014	396,865	321,252	96,180	—	—	387.2	865.3			
Phase II		111,477	July 2015	December 2018	April 2016	—	—	—	394,100	394,100	155.1	1,088.7			
Phase III		60,080	July 2017	December 2019	April 2018	—	—	—	212,400	212,400	83.6	586.8			
Phase IV		21,800	July 2015	December 2017	N/A	—	—	—	11,400	11,400	4.5	31.5			
Mianyang															
1. Chang Xing Star Gardens (綿陽長興星城)	Chen Xing Sichuan	104,308				296,304	291,754	—	150,250	—	256.6	1,185.9	83.89	304.5	19.20
Phase I		68,150	May 2010	January 2017	April 2015	296,304	291,754	—	—	—	166.8	772.5			
Phase II		36,158	March 2017	May 2019	August 2017	—	—	—	150,250	—	100.1	403.1			
Total		**559,374**				**1,289,887**	**1,173,852**	**117,157**	**768,150**	**617,900**	**2,099**	**4,956**		**2,338.7**	
Total Attributable GFA[15]						**1,021,832**	**917,131**	**117,157**	**743,945**	**617,900**	**1,682**	**4,271**			

Notes:

(1) Includes the portion of GFA held by us as amenities not saleable or leasable of each of the completed projects or phases of projects.
(2) Calculated based on our effective ownership interest in the respective project companies.
(3) Comprises the portion of the total capital value attributable to us based on our effective interest in the relevant projects or project phases as of March 31, 2015. It does not include attributable value of non-saleable amenities. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."
(4) We completed the construction of residential units and retail outlets of Phase IV of Xin Xing International Cultural Town and passed the completion and acceptance inspection in September 2014. We expect to obtain the relevant completion certificate for this portion of Phase IV in the third quarter of 2015.
(5) We completed the construction of Elite Gardens and passed the completion and acceptance inspection in September 2014. We expect to obtain the relevant completion certificate for this project in the third quarter of 2015.
(6) East Lake Mall, Grand International Mall & Apartments, Blossom Gardens, Phases I and II of Xin Xing International Cultural Town and Phase I of Upper East Gardens were previously acquired and developed by Yuci Xinxing Real Estate before our merger in September 2007. Please see "History and Development."
(7) Comprises the portion of the total GFA attributable to us based on our effective interest in the relevant projects or project phases. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."
(8) Calculated based on our effective ownership interest in the respective project companies.
(9) Comprises the portion of the total capital value attributable to us based on our effective interest in the relevant projects or project phases as of March 31, 2015. It does not include attributable value of non-saleable amenities. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."
(10) This portion of Phase IV of Xin Xing International Cultural Town is expected to comprise entirely underground car parking spaces and does not have corresponding site area.
(11) We commenced the construction of car parking spaces of Phases IV and V of Xin Xing International Cultural Town before we obtained the relevant construction work commencement permits in April 2014. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."
(12) The construction of Phase I of Longtian Project in December 2013 was commenced before the relevant construction work commencement permits were obtained in January 2015. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."
(13) Shuncheng Street Underground Space is expected to comprise entirely underground retail outlets and does not have corresponding site area. The land use rights of this project was granted under the land grant contract in respect to Grand International Mall & Apartments.
(14) We commenced the pre-sale of Southern District of Phase I of Yosemite Valley Town — Taiyuan in April 2012 before we obtained the relevant pre-sale permit in November 2013. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."
(15) Comprises the portion of the total GFA attributable to us based on our effective interest in the relevant projects or project phases. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."
(16) Pursuant to the supplemental agreement entered into with the Management Committee, the allocation for Phase I of Longtian Project to the parties as directed by the Management Committee may commence in August 2015. However, as of the Latest Practicable Date, we have not commenced any allocation pending any update of the allocation arrangement with the Management Committee, which is currently in progress.
(17) Prior to completion of Phase I of Longtian Project, the Management Committee may, taking into account of the fiscal budget of the local government, provide such amount of capital funding to us at its discretion from time to time for our construction of the resettlement housing and any such amount provided will be deducted from the final purchase payment to be paid by the Management Committee to our Group for the delivery of the resettlement housing of Phase I of Longtian Project. As of the Latest Practicable Date, the Management Committee had contributed approximately RMB564.8 million to Phase I of Longtian Project as capital funding.

Our results of operations may fluctuate due to factors beyond our control. See "Risk Factors — Risks Relating to Our Business — Our results of operations may vary significantly from period to period and such fluctuations make it difficult to predict our future performance and the price of our Shares."

We set out below the GFA breakdown of our property portfolio under various stages of development by planned use as of March 31, 2015:

Planned use	Completed				Under Development	Held for Future Development		
	GFA sold	Saleable/ Leasable GFA Remaining Unsold	GFA held for investment	Other GFA[1]	GFA	(A) With Land Use Rights Certificates	(B) Land Use Rights Certificates Not Yet Obtained	Total (A+B)
	(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*
Residential	1,367,234	330,559	—	151	835,432	50,067	452,326	502,393
Retail outlets	56,107	38,239	19,213	894	172,566	32,066	39,474	71,540
SOHO apartments	6,818	113	—	—	—	—	—	—
Hotel	—	—	—	—	—	22,119	—	22,119
Car parking spaces	662	16,491	—	—	273,808	44,732	100,000	144,732
Ancillary[2]	—	—	—	2,531	8,080	1,266	26,100	27,366
Total GFA	**1,430,821**	**385,402**	**19,213**	**3,576**	**1,289,887**	**150,250**	**617,900**	**768,150**
Attributable GFA[3]	**1,410,262**	**366,419**	**19,213**	**3,168**	**1,021,832**	**126,045**	**617,900**	**743,945**

Notes:

(1) Includes the portion of GFA held by us as amenities not saleable or leasable.
(2) Comprises primarily amenities which are not available for sale.
(3) Comprises the portion of the total GFA attributable to us based on our effective interest in the relevant projects or project phases. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."

Land Bank

The table below sets forth a summary of our land bank and property portfolio as of March 31, 2015 by geographic location:

	Completed	Under Development	Future Development		Total Land Bank[1]	% of Total Land Bank
	Saleable/Leasable GFA Remaining Unsold	GFA Under Development	Planned GFA	Land Use Rights Certificates Not Yet Obtained	Total GFA	
			(sq.m.)			*(%)*
Jinzhong	45,032	524,319	—	—	569,351	23.3
Taiyuan	222,538	469,264	617,900	617,900	1,309,702	53.6
Mianyang	117,832	296,304	150,250	—	564,386	23.1
TOTAL	**385,402**	**1,289,887**	**768,150**	**617,900**	**2,443,439**	**100.0**

Note:

(1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

During the Track Record Period and up to the Latest Practicable Date, we have not received any notices from any PRC Government authorities identifying any idle land held by us, nor have we incurred any idle land fees. Based on our latest construction schedule, our Directors did not expect any idle land issues as of the Latest Practicable Date.

Contracted Sales

The table below summarizes our contracted sales for the years ended December 31, 2012, 2013 and 2014 and the three months ended March 31, 2015:

	Year ended December 31,			Three months ended March 31,
	2012	2013	2014	2015
Contracted GFA[1] (sq.m.)	174,016	121,990	242,776	32,543
Contracted sales[1] (RMB million)	710.6	601.8	1,282.5	174.9
Contracted ASP[1] (RMB/sq.m.)	4,083	4,933	5,283	5,375

Note:

(1) Total contracted sales, total contracted GFA and contracted ASP in the above table also include car parking spaces sold if applicable.

Our contracted ASP increased from RMB4,083 per sq.m. in 2012 to RMB4,933 per sq.m. in 2013, representing an increase of 20.8% from 2012 to 2013. Our contracted ASP further increased to RMB5,283 per sq.m. for the year ended December 31, 2014 and to RMB5,375 per sq.m. for the three months ended March 31, 2015. The increase in our contracted ASP for the years ended December 31, 2012, 2013 and 2014 and the three months ended March 31, 2015 was primarily due to the different product mix contracted over the same period.

Our ASP and gross profit margins are affected by our product mix, as we derive substantially all of our revenue from sales of our property developments, most of which are residential properties. We price our properties by taking into account various factors, including prevailing local market prices and market conditions, the type, location and positioning of the properties as well as our costs of properties sold, including construction costs. Furthermore, the price of properties in different cities can vary significantly as do the related construction and land acquisition costs. Therefore, our results of operations and cash flows may vary from period to period depending on the type, location and total GFA of properties delivered, as well as the ASPs of these properties. For more information, see "Financial Information — Key Factors Affecting Our Performance — Product Mix."

Our actual cash receipts from property sales, which represented the aggregate cash amount received from binding pre-sale and sale contracts entered into during such periods, were RMB635.7 million, RMB452.2 million, RMB1,289.7 million and RMB152.8 million for the years ended December 31, 2012, 2013 and 2014 and the three months ended March 31, 2015, respectively. Such amounts do not necessarily correspond to the amounts of our contracted sales for the corresponding periods.

OUR RESULTS OF OPERATIONS

Selected Consolidated Statements of Comprehensive Income

	Year Ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Revenue	258,504	100.0	303,200	100.0	825,888	100.0
Cost of sales	(184,018)	71.2	(219,920)	72.5	(587,443)	71.1
Gross profit	74,486	28.8	83,280	27.5	238,445	28.9
Profit before tax	39,030	15.1	36,309	12.0	166,481	20.1
Profit for the year	20,858	8.1	14,093	4.6	106,435	12.9
Attributable to:						
Owners of the parent	20,858	8.1	14,434	4.7	104,342	12.6
Non-controlling interests	—	—	(341)	(0.1)	2,093	0.2
Fair value gains on investment properties	(14,252)	—	(256)	—	—	—
Fair value gains attributable to disposal of investment properties[1]	10,756	—	1,192	—	—	—
Adjusted Profit for the year[2]	17,362	6.7	15,029	4.9	106,435	12.9
Attributable to:						
Owners of the parent	17,362	6.7	15,370	5.0	104,342	12.6
Non-controlling interests	—	—	(341)	(0.1)	2,093	0.2

Notes:

(1) Fair value gains attributable to disposal of investment properties represent the fair value amount exceeding the cost of investment properties which were realized when the investment properties were disposed.

(2) Adjusted profit for the year excludes the impact of the revaluation of investment properties.

Recognition of Government Grants upon Listing

We have been receiving government grants from the local government in Jinzhong since 2008 to support our listing application process. Based on the notice issued by the Jinzhong Municipal People's Government in 2007 and past correspondence with the Finance Bureau of Jinzhong City, the amount of government grants given to us each year is authorized and determined by the Jinzhong Municipal People's Government and the Finance Bureau of Jinzhong City at their discretion with reference to 90% of the LAT paid by us in the preceding one to two financial years and that is retained by the Jinzhong government at the county-city level, after accounting for certain deductions as determined by the relevant local authorities. As part of Jinzhong local government's initiatives to encourage and assist the first batch of leading local Jinzhong enterprises to become listed companies so as to capitalize on new fund raising channels for their business growth and with the broader objective of enhancing Jinzhong City's economic profile and development, these government grants were given to us by the local government in Jinzhong in support of our listing application process, which include subsidizing our listing expenses. Therefore, the amount of government grants we had received as of the Latest Practicable Date, which disproportionately exceeds our actual listing expenses, has also provided additional monetary incentives for us to launch and complete our listing application process. We will cease to be entitled to such government grants upon Listing. As advised by our PRC Legal Advisors, each of the government grants shall be considered as separate and independent from each other on the basis that each grant was accompanied by separate government notices setting out their respective amount and purpose. Each of the grants was made on the condition that we will become a listed company within five years of receipt. However, we have not received any notice from the Jinzhong government requesting us to return the grants received more than five years before the Listing as of the Latest Practicable Date. Based on past consultations with the relevant governmental authorities, our Directors believe that the local government of Jinzhong will not require us to return any government grants received by the Company up to the Latest Practicable Date if the Listing becomes successful. As a result, we record such government grants as non-current liabilities in our consolidated statements of financial position upon receipt, and upon Listing we will recognize all such government grants of the aggregate amount of RMB277.4 million as of the Latest Practicable Date as other income. In spite of the above, we cannot assure you that the local government will not request us to return any or all of such grants in the future and any return of government grants may have a material adverse effect on our results of operations, financial condition and cash flow. Furthermore, although we have not been notified by the government authority that they will or may require us to return any excess amount to the government in the event that the actual total amount of our listing expenses is lower than the aggregate amount of the government grants as of the Latest Practicable Date, we cannot assure you that they will not have such requests in the future and if this occurs, it may have a material adverse effect on our results of operations, financial condition and cash flow. See "Risk Factors — Risks Relating to Our Business — Our results of operations may vary significantly from period to period and such fluctuations make it difficult to predict our future performance and the price of our Shares" and Note 30 to the Accountants' Report included as Appendix I to this prospectus.

Selected Consolidated Statements of Financial Position

	As of December 31,		
	2012	**2013**	**2014**
	(RMB in thousands)		
Assets			
Non-current assets	478,655	501,234	1,108,022
Current assets	2,077,409	2,399,781	3,342,054
Liabilities			
Current liabilities	1,677,344	1,740,796	3,234,437
Non-current liabilities	312,126	441,626	637,378
Total equity	566,675	718,593	578,261

Selected Consolidated Statements of Cash Flow

	As of December 31,		
	2012	**2013**	**2014**
	(RMB in thousands)		
Net cash generated from/(used in) operating activities	86,899	(310,766)	428,500
Net cash generated from/(used in) investing activities	3,739	(19,615)	(1,764)
Net cash generated/(used in) from financing activities	(84,479)	412,347	221,859
Net increase in cash and cash equivalents	6,159	81,966	204,877
Cash and cash equivalents at beginning of the year	100,513	106,672	188,638
Cash and cash equivalents at end of the year	106,672	188,638	393,515

Our Negative Net Operating Cash Flow

We recorded negative net cash flow from operating activities of RMB310.8 million for the year ended December 31, 2013. Our net cash used in operating activities in 2013 was primarily due to cash outflows associated with land acquisition and construction costs in relation to Phase I of Yosemite Valley Town — Taiyuan and Elite Gardens. See "Financial Information — Liquidity and Capital Resources — Net Current Assets."

Key Financial Ratios

	Year ended December 31,		
	2012	**2013**	**2014**
Profitability ratios			
Revenue growth (%)	N/A	17.3	172.4
Gross profit margin (%)	28.8	27.5	28.9
Net profit margin (%)	8.1	4.6	12.9
Adjusted net profit margin[1]	6.7	4.9	12.9
Return on equity[2] (%)	3.7	2.2	16.4

	As of December 31,		
	2012	**2013**	**2014**
Liquidity ratio			
Current ratio[3]	1.24	1.38	1.03
Capital adequacy ratios			
Gearing ratio[4] (%)	73.2	89.3	108.4
Net debt to equity ratio[5] (%)	52.1	58.4	33.2

Notes:

(1) Adjusted net profit margin excludes the impact of the revaluation of investment properties.

(2) Return on equity is our net profit divided by total equity for each financial period.

(3) Current ratio is our current assets divided by our current liabilities at the end of each financial period.

(4) Gearing ratio is our total debt divided by total equity. Total debt includes interest-bearing bank and other borrowings.

(5) Net debt-to-equity ratio is our total interest-bearing bank and other borrowings less cash and cash equivalent and pledged deposits as a percentage of total equity at the end of each financial period.

Please refer to the section headed "Financial Information — Key Financial Ratios" starting on page 315 of this prospectus for an analysis of our key financial ratios.

LISTING EXPENSES

We expect to incur total expenses of approximately RMB33.0 million in connection with the Listing, which will include professional fees, underwriting commissions and other fees. The listing expenses above are the latest practicable estimate for reference only and the actual amount may differ from the estimate. Such expenses did not have a material adverse effect on our results of operations for the year ended December 31, 2014, and is not expected to have a material adverse effect on our results of operations for the year ending December 31, 2015. Please see "Financial Information — Listing Expenses" starting on page 320 of this prospectus.

RISK FACTORS

There are certain risks and uncertainties involved in our operations, most of which are beyond our control. We are subject to extensive risks, including (i) risks relating to our business, (ii) risks relating to our industry in the PRC, (iii) risks relating to the PRC, and (iv) risks relating to the Global Offering. We believe the most significant risks relating to our business and operations include:

- Our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in Shanxi and Sichuan Provinces.
- Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies relating to the PRC property sector and in local policies in the regions in which we operate.
- We may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices.
- We participate in the Urban Redevelopment Scheme, which is subject to uncertainties and delays.

The risks mentioned above are not the only risks that may affect our business and operations. As different investors may have different interpretations and standards for determining materiality of a risk, you are cautioned that you should carefully read the section headed "Risk Factors" starting on page 28 of this prospectus.

RECENT DEVELOPMENTS

On January 26, 2015, we entered into a loan agreement with a branch of Industrial and Commercial Bank of China Limited in Jinzhong, Shanxi Province, pursuant to which a loan facility of up to RMB400.0 million was granted to us with a term of three years after drawdown specifically for the development of Northern District of Phase I of Yosemite Valley Town — Taiyuan, carrying variable interest rates with references to PBOC benchmark interest rates. The loan is secured by our pledge of certain of our investment properties, properties under development and properties used by us with an appraised value of RMB722.4 million. As of the Latest Practicable Date, the entire principal amount has been drawn down by us under this facility agreement.

NO MATERIAL ADVERSE CHANGE

Our Directors confirm that there has been no material adverse change in our business, financial condition and results of operations since December 31, 2014 and up to the date of this prospectus. Assuming the completion of the Global Offering in the year ending December 31, 2015, for the year ending December 31, 2015, we expect to (i) recognize government grants of the aggregate amount of RMB277.4 million as other income; and (ii) charge RMB9.5 million of the listing expenses to profit and loss and RMB13.8 million of the listing expenses to equity. Therefore, the expected recognition of the government grants, while partially offset by our listing expenses, is expected to have a favorable effect on our profit for the year ending December 31, 2015.

OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and Capitalization Issue and taking no account of any options that may be granted under the Share Option Scheme, White Dynasty BVI will hold 57.82% of our issued Shares. As of the Latest Practicable Date, White Dynasty BVI is legally and wholly-owned by White Empire BVI. On November 13, 2014, to facilitate the family arrangement, Mr. Bai as the settlor established the Family Trust for the benefit of the beneficiaries including Mr. G. H. Bai and any person or class to be appointed by White Empire BVI (as trustee) from time to time. On March 18, 2015, White Empire BVI (as trustee) further designated Mrs. Bai as another beneficiary of the Family Trust. On February 10, 2015, each of Mr. Bai and Mr. G. H. Bai entered into an acting-in-concert declaration to confirm the existence of the acting-in-concert arrangement. As such, White Dynasty BVI, White Empire BVI, Mr. Bai, Mrs. Bai and Mr. G. H. Bai will be regarded as our Controlling Shareholders under the Listing Rules. Please refer to the section headed "Relationship with Controlling Shareholders" starting on page 233 in this prospectus for further details.

HISTORICAL NON-COMPLIANCE INCIDENTS AND LEGAL PROCEEDINGS

During the Track Record Period, we failed to comply with certain applicable laws and regulations. These incidents of non-compliance and related legal proceedings generally resulted from: (i) the commencement of pre-sale before obtaining the requisite pre-sale permits; (ii) the commencement of construction before submitting the requisite fire prevention design filings; (iii) the commencement of construction before obtaining the requisite certificates and permits; (iv) the failure to make full social security insurance and housing provident fund contributions; (v) inter-company loans; and (vi) other miscellaneous legal issues.

Please refer to the section headed "Business — Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents" starting on page 215 of this prospectus for details regarding our historical non-compliance incidents. Our Directors consider that such non-compliance incidents and legal proceedings will not have a material adverse effect on our business, results of operations and financial condition. In order to ensure future compliance with applicable laws and regulations and related policies in different operational aspects, we have adopted or will adopt a number of remedial actions. Please refer to the section headed "Business — Internal Control Measures to Ensure Future Compliance" starting on page 227 of this prospectus for further details.

PROPERTY VALUATION REPORT

In connection with its valuation, DTZ applied the direct comparison approach based on comparison and reference to comparable sales transactions as available in the relevant market, or where appropriate, income capitalization approach by capitalization of the net rental income derived from the existing tenancy agreements with due allowance for the reversionary income potential of the properties. Direct comparison approach is a common approach to value the properties held for sale, properties held for development, properties held for investment and properties held for self-use, while income capitalization approach is commonly used to value the properties held for investment. In conducting its valuation, DTZ assumed, among other things, that properties that are uncompleted will be developed and completed in accordance with our latest development proposals and development program provided to DTZ and that all consents, approvals and licenses from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. In addition, in conducting its valuation of the properties that are uncompleted, DTZ also took into account the expended construction costs and the costs to be expended provided by us to reflect the quality of the completed development. However, investors are advised that the appraised value of our property interests shall not be taken as their actual realizable value or a forecast of their realizable value. Please see "Risk Factors — Risks Relating to Our Business — The appraised value of our properties may be different from their actual realizable value and are subject to change." Please see "Appendix III — Property Valuation" for more details of DTZ's valuation of our properties.

OFFERING STATISTICS[1]

	Based on the Offer Price of HK$2.60 per Share	Based on the Offer Price of HK$3.20 per Share
Our Company's market capitalization upon completion of the Global Offering	HK$1,300 million	HK$1,600 million
Unaudited pro forma adjusted net tangible assets per Share[2][3]	HK$1.68	HK$1.80

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of December 31, 2014 is arrived at after deducting intangible assets of RMB998,000 from the audited consolidated equity attributable to owners of the Company of RMB491,786,000 as of December 31, 2014, as shown in the section headed "Appendix I — Accountants' Report."

(2) The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$2.60 or HK$3.20 per Share after deduction of the underwriting fees and other related expenses payable by our Company. The estimated net proceeds are converted into RMB at the rate of HK$1=RMB0.78899. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at the rate or at any other rates or at all.

(3) The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares are in issue assuming that the Global Offering has been completed on December 31, 2014.

DIVIDENDS

In May 2014, Chen Xing declared a dividend of RMB91.7 million to its shareholders, which was fully paid in September 2014. We currently do not intend to distribute to our Shareholders any net distributable profits for the fiscal year ended December 31, 2014. However, we will re-evaluate our dividend policy annually.

Please refer to the section headed "Financial Information — Dividends" beginning on page 317 of this prospectus for a detailed description of our dividend policy.

USE OF PROCEEDS

We currently estimate that we will receive net proceeds from the Global Offering of approximately HK$248.3 million (assuming an Offer Price of HK$2.90 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting fees and commissions and other estimated expenses payable by us in relation to the Global Offering in the aggregate amount of approximately HK$41.7 million. We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 90% or approximately HK$223.5 million of the net proceeds to finance the development of Phase I of Longtian Project (龍田項目); and
- approximately 10% or approximately HK$24.8 million of the net proceeds to be used for working capital and other general corporate purposes.

The applications of the net proceeds as stated above are only current estimates and are subject to changes based on prevailing economic, market and business conditions. Please see "Future Plans and Use of Proceeds" beginning on page 322 of this prospectus for details.

In this prospectus, unless the context otherwise requires, the following terms have the following meanings.

"Application Form(s)"	white, yellow 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 (as amended, supplemented or otherwise modified from time to time)
"associate(s)"	has the meaning ascribed to it under the Listing Rules
"average selling price" or "ASP"	average selling price
"Board"	our board of Directors
"building ownership certificate"	building ownership certificate issued by relevant PRC Government authorities with respect to the ownership rights of buildings (房屋所有權證)
"business day"	a day (other than a Saturday or a Sunday) on which licensed banks in Hong Kong are open for normal banking business
"BVI"	the British Virgin Islands
"CAGR"	compound annual growth rate
"Capitalization Issue"	the issues of Shares to be made upon the capitalization of part of the sum standing to the credit of the share premium account of our Company referred to in "Appendix V — Statutory and General Information — Information about our Company"
"Cayman Companies Law"	the Companies Law (as consolidated and revised) of the Cayman Islands (as amended, supplemented or otherwise modified from time to time)
"CBRC"	China Banking Regulatory Commission
"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, CCASS Custodian Participant or CCASS Investor Participant
"Chen Xing"	Chenxing Real Estate Development Co., Ltd.* (辰興房地產發展有限公司), a limited liability company established in the PRC on December 21, 2004 and an indirect wholly-owned subsidiary of our Company
"Chen Xing (Heshun)"	Chenxing Real Estate Development Co., Ltd. Heshun Branch Office* (辰興房地產發展股份有限公司和順分公司), a branch office of Chen Xing
"Chen Xing (Kai Fa)"	Chenxing Real Estate Development Co., Ltd. Kai Fa Region Branch Office* (辰興房地產發展股份有限公司開發區分公司), a branch office of Chen Xing
"Chen Xing (Shanghai)"	Chenxing Real Estate Development Co., Ltd. Shanghai Branch Office* (辰興房地產發展股份有限公司上海分公司), a branch office of Chen Xing
"Chen Xing (Taigu)"	Chenxing Real Estate Development Co., Ltd. Taigu Branch Office* (辰興房地產發展股份有限公司太谷分公司), a branch office of Chen Xing
"Chen Xing (Taiyuan)"	Chenxing Real Estate Development Co., Ltd. Taiyuan Branch Office* (辰興房地產發展股份有限公司太原分公司), a branch office of Chen Xing
"Chen Xing (Taiyuan City)"	Chenxing Real Estate Development Co., Ltd. Taiyuan City Branch Office* (辰興房地產發展股份有限公司太原市分公司), a branch office of Chen Xing and was de-registered on January 15, 2015
"Chen Xing (Zuoquan)"	Chenxing Real Estate Development Co., Ltd. Zuoquan Branch Office* (辰興房地產發展股份有限公司左權分公司), a branch office of Chen Xing
"Chen Xing BVI"	Chen Xing Investments Limited (辰興投資有限公司), a company incorporated in the BVI on November 4, 2014 with limited liability and a direct wholly-owned subsidiary of our Company
"Chen Xing Commercial"	Jinzhong Chenxing Commercial Management Co., Limited* (晉中辰興商業管理有限公司), a limited liability company established in the PRC on September 18, 2008 and an indirect wholly-owned subsidiary of our Company

"Chen Xing Door & Window"	Jinzhong City Yuci Chenxing Doors & Windows Co., Ltd.* (晉中市榆次辰興門窗有限責任公司), a limited liability company established in the PRC on January 14, 1999 and an indirect wholly-owned subsidiary of our Company
"Chen Xing Door & Window First Branch"	Jinzhong City Yuci Chenxing Doors & Windows Co., Ltd. First Branch* (晉中市榆次辰興門窗有限責任公司第一分公司), a branch office of Chen Xing Door & Window
"Chen Xing HK"	Chen Xing International Holdings Limited (辰興國際控股有限公司), a company incorporated in Hong Kong on November 12, 2014 with limited liability and an indirect wholly-owned subsidiary of our Company
"Chen Xing Original Shareholders"	Mr. Bai, Mr. W. K. Bai, Mr. Dong, Mr. Zhang, Zhang Shuping, Wang Weiming, Bi Ximin, Bai Aijing and 24 other individuals
"Chen Xing Property Management"	Shanxi Chenxing Property Services Co., Limited* (山西辰興物業服務有限公司), a limited liability company established in the PRC on April 14, 2014 and an indirect wholly-owned subsidiary of our Company
"Chen Xing Sichuan"	Sichuan Chenxing Real Estate Development Co., Limited* (四川辰興房地產發展有限公司), a limited liability company established in the PRC on November 22, 2007 and an indirect subsidiary of our Company, which was owned as to 83.89% by Chen Xing and 16.11% by Sichuan Changxing (Holdings) Limited* (四川長興實業(集團)有限公司), an Independent Third Party
"Chen Xing Sichuan (Mianyang)"	Sichuan Chenxing Real Estate Development Co., Limited Mianyang Branch* (四川辰興房地產發展有限公司綿陽分公司), a branch of Chen Xing Sichuan
"Chen Xing WFOE"	Jinzhong Chen Xing Hui Technology And Trade Company Limited (晉中辰興滙科貿有限公司), a WFOE established in the PRC on December 23, 2014 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 except where the context requires, references in this prospectus to the PRC or China do not include Hong Kong, the Macau Special Administrative Region of the PRC and Taiwan
"Civil Air Defense Law"	PRC Law on Civil Air Defense (中華人民共和國人民防空法) promulgated by the NPC on October 29, 1996, as amended on August 27, 2009

"Co-lead Managers"	Guotai Junan Securities and Oriental Patron Securities
"Companies (Winding Up and Miscellaneous Provisions) Ordinance"	the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the Laws of Hong Kong), as amended or supplemented from time to time
"Company" or "our Company"	Chen Xing Development Holdings Limited (辰興發展控股有限公司), an exempted company incorporated in the Cayman Islands under the Cayman Companies Law with limited liability on November 3, 2014
"completed GFA"	the sum of floor area of all buildings completed according to design requirements available for living and use in the relevant period, which have been appraised and deemed to comply with design standards, and can be transferred to the owners for use
"completion certificate"	construction work completion inspection acceptance certificate/record issued by local urban construction bureaus or competent authorities in the PRC with respect to the completion of property projects (竣工驗收備案)
"connected person(s)"	has the meaning ascribed to it under the Listing Rules
"construction land planning permit"	construction land planning permit issued by local urban zoning and planning bureaus or competent authorities in the PRC (建設用地規劃許可證)
"construction work commencement permit"	construction work commencement permit issued by local construction committees or competent authorities in the PRC (建築工程施工許可證)
"construction works planning permit"	construction work planning permit issued by local urban zoning and planning bureaus or competent authorities in the PRC (建設工程規劃許可證)
"contracted sales"	total contracted value of properties sold in the relevant period, i.e. the total contracted value determined in the formal sale and purchase contract signed by both parties. It includes completed properties sold and properties pre-sold prior to completion of construction
"Controlling Shareholders"	has the meaning as defined in the Listing Rules. For the purpose of this prospectus, Controlling Shareholders of our Company refer to Mr. Bai, Mr. G. H. Bai, Mrs. Bai, White Dynasty BVI and White Empire BVI
"CSRC"	China Securities Regulatory Commission

"Director(s)"	the director(s) of our Company
"East Lake Mall Co"	Jinzhong Chenxing Commercial Management Co., Limited East Lake Mall Branch* (晉中辰興商業管理有限公司東湖井商城), a branch office of Chen Xing Commercial
"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》) issued on March 16, 2007, effective on January 1, 2008
"GDP"	gross domestic product
"GFA"	gross floor area
"GFA of residential properties sold" or "GFA of commercial properties sold"	the GFA of the relevant properties as determined in the formal sale and purchase contract signed by both parties. It is comprised of the total GFA of completed properties sold and the total GFA of properties
"GFA under construction"	the total GFA of all buildings under construction during the relevant period, including construction commenced during the current period, construction continuing from the previous period to the current period, construction suspended during the previous period and resumed in the current period, construction completed in the current period and construction started and then suspended in the current period. Floor area of multi-story buildings refers to the sum of the GFA of each floor
"Global Offering"	the Hong Kong Public Offer and the International Placing
"Grand International Mall"	Jinzhong Chenxing Commercial Management Co., Limited Grand International Mall Branch* (晉中辰興商業管理有限公司君豪商城), branch office of Chen Xing Commercial
"Green application form(s)"	the application form(s) to be completed by White Form eIPO Service Provider, Computershare Hong Kong Investor Services Limited
"Group", "our Group", "our", "we" or "us"	our Company, its subsidiaries and the jointly controlled entity, or where the context so requires, in respect of the period before our Company became the holding company of its present subsidiaries, the present subsidiaries of our Company or the businesses operated by its present subsidiaries or (as the case may be) their predecessors

"Guotai Junan Securities"	Guotai Junan Securities (Hong Kong) Limited, a licensed corporation under the SFO to carry out Type 1 (dealing in securities) and Type 4 (advising on securities) regulated activities as defined in the SFO
"HKFRS"	Hong Kong Financial Reporting Standards, which include Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards and their interpretations issued by the Hong Kong Institute of Certified Public Accountants
"HKSCC"	Hong Kong Securities Clearing Company Limited
"HKSCC Nominees"	HKSCC Nominees Limited, a wholly-owned subsidiary of HKSCC
"Honesty Priority BVI"	Honesty Priority Global Holdings Limited, a company incorporated in the BVI on October 16, 2014 with limited liability and was owned as to 34.87% by Mr. Dong, 31.70% by Mr. Zhang and the remaining 33.43% by 11 individuals, who are Independent Third Parties
"Honesty Unity BVI"	Honesty Unity Global Holdings Limited, a company incorporated in the BVI on October 16, 2014 with limited liability and was wholly-owned by 15 individuals, who are Independent Third Parties
"Hong Kong"	the Hong Kong Special Administrative Region of the PRC
"Hong Kong Companies Ordinance"	the Companies Ordinance (Chapter 622 of the Laws of Hong Kong), as amended, supplemented or otherwise modified from time to time
"Hong Kong dollars" or "HK$"	Hong Kong dollars and cents respectively, the lawful currency of Hong Kong
"Hong Kong Offer Shares"	the 10,000,000 new Shares (subject to adjustment and reallocation as described in the section headed "Structure of the Global Offering") being offered by us for subscription under the Hong Kong Public Offer
"Hong Kong Public Offer"	the offer of the Hong Kong Offer Shares for subscription by the public in Hong Kong for cash at the Offer Price (plus brokerage of 1%, SFC transaction levy of 0.0027% and Stock Exchange trading fee of 0.005%), on the terms and subject to the conditions described in the section headed "How to Apply for Hong Kong Offer Shares" in this prospectus and the Application Forms

"Hong Kong Share Registrar"	Computershare Hong Kong Investor Services Limited
"Hong Kong Underwriters"	the underwriters of the Hong Kong Public Offer listed in the section headed "Underwriting — Hong Kong Underwriters" in this prospectus
"Hong Kong Underwriting Agreement"	the underwriting agreement dated June 19, 2015 relating to the Hong Kong Public Offer entered into by, among others, the Sole Global Coordinator, the Hong Kong Underwriters and us, particulars of which are set out in the section headed "Underwriting" in this prospectus
"ICBC International Capital", "Sole Sponsor", "Sole Global Coordinator" or "Sole Bookrunner"	ICBC International Capital Limited, a company licensed under the SFO to carry out Type 1 (dealing in securities) and Type 6 (advising on corporate finance) regulated activities (as defined under the SFO)
"ICBC International Securities" or "Sole Lead Manager"	ICBC International Securities Limited, a company licensed under the SFO to carry out Type 1 (dealing in securities), Type 2 (dealing in futures contracts) and Type 4 (advising on securities) regulated activities (as defined under the SFO)
"Independent Third Party(ies)"	a person or persons that is or are independent of, and not connected with, any directors, chief executive or substantial shareholders (within the meaning under the Listing Rules) of our Company or any of its subsidiaries or any of their respective associate(s)
"International Placing"	the conditional offering of the International Placing Shares to institutional, professional and other investors as set out under the section headed "Structure of the Global Offering" in this prospectus
"International Placing Shares"	the 90,000,000 new Shares (subject to adjustment and reallocation) to be offered by us for subscription under the International Placing described in the section headed "Structure of the Global Offering" in this prospectus
"International Underwriters"	the underwriters of the International Placing
"International Underwriting Agreement"	the underwriting agreement relating to the International Placing which is expected to be entered into, among others, the Sole Global Coordinator, the International Underwriters and us on or around June 26, 2015

"Jinzhong Development"	Jinzhong Development Zone Real Estate Development Co., Ltd.* (晉中開發區房地產開發有限公司), a limited liability company established in the PRC on February 5, 2013 and an indirect non-wholly-owned subsidiary of our Company, which was owned as to 51% by Chen Xing and 49% by Jinzhong Kai Fa Region Investment Properties Limited (晉中開發投資建設有限公司), an Independent Third Party
"land grant contract"	a land use rights grant contract (土地使用權出讓合同)
"land use rights certificate"	a certificate (or certificates as the case may be) of the right of a party to use a parcel of land (土地使用權證)
"LAT"	land appreciation tax (土地增值稅) as defined in the PRC Provisional Regulations on Land Appreciation Tax of 1994 (《中華人民共和國土地增值稅暫行條例》) and its implementation rules, as described in the section headed "PRC Regulatory Overview" in this prospectus
"Latest Practicable Date"	June 13, 2015, being the latest practicable date before the printing of this prospectus for ascertaining certain information in this prospectus
"Listing"	the listing of our Shares on the Stock Exchange
"Listing Committee"	the Listing Committee of the Stock Exchange
"Listing Date"	the date, expected to be on or about July 3, 2015, on which our Offer Shares are listed on the Stock Exchange and from which dealing in our Shares are permitted to take place on the Stock Exchange
"Listing Rules"	the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (as amended, supplemented or otherwise modified from time to time)
"Management Committee"	the management committee of Economic Technology Development District, Jinzhong (晉中經濟技術開發區管委會), which wholly owns Jinzhong Kai Fa Region Investment Properties Limited (晉中開發投資建設有限公司), the 49% shareholder of Jinzhong Development
"Memorandum" or "Memorandum of Association"	the memorandum of association of our Company (as amended, supplemented or otherwise modified from time to time)
"MLR"	the Ministry of Land and Resources of the PRC (中華人民共和國國土資源部)

"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), as appropriate to the context
"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) or its predecessor, the Ministry of Construction of the PRC (中華人民共和國建設部), as appropriate to the context
"Mr. Bai"	Mr. Bai Xuankui (白選奎), the chairman of our Board, a Controlling Shareholder and an executive Director (being (i) the spouse of Mrs. Bai; (ii) the older brother of Mr. W. K. Bai; (iii) the father of Mr. G. H. Bai; and (iv) the uncle of Bai Aijing)
"Mr. Dong"	Mr. Dong Shiguang (董世光), our executive Director
"Mr. G. H. Bai"	Mr. Bai Guohua (白國華), a Controlling Shareholder and an executive Director (being (i) son of Mr. Bai; (ii) nephew of Mr. W. K. Bai; and (iii) cousin of Bai Aijing)
"Mr. W. K. Bai"	Mr. Bai Wukui (白武魁), our chief executive officer and an executive Director (being (i) younger brother of Mr. Bai; (ii) uncle of Mr. G. H. Bai and (iii) uncle of Bai Aijing)
"Mr. Zhang"	Mr. Zhang Yongcheng (張永成), our executive Director
"Mrs. Bai"	Ms. Cheng Guilian (程桂蓮), a Controlling Shareholder (being the spouse of Mr. Bai)
"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"	the National People's Congress or its standing committee as the context may require (全國人民代表大會或其常務委員會)
"Offer Price"	the final Hong Kong dollar price per Offer Share (exclusive of brokerage, SFC transaction levy and Stock Exchange trading fee) at which the Offer Shares are to be subscribed under the Hong Kong Public Offer and the International Placing Shares are to be offered under the International Placing, to be determined in the manner further described in the section headed "Structure of the Global Offering — Pricing of the Global Offering"
"Offer Shares"	the Hong Kong Offer Shares and the International Placing Shares together

"Oriental Patron Securities"	Oriental Patron Securities Limited, a licensed corporation to carry on type 1 (dealing in securities) and type 4 (advising on securities) regulated activities under the SFO
"PBOC"	the People's Bank of China (中國人民銀行), the central bank of the PRC
"People's Congress"	the legislative apparatus of the PRC, including the National People's Congress and all the local people's congresses (including provincial, municipal and other regional or local people's congresses) as the context may require, or any of them (人民代表大會)
"plot ratio"	the ratio of the gross floor area (excluding floor area below ground) of all buildings to their site area
"PRC Government" or "State"	the central government of the PRC, including all governmental subdivisions (including provincial, municipal and other regional or local government entities) and their instrumentalities or, where the context requires, any of them
"PRC Legal Advisors"	Jingtian & Gongcheng, our legal advisors as to PRC laws
"pre-sale permit"	the pre-sale permit authorizing a developer to start the pre-sale of a property under construction (商品房預售許可證)
"Price Determination Date"	the date on which the Offer Price is fixed for the purpose of the Global Offering
"Property Valuer" or "DTZ"	DTZ Debenham Tie Leung Limited
"public tender", "auction", or "listing-for-sale"	public tender, auction or listing at a land exchange administered by the local government, each of which is a competitive bidding process through which a purchaser acquires land use rights directly from the PRC Government; please refer to the section headed "PRC Regulatory Overview" in this prospectus for a detailed explanation of these processes
"Regulation S"	Regulation S under the U.S. Securities Act
"Reorganization"	the reorganization of our Group in preparation for the Listing, details of which are set out in the section headed "Reorganization" in this prospectus

"residential properties"	buildings specifically used for residential purposes, including villas, apartments, dormitories for families of staff and workers and dormitories for single staff and students. However, it excludes basements used for civil defense and non-residential purposes. Residential buildings are classified by type, i.e. affordable housing, villas and high-end apartments, and by size, i.e. 90 sq.m. or less and 144 sq.m. or above
"RMB" or "Renminbi"	Renminbi yuan, the lawful currency of the PRC
"SAFE"	the State Administration of Foreign Exchange of the PRC (中國國家外匯管理局)
"SAIC"	the State Administration for Industry and Commerce of the PRC (中國國家工商行政管理局)
"SAT"	the State Administration of Taxation of the PRC (中國國家稅務總局)
"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)
"Shanxi Wanjia"	Shanxi Wanjia Property Management Co., Ltd. (山西萬佳物業管理有限公司), a limited liability company established in the PRC on December 21, 2010 and owned as to 66.67% by Bai Lihua (being (i) the daughter of Mr. Bai; (ii) the younger sister of Mr. G. H. Bai; (iii) the niece of Mr. W. K. Bai; and (iv) the cousin of Bai Aijing) and as to 33.33% by Wang Weiming (an Independent Third Party) and a connected person of our Group
"Share Option Scheme"	the share option scheme conditionally adopted by us on June 12, 2015, the principal terms of which are summarized in the section headed "Statutory and General Information — Share option scheme" in Appendix V to this prospectus
"Shareholder(s)"	holder(s) of Shares
"Share(s)"	ordinary share(s) with a nominal value of HK$0.01 each in our share capital
"SOHO apartments"	small office-home office apartments, which refer to the apartments built on the land designated for commercial use, with land use rights for a term of 40 to 50 years, to provide small office or home office environment to people who work from home or very small companies

"Sole Sponsor's PRC Legal Advisor"	Dacheng Law Offices
"sq.km."	square kilometer
"sq.m."	square meter
"State Council"	the State Council of the PRC (中華人民共和國國務院)
"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 (as amended, supplemented or otherwise modified) from time to time
"Top 500 Property Developers in China"	a ranking list of property developers in China, jointly selected by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心), assessing various financial, competitive and developmental factors, including enterprise size, risk management, profitability, growth potential, operational performance, innovation ability and social responsibility
"Track Record Period"	the three financial years ended December 31, 2012, 2013 and 2014
"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
"Urban Redevelopment Scheme(s)"	urban redevelopment schemes offered by the local government in the PRC as part of the central government's plan to renew underdeveloped urban areas, whereby local governments provide a statutory framework for the participation by property developers through public-private partnership
"U.S. dollars" 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 promulgated under it
"WFOE"	a wholly foreign-owned enterprise established in the PRC under the laws of the PRC
"White Dynasty BVI"	White Dynasty Global Holdings Limited, a company incorporated in the BVI on October 24, 2014 with limited liability and was wholly-owned by White Empire BVI
"White Empire BVI"	White Empire (PTC) Limited (白氏帝國(私人信託)有限公司, a company incorporated in the BVI on October 15, 2014 with limited liability and was wholly-owned by Mr. Bai
"White Form eIPO"	the application for Hong Kong Offer Shares to be issued in applicant's own name by submitting applications online through the designated website of White Form eIPO **www.eipo.com.hk**
"White Form eIPO Service Provider"	Computershare Hong Kong Investor Services Limited
"White Legend BVI"	White Legend Global Holdings Limited, a company incorporated in the BVI on October 16, 2014 with limited liability and was wholly-owned by Mr. W. K. Bai
"White Sun BVI"	White Sun Global Holdings Limited, a company incorporated in the BVI on October 16, 2014 with limited liability and was owned as to 50% by Bai Aijing (our chief financial officer) and 50% by Bi Ximin (the spouse of Bai Aijing)
"%"	per cent

* Denotes English translation of the name of a Chinese company or entity or vice versa and is provided for identification purpose only.

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

Words importing the singular include, where applicable, the plural and vice versa. Words importing the masculine gender include, where applicable, the feminine and neuter genders.

This prospectus contains forward-looking statements that are, by their nature, subject to significant risks and uncertainties. These forward-looking statements include, without limitation, statements relating to:

- our business strategies and plans to execute these strategies;
- our capital expenditure plans;
- our operations and business prospects, including development plans for our existing and new businesses;
- projects under construction or planning;
- our financial condition;
- availability of bank loans and other forms of financing;
- our ability to reduce costs;
- our dividend policy;
- the future developments trends, conditions and competitive environment in our industry;
- the effect of the global financial markets and economic crisis;
- changes or volatility in interest rates, foreign exchange rates and overall market changes;
- the regulatory environment for our industry in general; and
- the general economic trend of the PRC and general economic conditions.

The words "anticipate", "believe", "consider", "could", "estimate", "expect", "going forward", "intend", "may", "ought to", "plan", "potential", "project", "seek", "will", "would", and similar expressions and the negative of these words, as they relate to us, are intended to identify a number of these forward-looking statements. These forward-looking statements reflect the current views of our Directors with respect to future events and are subject to certain risks, uncertainties and assumptions, including the risk factors described in this prospectus. Purchasers of our Offer Shares are cautioned that reliance on any forward-looking statements involves risks and uncertainties. The uncertainties in this regard include, but are not limited to, those identified in the section headed "Risk Factors", many of which are beyond our Company's control. In light of these and other uncertainties, the inclusion of forward-looking statements in this prospectus should not be regarded as representations by us or our Directors that its plans or objectives will be achieved. If any or all of these risks or uncertainties materialize, or the underlying assumptions prove to be incorrect, our financial condition may be materially and adversely affected and actual outcomes may differ materially from those described in this prospectus as anticipated, believed or expected.

Subject to the requirements of the Listing Rules, we do not intend to publicly 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 in this prospectus are qualified by reference to this cautionary statement.

You should carefully consider all of the information in this prospectus including the risks and uncertainties described below before making an investment in the Offer Shares. Our operations involve certain risks and uncertainties, many of which are beyond our control. You should pay particular attention to the fact that our entire business is located in the PRC and we are governed by a legal and regulatory environment which in some respects may differ from that which prevails in other countries. Our business, financial condition, results of operations and prospects could be materially and adversely affected by any of these risks. The trading price of our Shares could decline due to any of these risks, and you may lose all or part of your investment. Additional risks and uncertainties that are not presently known to us, or not expressed or implied below, or that we currently deem to be immaterial, could also have a material adverse effect on our business, financial condition, results of operations and prospects.

RISKS RELATING TO OUR BUSINESS

Our business and prospects are heavily dependent on and may be adversely affected by the performance of the PRC property markets, particularly in Shanxi and Sichuan Provinces.

All of our current properties are located in Jinzhong and Taiyuan in Shanxi Province and Mianyang in Sichuan Province. As of March 31, 2015, we had 15 property projects completed or under various stages of development, including 12 projects located in Shanxi Province and three projects in Mianyang, Sichuan Province. Since we expect to continue to deepen our market presence in Shanxi Province and central and western China, our business continues to be heavily dependent on the performance of property markets in these regions. These property markets may be affected by local, regional, national and global factors, many of which are beyond our control and could include economic and financial conditions, speculative activities in local markets, demand for and supply of properties, availability of alternative investment choices for property buyers, inflation, government policies, interest rates and availability of capital.

Overall demand for private residential properties in China, particularly in provincial capitals and regional centers, has grown rapidly in recent years. However, the PRC property market also experienced fluctuations in property prices during the same period. There have been increasing concerns over housing affordability and the sustainability of market growth that the PRC property market has been overheating and may become a property "bubble." In addition, demand for properties in China has been adversely affected and will continue to be affected by the macro-economic control measures implemented by the PRC Government and the economic downturn. Any material property market downturn in China generally or in cities in which we have or expect to have operations and any over-supply of properties or any potential decline in demand or prices for properties in the cities in which we operate or expect to operate may materially and adversely affect our business, financial condition and results of operations.

Our operations are subject to extensive government policies and regulations and, in particular, we are susceptible to adverse changes in policies relating to the PRC property sector and in local policies in the regions in which we operate.

Our business is subject to extensive governmental regulations and, in particular, we are sensitive to policy changes in the PRC property sector. The PRC Government exerts considerable direct and indirect influence on the development of the PRC property sector by imposing industry policies and other economic measures, such as control over the supply of land for property development and control of foreign investments. The PRC Government may restrict or reduce the land available for property development, raise the benchmark interest rates of commercial banks, place additional limitations on the ability of commercial banks to make loans to property developers and property purchasers, impose additional taxes and levies on property sales and restrict foreign investment in the PRC property sector.

During the Track Record Period and up to the Latest Practicable Date, the PRC Government had implemented a series of regulations and policies to slow down the property market and inflation of property prices, as well as to dampen property speculation. These policies may limit our ability to obtain financing, acquire land for future developments, sell our properties at a profit or generate sufficient operating cash flow from contracted sales. Please see "Regulations" for more details.

We cannot assure you that the PRC Government will not adopt additional and more stringent industry policies, regulations and measures in the future. It is also impossible to ascertain the extent of the impact of any such measures or to accurately estimate our sales volume and revenue had such measures not been introduced. If we fail to adapt our operations to new policies, regulations or measures that may come into effect from time to time with respect to the property industry, or if our marketing and pricing strategies are ineffective in promoting our contracted sales in response, such policy and market condition changes may affect our contracted sales, result in the delay of our pre-sale schedules, or cause us to lower our average selling price and/or incur additional costs, in which case our operating cash flows, gross profit margins, business, results of operations, financial condition and prospects may be materially and adversely affected.

We may not be able to acquire land reserves in desirable locations that are suitable for our development at commercially acceptable prices.

We derive a majority of our revenue from the sale of properties that we have developed, which is not of a recurring nature. We believe that the sustainable growth and success of our business significantly depend on our ability to continue acquiring additional land reserves in desirable locations at commercially reasonable prices that are suitable for the residential and commercial properties we developed. Our ability to acquire land depends on a variety of factors that are beyond our control, such as overall economic conditions, the availability of land parcels provided by the PRC Government, our effectiveness in identifying and acquiring land parcels suitable for development and competition for such land parcels. During the Track Record Period, substantially all of our land reserves were acquired through public tender, auction or listing-for-sale processes held by local governments. The availability and price of land sold at public tender, auction or listing-for-sale processes also depends on factors beyond our control, including government land policies and competition from other property developers. The PRC Government and relevant local authorities control the supply and price of new land parcels and approve the planning and use of such land parcels. Specific regulations are in place to control the methods and procedures by which land parcels are acquired and developed in the PRC. To the extent that we are unable to acquire suitable land parcels at commercially acceptable prices for our future development in a timely manner or at prices that enable reasonable economic returns to us, our business, financial condition, results of operations and prospects may be materially and adversely affected.

We participate in the Urban Redevelopment Scheme, which is subject to uncertainties and delays.

We entered into a cooperation agreement (as supplemented by a later supplemental agreement) with the Management Committee in September 2014 for the development of certain land parcels in Jinzhong Economic Technology Development District, with a total site area of 649,208 sq.m. and a total planned GFA of 1.8 million sq.m. Our primary obligation under such agreements is the construction of resettlement housing after we obtain the relevant land use rights, assisting the Management Committee in the overall zoning and design of the redeveloped area and facilitating and assisting the Management Committee in the future sale and allocation of resettlement housing. As of the Latest Practicable Date, we acquired the land use rights of certain land parcels with a total site area of 129,048 sq.m. and a total GFA under development of 449,634 sq.m. through listings-for-sale process, namely, Phase I of Longtian Project. The land parcels of Phase I of Longtian Project are currently held by our indirect non-wholly-owned subsidiary, Jinzhong Development, of which we hold 51% of the equity interest. Please see "Business — Urban Redevelopment Scheme" and "Business — Description of Our Property Development Projects — Jinzhong, Shanxi Province — Phase I of Longtian Project" for more details. The remaining land parcels, comprising Phases II and III, are expected to undergo the public bidding process in late 2015 and 2017, respectively. However, the arrangement under the cooperation agreement does not constitute land grant contract. We cannot assure you that this cooperation agreement will eventually result in our acquisition of the land use rights or our entering into of any land grant contract, or that the governmental authorities will grant us the land use rights or issue the relevant land use rights certificates in relation to Phases II or III of Longtian Project. If we fail to obtain or experience a material delay in obtaining the land use rights, there may be a material adverse effect on our business, results of operations and financial condition.

In addition, according to a development and allocation agreement (as supplemented by a later supplemental agreement) we entered into with the Management Committee in December 2014 in respect of Phase I of Longtian Project, after completion, we and the Management Committee will engage a qualified accounting firm to audit the development costs we incurred. The Management Committee has guaranteed to pay for the delivery of the underlying properties at a consideration equal to the total audited development costs determined by the accounting firm plus a guaranteed margin in the form of a management fee of 3.8% of such total audited development costs within one month after the audit report is rendered. If we experience delay or fail to receive payments from the Management Committee after completion of construction due to a breach of the development and allocation agreement by the Management Committee or for any other reasons, there may be a material adverse effect on our business, results of operations and financial condition. In addition, we cannot assure you that the accounting firm engaged by us and the Management Committee will recognize all of the development costs we incurred and if the total audited development costs determined by the accounting firm is less than the total development costs we incurred, our results of operations and financial condition could be materially and adversely affected.

Furthermore, the management fee of 3.8% (after accounting for the income tax payable thereon) under Phase I of Longtian Project produces a lower return as compared to our overall net profit margin that ranges from 4.6% to 12.9% during the Track Record Period. Therefore, although our Directors believe that it is in our interests to participate in Phase I of Longtian Project as our involvement has favorably positioned us to bid for the land use rights in relation to Phases II or III of Longtian Project, our overall net profit margin and hence our business, financial condition and results of operations may be materially and adversely affected by our participation in Phase I of Longtian Project.

We may not be successful in managing our growth and expansion into new cities or regions.

Since our inception, we have focused primarily on the development of properties in Shanxi Province, in particular, Jinzhong and Taiyuan. We have also been expanding our operations into Mianyang, Sichuan Province. We plan to explore new opportunities in additional cities in central and western China.

We may not be able to leverage our experience in Jinzhong, Taiyuan and Mianyang to expand into other regions in China. Other markets may differ from Jinzhong, Taiyuan and Mianyang in terms of the level of economic development, topography, culture, regulatory practice, level of our familiarity with local contractors, business practices and customs, and customer tastes, behavior and preferences. Accordingly, our experience in Jinzhong, Taiyuan and Mianyang may not be transferable to, or relevant for, other markets. In addition, expanding our business into new markets and geographical areas may entail competition with local or nationwide developers who have an established local presence, are more familiar with local regulatory and business practices and customs and have stronger relationships with local contractors, all of which may give them a competitive advantage over us. Expanding into new geographic locations also requires a significant amount of capital and management resources. We will need to manage the growth in our workforce to match the expansion of our business.

As we may face challenges not previously encountered in our business expansion, we may fail to recognize or properly assess risks or take full advantage of opportunities, or otherwise fail to adequately leverage our past experience to meet challenges encountered in these new markets. For example, we may have difficulty in accurately predicting market demand for our properties in the cities into which we expand. Any failure to successfully leverage our experience or to sufficiently understand the property market in any other PRC province or city into which we expand our business may have a material adverse effect on our business, financial condition and results of operations.

We rely on external contractors and suppliers to deliver our projects on time and up to our specified quality standards.

We engage external third-party construction contractors, construction supervision companies, other service providers and suppliers to provide us with construction and related services and various types of construction materials as well as other services such as design. We normally select general contractors for our property projects through tender by invitation.

We endeavor to engage companies with a strong reputation and track record, high performance and adequate financial resources. However, we cannot assure you that the services rendered or materials supplied by any of our existing or new construction contractors to be engaged by us will always be satisfactory or meet our quality requirements. Our construction contractors may fail to provide satisfactory services at the level of quality or within the timeline required by us. In addition, completion of our property developments may be delayed. We may incur additional costs in respect of remedial actions to be taken (including the replacement of such contractors) as well as potential compensation payable to our customers in the event of any unsatisfactory quality or delay in completion of our property developments, which could adversely affect the cost structure and development schedule of our projects and could have a negative impact on our financial condition and business. For example, we have in the past experienced delay in delivery of properties to certain customers due to our construction contractor's delay in completion of construction, which resulted in payment of damages of an aggregate amount of approximately RMB1.5 million to our customers. Please see "Business — Our Property Development Process — Delivery and After-sales Services — Delivery of Completed Properties." In addition, as we expand our business into other areas in the PRC, there may be a shortage of contractors that meet our quality standards and other selection criteria in such locations and we may not be able to engage a sufficient number of high-quality contractors in a timely manner, which may adversely affect the construction schedules and development costs of our property development projects.

We may not have adequate financing to fund our future land acquisitions and property developments, and such capital resources may not be available on commercially reasonable terms, or at all.

Property development is capital-intensive and we expect to continue to incur a high level of capital expenditures for land acquisition and project construction in the foreseeable future. During the Track Record Period, we financed our property projects primarily through proceeds from the pre-sales and sales of our properties and bank borrowings. Our ability to obtain external financing in the future and the cost of such financing are subject to uncertainties beyond our control, including:

- our future results of operations, financial condition and cash flows;
- the condition of the international and domestic financial markets and financing availability;
- requirements to obtain PRC Government approvals necessary for obtaining financing in the domestic or international markets;
- changes in the monetary policies of the PRC Government with respect to bank interest rates and lending practices; and
- changes in policies regarding regulation and control of the property market.

The PRC Government has implemented a number of measures to manage money supply growth and credit availability, especially with respect to the property development sector. For example:

- the PBOC has adjusted the Renminbi deposit reserve ratio several times since 2010;
- the PBOC has adjusted the benchmark one-year bank lending rate many times since 2010;
- in 2007, the PBOC and CBRC imposed a restriction prohibiting commercial banks from extending loans of any type to property developers for projects in which the property developer holds less than 35% of the project capital (i.e. ownership interest) or for projects for which the relevant construction land planning permit, construction work planning permit, construction work commencement permit have not been obtained; and
- the State Council adjusted the ratio of registered capital to total investment to 20% for ordinary commodity housing projects and affordable housing projects and 30% for other property projects through its "Notice of the State Council on Adjusting the Capital Ratio for Fixed Asset Investment Projects" (《國務院關於調整固定資產投資項目資本金比例的通知)》 in 2009.

The above measures and other similar government actions and initiatives have limited our ability and flexibility in using bank loans to finance our property development projects. For example, we are limited as to the development activities in which such financing can be used. In addition, the amount, timing and cost of funding available to us are also adversely affected, as well as the collateral that can be used to secure such financing. We cannot assure you that the PRC Government will not introduce other initiatives, which may further limit our access to capital and methods we finance our property projects, or that we will be able to secure adequate financing or renew our existing credit facilities prior to their expiration on commercially reasonable terms, or at all.

Our financing costs are subject to changes in interest rates, and our sales and pre-sales will be affected if mortgage financing becomes more costly or more difficult to obtain.

We finance our property development projects primarily through proceeds from pre-sales and sales of our properties and bank borrowings. For the years ended December 31, 2012, 2013 and 2014, our interest expense on borrowings (before deduction of the capitalized portion) was RMB42.2 million, RMB48.5 million and RMB54.6 million, respectively.

For the year ended December 31, 2014, the effective interest rates on our borrowings ranged from 6.15% to 7.68%. A substantial portion of our borrowings are linked to benchmark lending rates published by the PBOC, which has in the past raised the one-year benchmark lending rate from 5.31% to 5.56% in October 2010 and several more times until it reached 6.56% in July 2011. In view of the risk of an economic slowdown, the PBOC then lowered the rate to 6.31% on June 8, 2012 and to 6.00% on July 6, 2012. Although the one-year benchmark lending rate was further lowered to 5.60% in November 2014 and to 5.35% in March 2015, the PBOC may raise the benchmark lending rate again in order to control the growth rate of the PRC economy or for other policy objectives.

In addition, if we decide to raise additional funds through the incurrence of debt, our interest and debt repayment obligations will increase and we may be subject to additional covenants, which could restrict our ability to utilize cash flow from operations. Any increases in interest rates on our borrowings may have a material adverse effect on our business, financial condition and results of operations.

Furthermore, most purchasers of our residential properties rely on mortgages to fund their purchases. An increase in interest rates may significantly increase the cost of mortgage financing, thus reducing the attractiveness of mortgages as a source of financing for property purchases and adversely impact the affordability of residential properties. Under PRC laws and regulations, monthly mortgage payments are limited to no more than 50% of an individual borrower's monthly income. To control the growth in the PRC property market following the adoption of the stimulus package by the PRC Government in the second half of 2008, the PRC Government has implemented a number of policies to increase the down payment requirement and interest rates for residential property purchases and to suspend the granting of housing fund entrusted loans to buyers purchasing their third or more residential properties. We cannot assure you that the PRC Government and commercial banks will not increase down payment requirements, impose other conditions or otherwise change the regulatory framework in a manner that would make mortgage financing unavailable or unattractive to potential property purchasers. We cannot assure you that the commercial banks will approve potential property purchasers' applications for mortgage loans in a timely manner, or at all. Our sales and pre-sales may be materially and adversely affected if mortgage financing becomes more costly or more difficult to obtain.

A deterioration in our reputation and brand image may have a material adverse effect on our business, results of operations and financial condition.

We rely on our reputation and brand image to attract potential customers to our properties. Reputation and brand image are based largely on consumer perceptions with a variety of subjective qualities and can be damaged by isolated business incidents that degrade consumer confidence. Any negative incident or negative publicity concerning us or our properties, whether accurate or not, may damage our reputation and have a material adverse effect on our business, results of operations and financial condition. In addition, any inaccurate or negative media reports may require us to engage in defensive actions, which may divert our management's attention and adversely affect our business and results of operations. We cannot assure you that there will not be any other false, inaccurate or negative media reports about us or our projects in the future.

Failure to obtain, abide by, or material delays in obtaining, requisite certificates, permits, approvals or licenses from the PRC Government may adversely affect our ability in carrying out our property development operations.

The property industry in the PRC is heavily regulated and property developers must abide by various laws and regulations, including rules stipulated by national and local governments to enforce these laws and regulations. Like other property developers in China, we must apply to the relevant government authorities to obtain (and renew those relating to on-going operations) various licenses, permits, certificates and approvals to engage in property development operations, including but not limited to, qualification certificates for real property development enterprise, land use rights certificates, construction work commencement permits, construction work planning permits, construction land planning permits, pre-sale permits and completion certificates. We must meet specific conditions in order for the government authorities to issue or renew any certificate, license or permit.

We cannot assure you that we will be able to adapt to new rules and regulations that may come into effect from time to time with respect to the property industry or that we will not encounter material delays or difficulties in fulfilling the necessary conditions to obtain and/or renew all necessary certificates or permits for our operations in a timely manner, or at all, in the future. We have in the past commenced construction prior to obtaining the relevant construction work commencement permits or commenced pre-sale prior to obtaining the relevant pre-sale permits. Please see "Business — Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents." We cannot assure you that we will not be subject to any fines or penalties in relation to these non-compliance incidents in the future. In the event that we fail to obtain, renew or abide by, or encounter significant delays in obtaining or renewing, the necessary government approvals for any of our major property development projects, we will not be able to continue with our development plans, and our business, financial condition and results of operations may be adversely affected.

We may not be able to complete our property development projects according to our budget or schedule, or at all, which may lead to loss of, or delay in recognizing revenues, lower returns and claims from customers.

The construction of property projects may take over a year or longer before they generate positive net cash flow through pre-sales, sales and leasing. As a result, our cash flows and results of operations may be significantly affected by our project development schedules and any changes to those schedules and whether our developments can be completed within the planned budgets. The schedules of our project developments and whether the projects can be completed within the planned budgets depend on a number of factors, including the performance and efficiency of our third-party contractors and our ability to finance construction and the associated financing costs. Other specific factors that could adversely affect our project development schedules and budgets include:

- changes in market conditions, economic downturns, and decreases in business and consumer sentiment in general;

- changes in relevant regulations and government policies;

- failure to obtain, or delay in obtaining, requisite approvals, permits or licenses from the PRC Government;

- errors in judgment on the selection and acquisition criteria for land parcels;

- shortages of materials, equipment, contractors and skilled labor;

- construction accidents;

- labor disputes; and
- natural catastrophes and adverse weather conditions.

Construction delays or failure to complete the construction of a project according to its planned specifications, schedule and budget may harm our reputation as a property developer, lead to loss of or delay in recognizing revenues and lower returns, as well as liabilities for breach of contract. If a property project is not completed on time, the purchasers of pre-sold units may be entitled to compensation for late delivery or may be able to terminate the pre-sale agreements and claim damages. We experienced delays in our delivery of properties of Yosemite Valley Town — Mianyang to certain purchasers due to our construction contractor's default, which resulted in payment of damages of an aggregate amount of approximately RMB1.5 million. Please see "— We face risks related to pre-sales of properties from any potential limitation and restriction imposed by the PRC Government as to such activities and claims from customers in the event the pre-sold properties are not delivered on time or completed" and "Business — Our Property Development Process — Delivery and After-sales Services — Delivery of Completed Properties."

We cannot assure you that we will not experience any such delays in the future or that we will not be subject to any liabilities for any such delays. Liabilities arising from any delays in the completion or delivery of our properties may have a material adverse effect on our business, results of operations and financial condition.

We face risks related to pre-sales of properties from any potential limitation and restriction imposed by the PRC Government as to such activities and claims from customers in the event the pre-sold properties are not delivered on time or completed.

PRC law allows property developers to pre-sell properties prior to their completion upon satisfaction of certain requirements. We depend on cash flows from the pre-sale of properties as an important source of funding for our property projects. Under current PRC laws and regulations, property developers must fulfill certain conditions before they can commence pre-sale of properties and may use pre-sale proceeds only to finance the development project where the pre-sold properties are located. There is no guarantee that the PRC national or local governments will not adopt any limitation, restriction or abolishment of current pre-sale practices. The future implementation of any restrictions on our ability to pre-sell our properties, including any requirements to increase the amount of up-front expenditures we must incur prior to obtaining a pre-sale permit, would extend the time required for recovery of our capital outlay and would force us to seek alternative means to finance the various stages of our property developments including increasing borrowings which would in turn increase our interest payments. This could have a material adverse effect on our business, cash flow, financial condition and results of operations.

In addition, the pre-sale of our properties carries certain risks. We also have had instances of non-compliance with pre-sale permit requirements for certain property sales at Southern District of Phase I of Yosemite Valley Town — Taiyuan and Phase IV of Xin Xing International Cultural Town. See "Business — Sales and Marketing — Pre-sales" and "Business — Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical non-compliances." Furthermore, we may fail to complete a fully or partially pre-sold property development, in which case we may be liable to purchasers for losses suffered by them. We cannot assure you that these losses will not exceed any deposits that may have been paid in respect of the pre-sold properties. Furthermore, pursuant to the pre-sale agreements we enter into with our customers, if a pre-sold property development is not delivered on time, the purchaser may be entitled to damages. If the delay extends beyond the contractually specified period, or if the actual GFA of a completed property delivered to a purchaser deviates by more than 3.0% from the GFA originally indicated in the pre-sale agreement, the purchaser may terminate the pre-sale agreement, reclaim the payment and claim damages.

Fluctuations in the price of construction materials and labor costs could adversely affect our business and financial performance.

The cost of construction materials, such as steel and concrete, may fluctuate from period to period and has experienced such fluctuation during the Track Record Period. For example, according to the public information available from Bloomberg, the average market price of steel decreased from RMB3,930 per ton in 2012 to RMB3,573 per ton in 2013 and further decreased to RMB3,154 per ton for the year ended December 31, 2014. The average market price of coking coal, a major component in the production of concrete, decreased from RMB1,750 per ton in 2012 to RMB1,465 per ton in 2013 and further decreased to RMB1,084 per ton for the year ended December 31, 2014, respectively. We generally do not enter into framework or commodities contracts to anticipate an increase or decrease in steel and concrete prices, nor do we include such provisions in general construction contracts. As such, we face risks arising from price fluctuations of steel and concrete. Please see "Business — Our Property Development Process — Contractors and Procurement — Procurement." Although we had not been significantly affected by the fluctuations in the prices of steel or concrete during the Track Record Period, any material increase in the cost of any significant construction materials could adversely impact our overall construction costs, which has and is expected to constitute one of the largest components of our cost of sales. In addition, labor costs in the PRC have increased significantly during the Track Record Period, and are expected to continue to increase in the future. If we fail to pass any or all of these increased costs to our customers, our profitability and financial condition may be adversely affected. Please see "Financial Information — Key Factors Affecting Our Performance — Construction Costs."

We are subject to risks associated with certain covenants or restrictions under our bank borrowings which may limit or otherwise materially and adversely affect our business, financial condition and results of operations.

Certain of our banking facilities are subject to a number of material, customary affirmative and/or negative covenants. These restrictive covenants include, among other things, limitations on our ability to incur additional indebtedness or create new mortgages or charges, restrictions on the use of proceeds, restrictions on the distribution of dividends and repayment of shareholder loans, and requirements to provide notice or obtain consent for certain significant corporate events. For instance, some of our bank loan agreements restrict our operating subsidiaries from carrying out any merger, restructuring, spinoff, reduction of registered share capital, material asset transfer, liquidation, change in shareholding or management structure, or establishment of any joint venture without the lenders' written consent. Some of our operating subsidiaries are further prohibited from distributing dividends to us during the loan term without the lenders' written consent, which in turn may impair our ability to distribute dividends to our shareholders. In addition, borrowings provided under certain loan agreements between our operating subsidiaries and banks are not allowed to be used for purposes other than the specific project development as provided in the agreement. We cannot assure you that we will be able to abide by all these restrictive covenants in the future. In particular, certain of our loan agreements contain cross-default provisions where a default on one of our obligations under other agreements will trigger a technical default under such agreements. Should we fail to abide by these provisions, our lenders may be entitled to accelerate repayment of our loans, in which case our business, financial condition and results of operations may be adversely affected.

Our results of operations may vary significantly from period to period and such fluctuations make it difficult to predict our future performance and the price of our Shares.

We derive a majority of our revenue from the sale of properties that we develop. Our results of operations may fluctuate from period to period due to a combination of various factors, including the overall schedule of our property development projects, the level of acceptance of our properties by prospective customers, the timing and the amount of GFA for pre-sale or sale, our revenue recognition policies and any changes in costs and expenses, such as land acquisition and construction costs. In addition, some of our projects are developed in multiple phases over the course of several years. Typically, as the overall development approaches completion, the sale prices of the properties in such developments tend to increase in such large-scale property developments as a more established residential community is offered to purchasers. Furthermore, according to our accounting policy for revenue recognition, we recognize revenue when our properties are delivered to purchasers. Generally, there is a time difference between the time we commence pre-sale of properties under development and completion of properties. Because the timing of completion of our properties varies according to our construction timetable, our results of operations may vary significantly from period to period depending on the GFA sold or pre-sold and the timing of completion of the properties we sell. Periods in which we pre-sell a large amount of aggregate GFA, however, may not necessarily be the periods in which we generate a correspondingly high level of revenue, if the pre-sold properties are not completed and delivered within such period. The effect of timing of delivery on our results of operations is accentuated by the fact that during any particular period of time we can only undertake a limited number of projects due to substantial capital requirements for land acquisition and construction costs as well as the limited supply of land.

Our revenue was RMB258.5 million, RMB303.2 million and RMB825.9 million for the years ended December 31, 2012, 2013 and 2014, respectively. Revenue generated from the sale of properties before deduction of business tax and government surcharges was RMB271.3 million, RMB317.1 million and RMB870.9 million for the years ended December 31, 2012, 2013 and 2014, respectively, primarily due to the fluctuations in the total GFA delivered to our customers and the ASP recognized during the Track Record Period. Our gross margin was 28.8%, 27.5% and 28.9% for the years ended December 31, 2012, 2013 and 2014, respectively. Our gross margin has and will continue to be affected by the change in the product mix delivered during the relevant period as well as construction costs and costs associated with land acquisitions. Any increase in construction and land costs in the future could reduce our gross margins to the extent that we are unable to pass these increased costs on to our customers and therefore, could materially and adversely affect our results of operations, financial condition and prospects.

Accordingly, our interim results for a certain period may not be indicative of our performance for that financial year or otherwise comparable to our results in previous periods. In addition, the period-to-period comparisons of our results of operations may not be as meaningful as they would be for a company with a greater proportion of recurring revenues. If our results of operations in one or more periods do not meet the market's expectations, the price of our Shares could be materially and adversely affected.

There are certain risks associated with the government grants we received from the local government in Jinzhong in support of our listing application process, which is one-off in nature.

We have been receiving government grants from the local government in Jinzhong since 2008 to support our listing application process. Based on the notice issued by the Jinzhong Municipal People's Government in 2007 and past correspondence with the Finance Bureau of Jinzhong City, the amount of government grants given to us each year is authorized and determined by the Jinzhong Municipal People's Government and the Finance Bureau of Jinzhong City at their discretion with reference to 90% of the LAT paid by us in the preceding one to two financial years and that is retained by the Jinzhong government at the county-city level, after accounting for certain deductions as determined by the relevant local authorities. As part of Jinzhong local government's initiatives to encourage and assist the first batch of leading local Jinzhong enterprises to become listed companies so as to capitalize on new fund raising channels for their business growth and with the broader objective of enhancing Jinzhong City's economic profile and development, these government grants were given to us by the local government in Jinzhong in support of our listing application process, which include subsidizing our listing expenses. Therefore, the amount of government grants we had received as of the Latest Practicable Date, which disproportionately exceeds our actual listing expenses, has also provided additional monetary incentives for us to launch and complete our listing application process. We will cease to be entitled to such government grants upon Listing. As advised by our PRC Legal Advisors, each of the government grants shall be considered as separate and independent from each other on the basis that each grant was accompanied by separate government notices setting out their respective amount and purpose. Each of the grants was made on the condition that we will become a listed company within five years of receipt. However, we have not received any notice from the Jinzhong government requesting us to return the grants received more than five years before the Listing as of the Latest Practicable Date and based on past consultations with the relevant governmental authorities, our Directors believe that the local government of Jinzhong will not require us to return any government grants received by the Company up to the Latest Practicable Date if the Listing becomes successful. As a result, we record such government grants as non-current liabilities in our consolidated statements of financial position upon receipt and after Listing, we will recognize all such government grants of the aggregate amount of RMB277.4 million as of the Latest Practicable Date as other income. However, the recognition of such government grants as other income in 2015, which is one-off in nature, is not indicative of our future results of operations and financial condition. Furthermore, although we have not been notified by the government authority that they will or may require us to return any excess amount to the government in the event that the actual total amount of our listing expenses is lower than the aggregate amount of the government grants as of the Latest Practicable Date, we cannot assure you that they will not have such requests or that they will not require us to return any or all of the government grants received in the future, and if this occurs, it may have a material adverse effect on our results of operations, financial condition and cash flow.

We had negative net operating cash flow for the year ended December 31, 2013. If we are unable to meet our payment obligations, our business, financial condition and results of operations may be materially and adversely affected.

For the years ended December 31, 2012 and 2014, we had net cash generated from operating activities of RMB86.9 million and RMB428.5 million, respectively, and for the year ended December 31, 2013, we recorded negative net cash flow from operating activities of RMB310.8 million. Our net cash used in operating activities in 2013 was primarily due to cash outflows associated with land acquisition and construction costs in relation to Phase I of Yosemite Valley Town — Taiyuan and Elite Gardens. During the Track Record Period, we funded our capital expenditure with internal resources and external financing. Please refer to the section headed "Financial Information — Liquidity and Capital Resources." We cannot assure you that we will not experience negative net operating cash flow in the future. Negative net operating cash flow requires us to obtain sufficient external financing to meet our financial needs and obligations. If we are unable to do so, we may default on our payment obligations and may not be able to develop our projects as planned. As a result, our business, financial condition and results of operations may be materially and adversely affected.

We provide guarantee for mortgage loans of our customers and may become liable to mortgagee banks if customers default on their mortgage loans.

We derive a substantial portion of our revenue from sales of our properties and most of our purchasers apply for bank borrowings and mortgages to fund their purchases. In line with industry practice, commercial banks require us to guarantee mortgage loans offered to purchasers of the properties that we develop. Typically, we guarantee mortgage loan for a purchaser up until the mortgage documents have been filed with the relevant authorities and the mortgage registration certificate (抵押登記證明) or certificate of proof of mortgagee (他項權證) is issued to the mortgagee bank. We are required to deposit with the mortgagee banks an amount which typically represents 1% to 3% of the mortgage to which the guarantee relates. If a customer defaults on payment of its mortgage loan, the mortgagee bank may deduct the payment due from the deposited sum and require that we immediately repay the entire outstanding balance of the mortgage pursuant to the guarantee. In line with industry practice, we do not conduct any independent credit checks on our customers and rely on the customer credit evaluations conducted by the mortgagee banks. These are contingent liabilities not reflected on our balance sheets.

As of April 30, 2015, our outstanding guarantees in respect of the mortgages of our customers amounted to RMB685.9 million. During the Track Record Period, we encountered two incidents of default by purchasers for whom we had guaranteed their mortgage loans, which involved an aggregated default payment plus accrued interest of RMB512,662. We repaid all outstanding debt to the mortgagee bank and had full recourse to the properties. We did not encounter any customer default that had a material adverse effect on our financial condition and results of operations during the Track Record Period and up to the Latest Practicable Date. However, we cannot assure you that we will not be subject to guarantee-related risks. Should any material default occur and if we were called upon to honor our guarantees, our financial condition and results of operations could be adversely affected.

Our property development business may be subject to customer claims.

Under the "Regulations on Administration of Development of Urban Property" (《城市房地產開發經營管理條例》) promulgated by the State Council, which became effective on July 20, 1998, all property developers in the PRC must provide certain quality warranties for the properties they construct or sell. We are required to provide these warranties to our customers. We receive quality warranties from all of our construction contractors with respect to our property projects to cover claims that may be brought against us under our warranties.

In addition, we may be subject to other types of customer claims from time to time during our ordinary course of business, such as claims in relation to the delay in delivery of property title documents. We experienced delays in our delivery of properties of Yosemite Valley Town — Mianyang to certain purchasers due to our construction contractor's default. Please see "— We may not be able to complete our property development projects according to our budget or schedule, or at all, which may lead to loss of, or delay in recognizing revenues, lower returns and claims from customers." Furthermore, under PRC laws and regulations, purchasers shall apply for the relevant individual building ownership certificates and property developers, including us, are required to assist the purchasers in submitting the relevant documentary evidence within a stipulated period after delivery of the properties, for the government authorities' review and the issuance of the individual building ownership certificates regarding the properties purchased. Delays by the government authorities in reviewing the application and granting approval and certain other factors may affect timely delivery of the general and individual building ownership certificates. We may not be able to submit the relevant documents for the government authorities' review in time, which may result in penalties and, in the case of a prolonged delay, the purchaser's termination of the sale agreement. If we become liable for a significant number of purchasers for such delay, our business, financial condition and results of operations may be materially and adversely affected.

We cannot assure you that we will not face any significant customer claims in the future, which may result in significant expenses to resolve such claims, or if we face delays in remedying the related defects, harm our reputation that adversely affects our business, financial condition and results of operations. Furthermore, although we receive quality warranties from our construction contractors, we may not be able to fully cover our liabilities by enforcing such quality warranties or at all, and the money retained by us from our contractors to cover our payment obligations under the quality warranties may also be insufficient, which could further increase our liabilities under such customer claims.

The land use rights in respect of our land bank will not be formally vested in us until we have received the relevant formal land use rights certificates. Any failure or delay in obtaining the formal land use rights certificate may materially and adversely affect our business, financial condition and results of operations.

Under relevant PRC laws and regulations, the relevant authorities generally will not issue the formal land use rights certificates until the developer (i) has paid the land premium in full and (ii) is in compliance with other land grant conditions. As of the Latest Practicable Date, we had not yet obtained the land use rights certificates for a portion of our land bank. These properties had a total planned GFA of 617,900 sq.m. We have undertaken the customary procedures for obtaining the land use rights certificates for these properties. Under relevant PRC regulations, we will be allowed to commence construction of these properties as soon as we have paid the land premium and obtained other required approvals and permits. However, the land use rights regarding these properties and land that we may acquire in the future will not be formally vested to us until we have received the corresponding formal land use rights certificates. We cannot assure you that there will not be delays in the government authorities' issuance of the formal land use rights certificates. Any failure or delay in obtaining the formal land use rights certificate will adversely affect our property development schedule and our business development plan and may have a material adverse effect on our business, financial condition and results of operations.

The regulatory authorities in China may impose fines on us or reclaim our land if we fail to comply with the terms of the land grant contracts or listing-for-sale confirmation letters.

Under PRC laws and regulations, if we fail to develop a particular project according to the terms of the relevant land grant contract or listing-for-sale confirmation letters, including those relating to the payment of land premiums and other fees, the specified use of the land and the time for commencement and completion of the property development, the PRC Government may issue a warning, impose a penalty, or reclaim our land. If we fail to pay any outstanding land premiums by the stipulated deadline, we may be subject to a late payment penalty according to the terms of the land grant contract. If we fail to fully pay the land premiums within 60 days after the deadline and the relevant local governments have issued a final notice with respect to such payment of land premium, the assignor is entitled to terminate the land grant contract and claim for indemnities.

Furthermore, subject to certain limited exceptions, if we fail to commence construction for more than one year from the commencement date stipulated in the land grant contract, the land authorities may serve an idle land notice on us and impose an idle land fee equivalent to 20% of the land premium. Subject to certain limited exceptions, if we fail to commence construction for more than two years, the land is subject to forfeiture. Moreover, even if we commence construction in accordance with the land grant contract, if the size of the developed land area is less than one-third of the size of the total site area of the land, or if the total capital expenditure is less than one-fourth of the total amount expected to be invested in the project as specified in the project registration or approval documents, not including the land premium or relevant tax and fees, and the development of the land is suspended for over one year without government approval, the land will still be treated as idle land.

Pursuant to the "Notice on Promoting the Saving and Intensification of Use of Land" (《國務院關於促進節約集約用地的通知》), the MLR and other authorities are required to conduct research on and commence drafting of implementation rules concerning the levy of land appreciation fees on idle land. Furthermore, the MLR issued a "Notice on Strengthening Administration of Construction Land and Promoting the Utilization of Approved Land without Utilization" (《關於嚴格建設用地管理促進批而未用土地利用的通知》) in August 2009, which reiterates the current rules regarding idle land. In September 2010, the MLR and MOHURD jointly issued the "Notice On Further Strengthening the Administration and Control of Real Estate Land and Construction" (《關於進一步加強房地產用地和建設管理調控的通知》) which provides that a property developer and its controlling shareholders will be prohibited from participating in land bidding before any non-compliance or illegal behaviors in which it engages, such as (i) land idle for more than one year on its own reasons, (ii) illegal transfer of land use rights, (iii) non-compliance with the land development requirements specified in a land grant contract, and (iv) crimes such as taking land by forging official documents and illegal land speculation, have been completely rectified.

We cannot assure you that regulations relating to idle land in China will not become more restrictive or circumstances leading to imposition of penalty, liquidated damages or forfeiture of our land will not arise in the future. If we are deemed as holding land idle for more than one year without cause or are required to forfeit land, we may lose the opportunity to develop the relevant land, our investments in the land, including land premiums paid and development costs incurred, and our ability to bid for other land in the future, any of which could materially and adversely affect our business prospects, results of operations and financial condition.

We are dependent on third-party real estate sales agencies for sales and marketing of our property projects and may be affected by the performance of such agencies.

We retained Independent Third Party real estate sales agencies for the sales and marketing of certain of our projects in 2012 and 2013 in Mianyang and all of our projects since 2014. During the Track Record Period, we engaged four third-party sales agencies in total on a project-by-project basis. Please see "Business — Our Property Development Process — Sales and Marketing — Sales and Marketing" for more details. We expect to continue to engage third-party sales agencies on a project-by-project basis to conduct sales and marketing of almost all of our property projects in the near future.

Our internal sales and marketing team approves the overall sales and marketing planning and monitors such agencies' sales and marketing activities to ensure that our marketing strategies and plans are implemented and our products are well-positioned and presented. However, we cannot assure you that the sales agencies we engage are in compliance in all material respects with PRC laws and regulations applicable to us. If any of the sales agencies engaged by us fails to comply with applicable PRC laws and regulations in our sales and marketing campaigns, we may lose a portion of our customers, and our reputation and credibility, business and results of operations could be harmed. In addition, if any of the sales agencies engaged by us cannot meet our sales targets or we are not able to engage suitable sales agencies in a timely manner, our sales may be affected and our business, financial condition and results of operations may also be adversely affected.

We rely on our trade name and trademarks and any infringement or inappropriate use of our trade name or trademarks may be detrimental to our reputation and profitability.

We believe that our trade name and trademarks form an integral basis for our brand recognition and are important to our business. As of the Latest Practicable Date, we were the registrant of seven registered trademarks in the PRC and the registrant of two registered trademarks in Hong Kong. We have also applied for registration of one trademark in Hong Kong. We are not aware of any violations, infringements or unauthorized uses of our trade name or trademarks that have had a material adverse effect on our financial condition and results of operations. However, we cannot assure you that our trade name or trademarks will not be subject to any infringement in the future. Any unauthorized or inappropriate use of our trade name or trademarks could harm our market image and reputation, which may materially and adversely affect our financial condition and results of operations. Brand recognition is based largely on consumer perceptions with a variety of subjective qualities and can be damaged even by isolated business incidents that degrade consumer trust. Consumer demand for our properties and our brand value could diminish significantly if we fail to preserve the quality of our properties or fail to deliver a consistently positive consumer experience, or if we are perceived to act in an unethical or socially irresponsible manner. Any litigation or dispute in relation to our trade name or trademarks could result in substantial costs and the diversion of resources and may materially and adversely affect our business and results of operations.

The appraised value of our properties may be different from their actual realizable value and are subject to change.

The appraised value of our properties as contained in the section headed "Appendix III — Property Valuation" are based on multiple assumptions that include elements of subjectivity and uncertainty. The assumptions, on which the appraised value of our properties and land reserves are based, include:

- we will develop and complete the projects on a timely basis in accordance with our latest development proposals provided to DTZ and set out in the section headed "Appendix III — Property Valuation";

- we have obtained or will obtain on a timely basis all consents, approvals and licenses from the relevant authorities necessary for the development of the projects, absence of delays caused by weather and natural disasters, and the timely completion of demolition and relocation; and

- our project design and construction have complied with the local planning regulations and have been approved by the relevant authorities.

If we fail to obtain the approvals necessary for the development of our projects, some assumptions used by DTZ in reaching the appraised value of our properties will prove inaccurate. Therefore, the appraised value of our properties should not be taken as their actual realizable value or a forecast of their realizable value. Unforeseeable changes to the development of our property projects as well as national and local economic conditions may affect the value of the properties we hold.

The relevant PRC tax authorities may challenge the basis on which we calculate our LAT obligations which could adversely affect our financial results.

In accordance with PRC regulations on LAT, all persons including companies and individuals that receive income from the sale or transfer of land use rights, properties and their attached facilities are subject to LAT at progressive rates ranging from 30% to 60% of the appreciated value of the properties. For the years ended December 31, 2012, 2013 and 2014, the approximate amount of LAT we provided was RMB9.6 million, RMB15.8 million and RMB19.8 million, respectively. Pursuant to a circular issued by the SAT, LAT obligations must be settled with the relevant tax bureaus within a specified time frame after the completion of a property project.

We make provisions for the full amount of applicable LAT in accordance with the relevant PRC tax laws and regulations from time to time pending settlement of the same with the relevant tax authorities. As some of our projects are developed in several phases, deductible items for calculation of LAT, such as land costs, are apportioned among such different phases of development. Provisions for LAT are made on our own estimates based on, among others, our own apportionment of deductible expenses which are subject to final confirmation by the relevant tax authorities upon settlement of the LAT. However, given the time gap between the point at which we make provision for and the point at which we settle the full amount of LAT payable, the relevant tax authorities may not necessarily agree with our own apportionment of deductible expenses or other bases on which we calculate LAT. Hence, our LAT expenses recorded for a particular period may require subsequent adjustments. If we substantially underestimate LAT for a particular period, a payment of the actual LAT assessed and levied on us by the tax authorities could adversely affect our results of operations for a subsequent period.

In addition, we cannot assure you that the applicable tax rate for LAT will not increase, or that the PRC Government or local tax authorities will not abolish the authorized taxation method, or that we will be able to obtain approval in the future to use the authorized taxation method. If the relevant tax authorities determine that a higher amount of LAT should be paid, our business, results of operations and financial condition may be materially and adversely affected.

Furthermore, certain notices issued by the PRC Government relating to the settlement of LAT allow provincial tax authorities to formulate their own implementation rules according to the local situation. If the implementation rules promulgated in the cities or provinces in which our projects are located require us to settle all unpaid LAT at the same time, or impose other conditions, our business, results of operations and financial condition may be materially and adversely affected.

If we were unable to successfully retain the services of our current key personnel and hire, train and retain senior executives and other skilled employees, our ability to develop and successfully market our properties could be harmed.

The growth and success of our business has depended significantly on certain members of our senior management, in particular, Mr. Bai, our Chairman. For details of our Directors and senior management, please see "Directors and Senior Management." In addition, several other members of our senior management have served us for many years and have played, and are expected to continue to play, key roles in making major business decisions. If we were to lose the services of Mr. Bai or any other of our senior management for any reason, we may not be able to find suitable replacements for them. As competition in the PRC for senior management and key personnel with experience in property development is intense and the pool of qualified candidates is limited, we may not be able to retain the services of key personnel, or hire, train and retain high-quality senior executives or other skilled employees in the future. In addition, if any Director or any member of our senior management team or any of our other key personnel were to join a competitor or carry on a competing business, we may lose customers and key professionals and staff members. Furthermore, as our business continues to grow, we will need to recruit and train additional qualified personnel. If we were unable to successfully retain the services of our current key personnel and hire, train and retain senior executives and other skilled employees, our ability to develop and successfully market our products could be harmed and our business and prospects could be adversely affected.

Potential liability for environmental problems could result in substantial costs.

We are subject to a variety of laws and regulations concerning the protection of environment. Environmental laws can prohibit or severely restrict property development activities in environmentally sensitive regions or areas. Compliance with environmental laws and regulations may result in delays and may cause us to incur substantial compliance and other costs. Please refer to "Business — Environmental Matters and Occupational Safety."

As required by PRC laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments at all of our construction projects, and such environmental impact assessments were submitted to the relevant government authorities for approval before commencement of construction. It is possible that the environmental impact assessment conducted may not reveal all environmental liabilities or the extent of their impact, and we may not be aware of all material environmental liabilities. If any portion of a project is found to be non-compliant with relevant environmental standards, the relevant authorities may suspend our operations at that project as well as impose fines and penalties.

We may be involved in legal and other disputes from time to time arising out of our operations, including any disputes with our contractors, suppliers or property purchasers or involving land use rights. We may face significant liabilities as a result.

We may from time to time be involved in disputes with various parties involved in the development and the sale of our properties, including our general contractors, suppliers, business partners and purchasers or in matters that involve our land use rights. Please see "Business — Legal Proceedings, Compliance and Internal Control — Legal Proceedings." These disputes may lead to protests or legal or other proceedings and may result in damage to our reputation, substantial costs and diversion of resources and management's attention from our core business activities. Purchasers of our properties may take legal action against us if our developed properties are perceived to be inconsistent with our representations and warranties made to such purchasers. In addition, we may have compliance issues with regulatory bodies in the course of our operations, and we may face administrative proceedings and potentially unfavorable decisions that may result in liabilities and cause delays to our property developments. Furthermore, we may be involved in disputes with our contractors or suppliers. We may be involved in other proceedings or disputes in the future that may have a material adverse effect on our business, financial condition, results of operations or cash flows.

Investment in real properties is relatively illiquid, and we may not be able to sell such investment properties at prices or on terms satisfactory to us, or at all.

In general, investment in real properties is relatively illiquid compared with other forms of investment. We may need to dispose of certain investment properties in the event of changing economic, financial and investment conditions. However, we cannot assure you that we will be able to sell such investment properties at competitive prices or on terms satisfactory to us, or at all.

We may not have adequate insurance coverage to cover our potential liability or losses and as a result our business, results of operations and financial condition may be materially and adversely affected.

We face various risks in connection with our businesses and may lack adequate insurance coverage or may have no relevant insurance coverage. In addition, in line with general industry practice in the PRC, we do not maintain insurance in respect of litigation risks, business termination risks, product liability or important personnel of our Group. Please see "Business — Insurance" for further information. The occurrence of any of these events may result in an interruption of our operations and subject us to significant losses or liabilities. In addition, there are certain losses for which insurance is not available on commercially reasonable terms, such as losses suffered due to earthquake, war, civil unrest and certain other events of force majeure. We do not carry insurance to cover such losses as consistent with general business and industry practices. If we incur substantial losses or liabilities and our insurance coverage is unavailable or inadequate to cover such losses or liabilities, our business, results of operations and financial condition may be materially and adversely affected.

We were not in full compliance with the applicable PRC laws and regulations during the Track Record Period.

We were not in full compliance with the applicable PRC laws and regulations during the Track Record Period. The non-compliance incidents include commencement of construction before obtaining the requisite certificates and permits or submitting fire prevention design filings, commencement of pre-sale before obtaining the pre-sale permits, inter-company loans, failure to make social insurance and housing provident fund contributions in full for our employees. Please see "Business — Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents" for more details. Any future judgment or penalty against us in respect of these non-compliance incidents could have an adverse effect on our business, financial condition, cash flow and results of operations.

Future investments or acquisitions may have a material adverse effect on our ability to manage our business and harm our results of operations and financial condition.

We may make strategic investments and acquisitions that complement our operations. However, our ability to make successful strategic investments and acquisitions will depend to a large extent on our ability to identify suitable acquisition targets that meet our investment and acquisition criteria, to obtain financing on favorable terms and, where relevant, to obtain the required regulatory approvals. In the event that we are unable to make, or are restricted from making, such strategic investments or acquisitions due to regulatory, financial or other constraints, we may not be able to effectively implement our investment or expansion strategies.

Acquisitions typically involve a number of risks, including, but not limited to:

- the difficulty of integrating the operations and personnel of the acquired business;
- the potential disruption to our ongoing business and the distraction of our management;

- the difficulty of maintaining uniform standards, controls, procedures and policies;

- the impairment of relationships with employees and customers as a result of integration of new management and personnel;

- unrevealed potential liabilities and historical non-compliance incidents associated with acquired businesses;

- higher than planned requirements to preserve and grow the value of acquired businesses or assets; and

- adverse effects on our results of operations due to the amortization of and potential impairment provision for goodwill or other intangible assets associated with acquisitions, and losses sustained by acquired businesses after the date of acquisitions.

We may not be able to make acquisitions or investments on favorable terms or within a desired time frame. Even if we were able to make acquisitions or investments successfully as desired, we cannot assure you that we will achieve an intended level of return on such acquisitions or investments. In addition, we may require additional equity financing in order to make such acquisitions and investments. If obtained, any such additional equity financing may result in dilution to the holdings of existing shareholders. Any of these factors could have a material adverse effect on our business, results of operations, financial condition and prospects.

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

Our Controlling Shareholders will, upon the completion of the Global Offering, beneficially own approximately 57.82% of our outstanding share capital. As such, our Controlling Shareholders will have substantial control over our business. By virtue of their ownership of our share capital as well as their positions on our Board, they will be able to exert significant influence over our business and other matters of significance to us and other Shareholders by voting at general meetings of our Shareholders or our Board meetings, including:

- election of our Directors;

- selection of senior management members;

- amount and timing of dividend payments and other distributions;

- acquisition of or merger with another entity;

- overall strategic and investment decisions;

- issuance of securities and adjustment to our capital structure; and

- amendments to our Articles of Association.

The interests of our Controlling Shareholders may differ from the interests of other Shareholders, and they are free to exercise their votes according to their own interests. In particular, our controlling shareholders are able to:

- subject to applicable laws and regulations, cause our Board to act in a manner that may not be in the best interests of our other Shareholders;
- subject to the provisions of our Articles of Association, cause us to adopt amendments to our Articles of Association, including amendments that are not in the best interests of our other Shareholders; or
- otherwise determine the outcome of most corporate actions, including the enforcement of indemnities against our Controlling Shareholders and, subject to the applicable requirements of the Stock Exchange, cause us to effect corporate transactions without the approval of our other Shareholders.

In the event that the interests of our Controlling Shareholders conflict with those of other Shareholders, our other Shareholders may be disadvantaged as a result.

RISKS RELATING TO OUR INDUSTRY IN THE PRC

The PRC property market is heavily regulated and subject to frequent introduction of new regulations which may adversely affect property developers.

The PRC Government exerts considerable direct and indirect influence on the growth and development of the PRC property market through industry policies and other economic measures such as setting interest rates, increasing bank reserve ratios and implementing lending restrictions, increasing tax and duties on property transfers and imposing foreign investment and currency exchange restrictions. Since 2004, the PRC Government introduced a series of regulations and policies designed to generally control the growth of the property market, including, among others:

- strictly enforcing the idle land related laws and regulations;
- restricting the grant or extension of revolving credit facilities to property developers that hold large amounts of idle land and vacant commodity properties;
- prohibiting commercial banks from lending funds to property developers with an internal capital ratio of less than certain prescribed percentage; and
- restricting PRC commercial banks from granting loans to property developers for the purpose of paying land grant premiums.

In particular, the PRC Government also introduced the following policies, among others, to specifically control the growth of the residential property market of the first-tier cities in the PRC:

- restricting (a) residents who own more than two residential properties within the same city, (b) non-residents who own more than one residential properties within the same city, or (c) non-residents who fail to provide proof of tax payment or social security contributions beyond a specified time period from purchasing additional residential properties;

- limiting the maximum amount of monthly mortgage and the maximum amount of total monthly debt service payments of an individual borrower and suspending mortgage financing for the purchase of third or above residential properties of a household;

- imposing a business tax levy on the sales proceeds for second-hand transfers subject to the length of holding period and type of properties;

- increasing minimum down payment for purchase of a second residential property of a household;

- tightening the availability of individual housing loans in the property market to individuals and their family members with more than one residential property; and

- limiting the availability of individual housing provident fund loans for the purchase of a second (or more) residential properties by laborers and their family members.

Please see "Regulations" for details.

Following a downturn in the PRC property market in late 2008 and early 2009, property prices and transaction volume began increasing sharply in the second half of 2009. This led to imposition of further regulations and policies by the PRC Government to regulate the property market. These measures resulted in downward pricing pressures on the PRC property market starting in the second half of 2011 and low transaction volumes in the first half of 2012.

Recently, a number of PRC cities have loosened certain measures on stabilizing housing price and restriction of property ownership, however, we cannot assure you that the PRC Government will not implement further tightening measures to restrain the PRC property market at the national, provincial, municipal and/or local level, in which case the declining trends in transaction volume and selling prices of properties in the PRC may continue or further intensify, and as a result, our financial condition and results of operations may be, and or may continue to be, adversely affected.

Our ability to secure new projects and related investments may be restricted by policies and regulations introduced by the PRC Government with respect to foreign investment in the PRC property market.

The PRC Government has introduced a number of policies and regulations aimed at regulating overseas investment in the property industry in the past few years. On July 11, 2006, the Ministry of Construction, MOFCOM, NDRC, PBOC, SAIC and SAFE issued the "Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market" (《關於規範房地產市場外資准入和管理的意見》). On May 23, 2007, the MOFCOM and SAFE issued the "Circular on the Reinforcement and Regulation of Approval and Supervision of Foreign Direct Investment in the Real Estate Section" (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) ("**Notice 50**"). Please see "Regulations."

On March 10, 2015, the MOFCOM and the NDRC jointly issued a revised "Catalogue for the Guidance of Industries for Foreign Investment (2015 Revision)" (《外商投資產業指導目錄(2015年修訂)》) that provided, among other things, the construction and operation of villas fall under the category of industries in which foreign investment is prohibited. None of our projects under development are villas. If in the future we also develop such properties, the development will be subject to the review and approval by the MOFCOM.

Pursuant to the requirements in the above-mentioned circulars we must apply to the relevant examination and approval authorities if we plan to expand the scope of our business or the scale of our operations, engage in new project developments or operations or increase the registered capital of our PRC foreign-invested subsidiaries in the future. If the PRC Government promulgates further policies or regulations to further regulate or restrict foreign investment in the PRC property sector, and if these policies or regulations have a direct application to our business, our ability to secure new projects may suffer and our business, financial condition, results of operations and prospects could be materially and adversely affected.

The PRC property market industry is highly competitive.

The property market in the cities in which we have operations or plan to expand our operations has been highly competitive. Our existing and potential competitors include both major national and regional property developers with expansive operations in the cities or markets in which we operate as well as local property developers. We compete with them with respect to a number of factors, including land acquisition, geographic location, management expertise, financial resources, access to transportation infrastructure, size of land reserves and land bank, product quality, brand recognition by customers, customer services and support, pricing and design quality. We may seek to further enhance our market presence in these cities amid intense competition.

In recent years, a large number of property developers have begun to undertake property development and investment projects in the PRC. These include major domestic and overseas property developers, as well as state-owned and private property developers, including a number of leading Hong Kong property developers. Many of our competitors, including top-tier domestic developers, may have greater financial and other capital resources, experience, marketing and other capabilities and/or name recognition than us. Our existing and potential competitors vary among the different cities in which we operate. Certain local competitors may have extensive local knowledge and business relationships and/or a longer operating track record in the relevant local markets than we do. Competition among property developers may cause an increase in land costs and raw material costs, shortages in quality construction contractors, surplus in property supply leading to property price decline, further delays in issuance of governmental approvals, and higher costs to attract or retain talented employees, all of which may materially and adversely affect our business. We cannot assure you that we will be able to compete successfully in the future against our existing or potential competitors or that increased competition with respect to our activities may not have a material adverse effect on our financial condition and results of operations.

Property development in the PRC is still at an early stage and lacks adequate infrastructural support.

Private ownership of property in the PRC is still in a relatively early stage of development. Although demand for private residential property in the PRC has been growing rapidly in recent years, such growth is often coupled with volatility in market conditions and fluctuations in property prices. It is extremely difficult to predict by how much and when demand will develop, as many social, political, economic, legal and other factors, most of which are beyond our control, may affect the development of the market. The level of uncertainty is increased by limited availability of accurate financial and market information as well as the overall low level of transparency in the PRC.

The lack of a liquid secondary market for residential property may discourage investors from acquiring new properties. In addition, the limited amounts and types of mortgage financing available to individuals, together with the lack of long-term security of legal title and enforceability of property rights, may also inhibit demand for residential property.

Furthermore, risk of property over-supply is increasing in parts of the PRC, where property investment, trading and speculation have become overly active. In the event of actual or perceived over-supply, property prices may fall significantly and our revenue and results of operations will be adversely affected.

If as a result of any one or more of these or similar factors as described above, demand for residential property or market prices decline significantly, our business, financial condition and results of operations may be materially and adversely affected.

RISKS RELATING TO THE PRC

PRC economic, political, social conditions as well as government policies could adversely affect our business, prospects, financial condition and financial results.

We conduct our business operations in the PRC. The PRC economy differs from the economies of most developed countries in many aspects, including:

- political structure;
- level of the PRC Government involvement and control;
- growth rate and level of development;
- level and control of capital investment and reinvestment;
- control of foreign exchange; and
- allocation of resources.

The PRC economy has been transitioning from a centrally planned economy to a more market-oriented economy. For more than three decades, the PRC Government has implemented economic reform measures to utilize market forces in the development of the PRC economy. We cannot predict whether changes in the PRC's economic, political and social conditions and in its laws, regulations and policies will have any adverse effect on our current or future business, financial condition or results of operations.

In addition, many of the economic reforms carried out by the PRC Government are unprecedented or experimental and are expected to be refined and improved over time. This refining and adjustment process may not necessarily have a positive effect on our operations and business development. For example, the PRC Government has in the past implemented a number of measures intended to curtail certain segments of the economy, including the property industry, which the government believed to be overheating. These actions, as well as other actions and policies of the PRC Government, could cause a decrease in the overall level of economic activity in the PRC and, in turn, have an adverse impact on our business and financial condition.

The national and regional economies in China and our prospects may be adversely affected by natural disasters, acts of God and occurrence of epidemics.

Our business is subject to general economic and social conditions in China. Natural disasters, epidemics and other acts of God which are beyond our control may adversely affect the economy, infrastructure and livelihood of the people in China. Some cities in China may be under the threat of flood, earthquake, rainstorm or drought. For example, on May 12, 2008, Wenchuan County of Sichuan Province, a region that is around approximately 100 km away from Mianyang, suffered an earthquake with an 8.0 magnitude on the Richter Scale (the "**Wenchuan Earthquake**"). Each of our property development projects in Mianyang was held for future development when the earthquake occurred, and no construction had begun on the relevant sites. Based on our investigation and site inspections, our properties in Mianyang did not suffer any material damage or loss as a result of the earthquake. However, the earthquake adversely affected our ability to complete and sell or lease our properties in Mianyang as scheduled. In particular, as a consequence of the earthquake, we revised our project planning and design of Yosemite Valley Town — Mianyang and delayed the development schedule for this project. The Wenchuan Earthquake also caused a material downturn in the property market in Sichuan Province until summer of 2009 when the transaction volume recovered in Mianyang.

In addition, past occurrences of epidemics, depending on their scale, have caused different degrees of damage to the national and local economies in China. A recurrence of SARS, H5N1 avian flu, H1N1 influenza, Ebola or an outbreak of any other epidemics in China or globally, including the spread of H7N9 avian influenza virus and especially in the cities in which we operate, may result in material disruptions to our property development projects and our sales and marketing efforts, which in turn may adversely affect our business, financial condition and results of operations.

Fluctuations in the value of the Renminbi may have a material and adverse impact on your investment.

Substantially all of our revenues and expenditures are denominated in Renminbi, while the net proceeds from the Global Offering and any dividends, if any, we pay on our Shares will be in Hong Kong dollars. Any appreciation in the Renminbi against the Hong Kong dollar will adversely affect the relative value of the proceeds we will receive from the Global Offering. A depreciation in the Renminbi, on the other hand, would adversely affect the value of any dividends, if any, we pay to our Shareholders in foreign currencies, or require us to use more Renminbi funds to service the same amount of any foreign debt.

Fluctuations 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 Renminbi has been unpegged from the U.S. dollar since July 2005 and, although the PBOC regularly intervenes in the foreign exchange market to limit fluctuations in Renminbi exchange rate, the Renminbi may appreciate or depreciate significantly in value against the U.S. dollar in the future.

There are limited hedging instruments available in China to reduce our exposure to exchange rate fluctuations between the Renminbi and other currencies. The cost of such hedging instruments may fluctuate significantly over time and can outweigh the potential benefit from the reduced currency volatility. As of the Latest Practicable Date, we had not entered into any hedging transactions in an effort to reduce our exposure to foreign currency exchange risks. In any event, the availability and effectiveness of these hedges may be limited and we may not be able to hedge our exposure successfully, or at all.

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

Any loans to our PRC subsidiaries are subject to PRC regulations and foreign exchange loan registrations. Any loans by us to our PRC subsidiaries to finance their activities, which cannot exceed statutory limits, must be registered with the local counterpart of the SAFE. Any capital contributions by us to other PRC subsidiaries must be approved by MOFCOM or its local counterpart in advance.

Foreign-invested real estate enterprises shall comply with the following rules as stated in the "Guidelines of Operation and Administration of Foreign Debt Registration" (《外債登記管理操作指引》) dated May 13, 2013: (i) the SAFE no longer processes foreign debt registrations by foreign investment real estate enterprises if such foreign investment real estate enterprises obtained their approval certificates from the relevant PRC Government authorities and had effected their filings with MOFCOM on or after June 1, 2007; (ii) Foreign investment real estate enterprises established before June 1, 2007 shall still have the right to incur foreign debts within the statutory limit, which equals the outstanding balance between total investment and registered capital prior to the increase, or the outstanding balance between total investment and registered capital of such enterprises upon and after the increase, whichever is less; (iii) Foreign investment real estate enterprises cannot borrow foreign debt and process foreign debt registrations if its registered capital has not been fully paid, or the land use rights certificates have not been obtained or its capital ratio of project development has not reached 35%.

The SAFE issued the "Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises" (《國家外匯管理局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》) ("**Notice 142**") in August 2008, which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise may only be used for purposes within the business scope of the relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. Violations of Notice 142 will result in severe penalties, such as substantial fines set out in the relevant foreign exchange control regulations. We cannot assure you that we will be able to obtain all or any of the approvals required for making loans or additional capital contributions to our PRC subsidiaries using the proceeds from the Global Offering in a timely manner, or at all. Accordingly, we may not be able to make use of all or any of the proceeds from the Global Offering to extend loans or make additional capital contributions to our PRC subsidiaries.

The PRC Government's control of foreign currency conversion may limit our foreign exchange transactions, including dividend payments on our Shares.

Currently, the Renminbi cannot be freely converted into any foreign currency, and conversion and remittance of foreign currencies are subject to PRC foreign exchange regulations. It cannot be guaranteed that under a certain exchange rate, we will have sufficient foreign exchange to meet our foreign exchange requirements. Under the current PRC 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 the SAFE, but we are required to present documentary evidence of such transactions and conduct such transactions at designated foreign exchange banks within China that have the licenses to carry out foreign exchange businesses. Foreign exchange transactions under the capital account conducted by us, however, must be approved in advance by the SAFE.

Under existing foreign exchange regulations, following the completion of the Global Offering, we will be able to pay dividends in foreign currencies without prior approval from the SAFE by complying with certain procedural requirements. However, we cannot assure you that these foreign exchange policies regarding payment of dividends in foreign currencies will continue to be in effect in the future. In addition, any insufficiency of foreign exchange may restrict our ability to obtain sufficient foreign exchange for dividend payments to shareholders or to satisfy any other foreign exchange requirements. If we fail to obtain approval from the SAFE to convert Renminbi into any foreign exchange for any of the above purposes, our capital expenditure plans, business, results of operations and financial condition may be materially and adversely affected.

Interpretation of PRC laws and regulations involve uncertainty and the current legal environment in China could limit the legal protections available to you.

Our business is conducted in mainland China and is governed by PRC laws and regulations. Substantially all of our subsidiaries are located in China and are subject to PRC laws and regulations. The PRC legal system is a civil law system based on written statutes, and prior court decisions have little precedential value and can only be used as a reference. Additionally, PRC written statutes are often principle-oriented and require detailed interpretations by the enforcement bodies to further apply and enforce such laws. Since 1979, the PRC legislature has promulgated laws and regulations in relation to economic matters such as foreign investment, corporate organization and governance, commercial transactions, taxation and trade, with a view to developing a comprehensive system of commercial law, including laws relating to property ownership and development. However, due to the fact that these laws and regulations have not been fully developed, and because of the limited volume of published cases and the non-binding nature of prior court decisions, interpretation of PRC laws and regulations involves a degree, sometimes a significant degree, of uncertainty. Depending on the government agency or how or by who an application or case is presented to such agency, we may receive less favorable interpretation of laws and regulations than our competitors. In addition, any litigation in China may be protracted and result in substantial costs and diversion of resources and management attention. All these uncertainties may limit the legal protections available to foreign investors, including our Shareholders.

Our Company is a holding company that relies on payment from our subsidiaries for funding, and any limitation on the ability of our PRC subsidiaries to pay dividends to us may have a material adverse effect on our ability to conduct our business

We are a holding company incorporated in the Cayman Islands and operate our core business primarily through our subsidiaries in the PRC. We rely on dividends paid by our subsidiaries for cash requirements, including the funds necessary to service any debt we incur and to pay any dividend we declare. If any of our subsidiaries incurs debt in its own name in the future, the instruments governing the debt may restrict dividends or other distributions on its equity interest to us. In addition, our PRC subsidiaries are required to set aside a certain percentage of their after-tax profit based on PRC accounting standards each year for their reserve fund in accordance with the requirements of relevant laws and provisions in their respective articles of association. As a result, our PRC subsidiaries may be restricted in their ability to transfer any portion of their net income to us whether in the form of dividends, loans or advances. In addition, restrictive covenants in bank credit facilities, convertible bond instruments or other agreements that we or our subsidiaries may enter into in the future, if any, may also restrict the ability of our PRC subsidiaries to make distributions to us. Any limitation on the ability of our PRC subsidiaries to pay dividends to us may materially and adversely limit our ability to grow, make investments or acquisitions that could be beneficial to our businesses, pay dividends, service our indebtedness or otherwise fund and conduct our business.

Change of tax law may subject us to higher income tax rate and dividends payable by our Company to our foreign investors and gain on the sale of our Shares could become subject to withholding taxes under the PRC tax laws.

Under the EIT Law and its implementation rules issued on December 6, 2007 effective January 1, 2008, the enterprise income tax for both domestic and foreign-invested enterprises was unified at 25% from January 1, 2008.

In addition, under the EIT Law, enterprises organized under the laws of jurisdictions outside the PRC with their de facto management bodies located in the PRC may be considered PRC resident enterprises and therefore subject to EIT at the rate of 25% on their worldwide income. Under the implementation of the EIT Law, the term "de facto management bodies" means the organizations that actually and comprehensively manage and control the production and operation, staff, account, properties and other aspects of the organizations. As most of our management are located in the PRC after the effective date of the EIT Law, we may be considered a PRC resident enterprise and therefore subject to EIT at the rate of 25% on our worldwide income and dividends or gain on the sale of our Shares received by our non-resident enterprise shareholders may be subject to a withholding tax at a rate of up to 10%. The EIT Law provides that dividend payments generated between qualified PRC resident enterprises are exempted from enterprise income tax. According to the implementation rules of the EIT Law, "dividends, bonuses and other equity investment gains generated between qualified resident enterprises" as referred to in the EIT are the returns of investment made directly by one resident enterprise in another resident enterprise. The income from such equity investments such as dividends and bonuses shall not include the investment yield acquired by continuously holding the listed common shares of the resident enterprise for less than 12 months.

Although the EIT Law provides that dividend payments between qualified PRC resident enterprises are exempted from enterprise income tax, it remains unclear whether dividend payments by our PRC operating subsidiaries would meet such qualification requirements if we were considered a PRC resident enterprise for this purpose.

Under the EIT Law and its implementation regulations, PRC income tax at a rate of 10% is applicable to dividends payable to investors that are "non-PRC resident enterprises" (and which do not have an establishment or place of business in PRC, or which have such establishment or place of business but the relevant income is not effectively connected with such establishment or place of business) to the extent such dividends are sourced within the PRC. Under the "Arrangement between the Mainland of the PRC and Hong Kong for the Avoidance of Double Taxation and the Prevention of Fiscal Evasion with respect to Taxes on Income" (《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》) signed on August 21, 2006, such dividend withholding tax rate is reduced to no more than 5% for dividends paid by a PRC company to a Hong Kong resident enterprise if such Hong Kong entity directly owns at least 25% of the equity interest of the PRC company. As such, dividends paid to us by our PRC subsidiaries through our Hong Kong subsidiaries may be subject to a reduced withholding tax at a rate of 5% under this arrangement, provided that our Hong Kong subsidiaries are deemed as "beneficial owners" of such income, and provided further that neither our company nor our Hong Kong subsidiaries are deemed to be PRC tax resident enterprises.

However, pursuant to the "Notice on Interpretation and Determination of "beneficial owner" under Tax Treaties" (《關於如何理解和認定稅收協定中"受益所有人"的通知》) issued by the SAT in October 2009 ("**Circular 601**"), "beneficial owner" should carry out substantial business activities and own or have control over the income, rights or assets which give rise to such income. Specifically, agents and conduit companies will not be regarded as the "beneficial owner" of such income. If our Hong Kong subsidiaries are not deemed beneficial owners under Circular 601, they may not be able to enjoy the 5% preferential tax treatment and as a result the dividends distributed by our PRC subsidiaries through these Hong Kong subsidiaries will be adversely affected. Circular 601 further lists several factors that would be more unlikely for relevant authorities to identify a company to be a beneficial owner of certain specific income, including (i) whether the company is obligated to pay or distribute all or a substantial part of its income to a third country resident in a prescribed time period, (ii) whether the company does not or barely engages in other operating activities other than holding the assets or interests from which the income is derived, (iii) whether the assets, business size and employees of the company are relatively limited and could not reasonably match the income, (iv) whether the company has no or little control over the assets or interests from which the income is derived and bears no or little risks, (v) whether certain income are non-taxable or exempted from tax in the other contracting country, or the tax rate is extremely low, if any, (vi) whether apart from the loan agreement under which the interest payment is provided, there is other loan or deposit agreements between the lender and a third party with similarity terms of amount, interest rate and execution date, and (vii) apart from the transfer agreement of copyright, patent or technology under which a license fee is provided, whether there are any other transfer agreements relating to the use right or ownership to the copyright, patent or technology between the company and the third party.

Failure to comply with the SAFE regulations relating to special purpose vehicles by our beneficial owners may materially and adversely affect our business operations, limit our ability to inject capital into our PRC subsidiaries, limit the ability of our PRC subsidiaries to distribute profit to us or subject us to fines.

On October 21, 2005, SAFE promulgated the "Circular Concerning Relevant Issues on the Foreign Exchange Administration of Raising Funds Through Overseas Special Purpose Vehicles and Investing Back in China by Domestic Residents" (《國家外匯管理局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》) ("**Notice 75**") which became effective on November 1, 2005 and was replaced by Notice 37 (defined below) on July 14, 2014.

For the purpose of simplifying the approval process, and for the promotion of the cross-border investment, SAFE promulgated the "Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles" (《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》) ("**Notice 37**") to revise and regulate matters relating to and involving foreign exchange registration for round-trip investments. Pursuant to Notice 37, (a) a PRC resident ("**PRC Resident**") must register with the local SAFE branch before he or she contributes assets or equity interests to an overseas special purpose vehicle ("**Overseas SPV**"), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register any major changes with the respect of the Overseas SPV with the local SAFE branch, including, among other things, a change in the Overseas SPV's PRC Resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and any merger or division. Pursuant to Notice 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas parent.

Our indirect shareholders who are PRC residents are required to comply with foreign exchange registration requirements in all material respects in connection with any material change of financing activities of the special purpose vehicles. We cannot assure you that all of our shareholders who are PRC residents will file all applicable registrations or update previously filed registrations as required by these SAFE regulations. The failure or inability of our PRC resident shareholders to comply with the registration procedures set forth therein may subject such PRC resident shareholders to fines and legal sanctions, restrict our cross-border investment activities, or limit our PRC subsidiaries' ability to distribute dividends to us or restrict us in injecting additional capital or extending loans to our PRC subsidiaries.

We cannot guarantee the accuracy of facts, forecasts and other statistics with respect to China, the PRC economy and the PRC property industry contained in this document.

Certain facts, forecasts and other statistics in this document relating to China, the PRC economy and the PRC property industry have been derived from various government, official or public publications. However, we cannot guarantee the quality or reliability of such materials. They have not been prepared or independently verified by us, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Underwriters or any of our or their respective affiliates or advisors and, therefore, we make no representation as to the accuracy of such facts, forecasts and statistics, which may not be consistent with other information compiled within or outside China. We have, however, taken reasonable care in the reproduction and/or extraction of the official government publications for the purpose of disclosure in this document.

Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice, these facts, forecasts and statistics in this document may be inaccurate or may not be comparable to facts, forecasts and statistics produced with respect to other economies. Further, we cannot assure you that they are stated or compiled on the same basis or with the same degree of accuracy as the case may be in other jurisdictions. Therefore, you should not unduly rely upon the facts, forecasts and statistics with respect to China, the PRC economy and the PRC property industry contained in this document.

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 was no public market for our Shares. The Offer Price range for our Shares was the result of negotiations among us and the Sole Bookrunner on behalf of the Underwriters, and the Offer Price may differ significantly from the market price for our Shares following the Global Offering. We have applied for the listing of, and permission to deal in, our Shares 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. In addition, we cannot assure you that the Global Offering will result in the development of an active and liquid public trading market for our Shares. Furthermore, the price and trading volume of our Shares may be volatile. Factors such as the following may affect the volume and price at which our Shares will trade:

- actual or anticipated fluctuations in our results of operations;
- announcements of new projects or land acquisitions by us or our competitors;
- reduction of or restriction on financing for the property industry or housing market;
- changes in management or other key personnel of us or of our competitors;
- announcements of competitive developments, acquisitions or strategic alliances in our industry;
- changes in earnings estimates or recommendations by financial analysts;
- potential litigation or regulatory investigations;
- changes in laws, regulations and policies affecting our industry in China;
- general market conditions or other developments affecting us or our industry;

- the operating and stock price performance of other companies, other industries and other events or factors beyond our control; and
- release of lock-up or other transfer restrictions on our outstanding Shares or sales or perceived sales of additional Shares by us, the Controlling Shareholders or other shareholders.

You should note that the stock prices of listing companies in the property industry have experienced wide fluctuations. Such market fluctuations may also adversely affect the market price of our Shares. In addition, the securities markets have from time to time experienced significant price and volume fluctuations that are not related to the operating performance of particular companies. These market fluctuations may also materially and adversely affect the market price of our Shares.

Because the Offer Price is higher than our net tangible book value per Share, you will incur immediate dilution and you may experience further dilution if we issue additional Shares or equity-linked securities in the future.

The Offer Price of the Shares is higher than the net tangible book value per share issued to existing holders of our Shares. Therefore, purchasers of the Shares in the Global Offering will experience an immediate dilution in pro forma net tangible book value while the existing holders of our Shares will receive an increase in net tangible book value per share of their Shares. In addition, if we issue additional Shares or equity-linked securities in the future, purchasers of our Shares may experience further dilution in the net tangible assets book value per Share if the additional Shares are issued at a price lower than the net tangible assets book value per Share (on a fully-diluted basis) at the time of their issuance.

You may have difficulties in protecting your interests because we are a Cayman Islands company and the laws of the Cayman Islands for minority shareholders protection may be different from those under the laws of Hong Kong or other jurisdictions.

We are a Cayman Islands company and our corporate affairs are governed by the Cayman Islands Companies Law and common law of the Cayman Islands. The laws of Cayman Islands relating to the protection of the interest of minority shareholders differ from those under statutes and judicial precedent in existence in Hong Kong and other jurisdictions. Therefore, remedies available to the minority shareholders of our Company may be less effective than those they would have under the laws of Hong Kong or other jurisdictions. Please see "Appendix IV — Summary of the Constitution of our Company and Cayman Islands Company Law."

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

All of our executive Directors and executive officers are ordinarily resident in mainland China, and substantially all of the assets of those persons and substantially all of our assets are located within mainland China. Therefore, it may be difficult for investors to effect service of process upon us or those persons inside mainland China or to enforce against us or them in mainland China any judgments obtained from non-PRC courts.

China does not have treaties providing for the reciprocal recognition and enforcement of judgments of courts of the Cayman Islands and many other countries and regions. Therefore, recognition and enforcement in China of judgments of a court in any of these non-PRC jurisdictions in relation to any matter not subject to a binding arbitration provision may be difficult or impossible.

We cannot guarantee that we will pay dividends.

Any declaration of dividends will be proposed by our Directors and the amount of any dividends will depend on various factors, including, without limitation, market conditions, our strategic plans and prospects, our business opportunities, our financial condition and results of operations, working capital requirements and anticipated cash needs, contractual restrictions and obligations, payments by subsidiaries of cash dividends to us and legal, tax and regulatory restrictions, and other factors that the Directors deem significant from time to time. We do not currently have any dividend plans in the foreseeable future, however, we may re-evaluate our dividend policy in the future and the amount of dividends to be distributed to our Shareholders, if any, in the future will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant and will be subject to the approval of our Shareholders. For further details of our dividend policy, please see "Financial Information — Dividends." We cannot guarantee if and when we will pay dividends in the future.

We strongly caution you not to place any reliance on any information contained in press articles or other media regarding us and the Global Offering.

Before the publication of this prospectus, there may be press and media coverage which contains certain information regarding the Global Offering and us that is not set out in this prospectus. We have not authorized the disclosure of such information in any press or media. We do not accept any responsibility for any such press or media coverage or the accuracy or completeness of any such information. We make no presentation as to the appropriateness, accuracy, completeness or reliability of any such information or publication. To the extent that any such information appearing in publications other than this prospectus is inconsistent or conflicts with the information contained in this prospectus, we disclaim it. Accordingly, prospective investors should not rely on any such information.

In preparation for the Listing, our Company has sought the following waiver from strict compliance with certain provision under the Listing Rules:-

MANAGEMENT PRESENCE IN HONG KONG

Pursuant to Rule 8.12 of the Listing Rules, an issuer applying for a primary listing on the Main Board of the Stock Exchange must have sufficient management presence in Hong Kong. This normally means that at least two of the issuer's executive directors must be ordinarily resident in Hong Kong. However, since all of the business and operations of our Group are located in the PRC, members of the senior management team of our Group are and will continue to be based in the PRC. At present, none of our executive Directors are ordinarily resident in Hong Kong. Further, our Directors consider that it would be practically burdensome and not commercially viable for our Company to appoint more Hong Kong residents as additional executive Directors or to relocate any of our existing Directors in the PRC to Hong Kong merely for the purpose of complying with Rule 8.12 of the Listing Rules. We do not, and will not contemplate in the foreseeable future that we will, have any management presence in Hong Kong for the purpose of satisfying the requirement under Rule 8.12 of the Listing Rules.

On the aforesaid basis, we have applied to and been granted by the Stock Exchange a waiver in favor of our Company from strict compliance with the requirement under Rule 8.12 of the Listing Rules, subject to the following conditions:-

(a) We will appoint two authorized representatives and an alternate authorized representative pursuant to Rule 3.05 of the Listing Rules, namely Mr. G. H. Bai, our executive Director and Ms. Ng Wing Shan, our company secretary and Mr. W. K. Bai, our executive Director (as their alternate authorized representative), who will act as our principal channel of communication with the Stock Exchange. Ms. Ng Wing Shan is ordinarily resident in Hong Kong. Each of the proposed authorized representatives (including alternate authorized representative) of our Company has confirmed that each of them will be available to meet the Stock Exchange within a reasonable period of time upon request and will be readily contactable by telephone, email and facsimile, and that each of them possesses and is eligible to apply for renewal upon expiry of valid travel documents.

(b) Both of our authorized representatives and the alternate authorized representative will have means to contact all members of the Board (including the independent non-executive Directors), each of whom are authorized to communicate on behalf of our Company with the Stock Exchange, as well as of the senior management team promptly at all times as and when the Stock Exchange wishes to contact our Directors on any matters.

(c) To enhance the communication among the Stock Exchange, the authorized representatives and the Directors, (i) all Directors (including the independent non-executive Directors) shall provide their respective office phone numbers, mobile phone numbers, fax numbers and email addresses (where applicable) to the authorized representatives and the alternate authorized representative and the Stock Exchange; and (ii) in the event that any of the

Directors (including the independent non-executive Directors) expects to travel and be out of office, he or she will have to provide the phone number of the place of his or her accommodation or other means of communications to the authorized representatives and the alternate authorized representative.

(d) We shall promptly inform the Stock Exchange of any changes of the respective lists of authorized representatives, of whose contact details as well as of such details of any of our Directors.

(e) Our Directors who are not ordinarily resident in Hong Kong (including the independent non-executive Directors) possess or are eligible to apply for valid travel documents to visit Hong Kong and will be able to meet with the relevant members of the Stock Exchange within a reasonable period of time, when required.

(f) We have appointed and will retain TC Capital Asia Limited as the compliance advisor pursuant to Rule 3A.19 of the Listing Rules, which will act as our additional channel of communication with the Stock Exchange in accordance with the requirements under the Listing Rules, for the period commencing on the Listing Date and ending on the date on which our Company complies with Rule 13.46 of the Listing Rules in respect of our Company's financial results for the first full financial year after the Listing Date.

(g) We will also appoint and retain other professional advisors (including legal advisors) after the Listing to assist our Company in dealing with any questions which may be raised by the Stock Exchange and to ensure there will be efficient communication between us and the Stock Exchange.

DIRECTORS' RESPONSIBILITY FOR THE CONTENTS OF THIS PROSPECTUS

This prospectus includes particulars given in compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of the laws of Hong Kong), the Securities and Futures (Stock Market Listing) Rules (Chapter 571V of the Laws of Hong Kong) (as amended) and the Listing Rules for the purpose of giving information to the public with regard to our Group. Our Directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus. Our Directors confirm, having made all reasonable enquiries, that, to the best of their knowledge and belief, the information contained in this prospectus is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement in this prospectus misleading.

INFORMATION ABOUT 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 subject to the conditions set out in this prospectus and the Application Forms. No person is authorized to give any information in connection with the Global Offering or to make any representation not contained in this prospectus, and any information or representation not contained in this prospectus must not be relied upon as having been authorized by us, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor, the Underwriters, any of their respective directors, agents, employees or advisors or any other parties involved in the Global Offering.

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

RESTRICTIONS ON OFFER AND SALE OF THE OFFER SHARES

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

No action has been taken to permit an offering of the Offer Shares in any jurisdiction 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 authorized or to any person to whom it is unlawful to make such an offer or invitation. The distribution of this prospectus and the offering and sales of the Offer Shares in other jurisdictions are subject to restrictions and may not be made except as permitted under the applicable securities laws of such jurisdictions pursuant to registration with or authorization by the relevant securities regulatory authorities or an exemption from the authorities.

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 or disposing of, and dealing in our Shares (or exercising rights attached to them). None of us, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager, the Sole Sponsor, the Underwriters, any of their respective directors, agents, employees or advisors or any other parties involved in the Global Offering accepts responsibility for any tax effects on, or liabilities of, any person resulting from the subscription, purchase, holding or disposal of, dealing in, or the exercise or any rights in relation to, our Shares.

REGISTER OF MEMBERS AND STAMP DUTY

Our Company's principal register of members will be maintained by its principal registrar, Codan Trust Company (Cayman) Limited, Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands, in the Cayman Islands and our Company's branch register of members will be maintained by its 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.

Dealings in the Shares will be subject to Hong Kong stamp duty. Hong Kong stamp duty will be charged on the sale and purchase of Shares only, at the current rate of 0.2% of the consideration for, or (if greater) the value of, the Shares being sold or purchased, whether or not the sale or purchase is on or off the Stock Exchange. The shareholder selling Shares and the purchaser will each be liable for one-half of the amount of Hong Kong stamp duty payable upon such transfer. In addition, a fixed duty of HK$5.0 is currently payable on any instrument of transfer of Shares.

APPLICATION FOR LISTING ON THE STOCK EXCHANGE

We have applied to the Listing Committee for the listing of, and permission to deal in, the Shares in issue and the Offer Shares being offered under the Global Offering including the Shares which may be issued on the exercise of any options which may be granted under the Share Option Scheme.

Save as disclosed herein, none of the Shares are listed on or dealt in on any other stock exchange and no such listing or permission to list is being or is proposed to be sought in the near future.

UNDERWRITING

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

The listing of, and permission to deal in, the Shares on the Stock Exchange is sponsored by the Sole Sponsor. The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters pursuant to the Hong Kong 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 Underwriters) and our Company. 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 see the section headed "Underwriting" in this prospectus.

SHARES WILL BE ELIGIBLE FOR ADMISSION INTO CCASS

Subject to the granting of listing of, and permission to deal in, the Shares on the Stock Exchange and the compliance 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 on the Stock Exchange or any other date HKSCC chooses. Settlement of transactions between participants of the Stock Exchange is required to take place in CCASS on the second business day after any trading day.

All activities under CCASS are subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.

Investors should seek the advice of their stockbroker or other professional advisor 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.

EXCHANGE RATE CONVERSION

Unless otherwise specified, amounts denominated in HK$ has been translated, for illustration purposes only, into RMB in this prospectus at the following rate:

HK$1 : RMB0.78899

The exchange rate between HK$ and RMB was set by PBOC for foreign exchange transactions prevailing as of the Latest Practicable Date. No representation is made that any amounts in RMB or HK$ can be or could have been at the relevant dates converted at the above rates or any other rates, or at all.

Certain amounts and percentage figures included in this prospectus have been subject to rounding adjustments/are rounded to one decimal place. Any discrepancies in any table or chart between the total shown and the sum of the amounts listed are due to rounding.

WEBSITE

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

DIRECTORS

Name	Residential address	Nationality
Executive Directors		
Mr. Bai Xuankui (白選奎)	House 9 3-2, Xin Ji Garden Xin Ji Street Yuci District Jinzhong City Shanxi Province China	Chinese
Mr. Bai Wukui (白武魁)	House 8 3-2, Xin Ji Garden Xin Ji Street Yuci District Jinzhong City Shanxi Province China	Chinese
Mr. Bai Guohua (白國華)	House 9 3-2, Xin Ji Garden Xin Ji Street Yuci District Jinzhong City Shanxi Province China	Saint Kitts and Nevis
Mr. Dong Shiguang (董世光)	No. 101, Unit 1 Building 2 3-2, Xin Ji Garden Xin Ji Street Yuci District Jinzhong City Shanxi Province China	Chinese
Mr. Zhang Yongcheng (張永成)	House 2 3-2, Xin Ji Garden Xin Ji Street Yuci District Jinzhong City Shanxi Province China	Chinese

Name	Residential address	Nationality
Independent non-executive Directors		
Mr. Gu Jiong (顧炯)	A28-2 Jia Nian Bie Shu Lane 3333, Hong Mei Road Mian Xing District Shanghai China	Chinese
Mr. Tian Hua (田華)	7-1-402, Yu Jing Cheng Shi Garden Yuci District Jinzhong City Shanxi Province China	Chinese
Mr. Qiu Yongqing (裘永清)	43-1-102, Shun Chi Xiao Qu 73 Ding Yang Road Yuci District Jinzhong City Shanxi Province China	Chinese

For further information regarding our Directors is disclosed in the section headed "Directors and Senior Management" in this prospectus.

PARTIES INVOLVED IN THE GLOBAL OFFERING

Sole Sponsor, Sole Global Coordinator, Sole Bookrunner	**ICBC International Capital Limited** 37th Floor, ICBC Tower 3 Garden Road Central Hong Kong
Sole Lead Manager	**ICBC International Securities Limited** 37th Floor, ICBC Tower 3 Garden Road Central Hong Kong
Co-lead Managers	**Guotai Junan Securities (Hong Kong) Limited** 27th Floor, Low Block, Grand Millennium Plaza 181 Queen's Road Central Hong Kong **Oriental Patron Securities Limited** 27th Floor, Two Exchange Square 8 Connaught Place Central Hong Kong
Legal advisors to our Company	*As to Hong Kong law* **Sidley Austin** 39/F Two Int'l Finance Centre Central Hong Kong *As to PRC law* **Jingtian & Gongcheng** Suite 1202-1204, K.Wah Centre 1010 Huai Hai Road (M) Xu Hui District Shanghai 200031 PRC *As to Cayman Islands law* **Conyers Dill & Pearman** Cricket Square Hutchins Drive P.O. Box 2681 Grand Cayman KY1-1111 Cayman Islands

Legal advisor to the Sole Sponsor and the Underwriters	*As to Hong Kong law and U.S. law* **Baker & McKenzie** 14/F, Hutchison House 10 Harcourt Road, Central Hong Kong *As to PRC law* **Dacheng Law Office** 7/F, Tower D No.9 Dongdaqiao Rd. Parkview Green Beijing 100020, China
Reporting Accountant and Auditor	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong
Property valuer	**DTZ Debenham Tie Leung Limited** 16/F, Jardine House 1 Connaught Place Central Hong Kong
Internal Control Consultant	**Baker Tilly Hong Kong Risk Assurance Limited** 2nd Floor, 625 King's Road North Point Hong Kong
Receiving bank	**Industrial and Commercial Bank of China (Asia) Limited** 33/F, ICBC Tower 3 Garden Road Central, Hong Kong

Registered office	Cricket Square, Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands
Head office and principal place of business in the PRC	18 Anning Street Yuci District, Jinzhong City Shanxi Province The PRC
Principal place of business in Hong Kong	18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Company website	http://www.chen-xing.cn *(information contained on this website does not form part of this prospectus)*
Compliance advisor	**TC Capital Asia Limited** Suite 1904, 19th Floor Tower 6, The Gateway Harbour City 9 Canton Road Tsim Sha Tsui Hong Kong
Company secretary	Ng Wing Shan, *HKICS, ICSA* 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorized representative(s) under the Listing Rules	Bai Guohua House 9, 3-2, Xin Ji Garden Xin Ji Street Yuci District, Jinzhong City Shanxi Province China Ng Wing Shan 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong
Authorized representative(s) under Part 16 of the Hong Kong Companies Ordinance	Ng Wing Shan 18/F, Tesbury Centre 28 Queen's Road East Wanchai Hong Kong

Audit committee	Gu Jiong *(Chairman)* Tian Hua Qiu Yongqing
Remuneration committee	Tian Hua *(Chairman)* Gu Jiong Mr. Bai
Nomination committee	Mr. Bai *(Chairman)* Qiu Yongqing Gu Jiong
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
Cayman Islands share registrar and transfer office	**Codan Trust Company (Cayman) Limited** Cricket Square, Hutchins Drive, PO Box 2681 Grand Cayman, KY1-1111, Cayman Islands
Principal bankers	**Industrial and Commercial Bank of China Limited** Zhongdu sub-branch of Jinzhong branch, Shanxi Province 419 Wenyuan Street Yuci District, Jinzhong City Shanxi Province, PRC **China Construction Bank** Chengjian sub-branch of Jinzhong branch, Shanxi Province No. 1, Yujing Shangpu 66 Yingbin Road, Jinzhong City Shanxi Province, PRC **Jinzhong Economic and Technological Development Zone Rural Credit Union**, Development Zone outlet 489 Anning Street, Jinzhong City Shanxi Province, PRC
Auditor	**Ernst & Young** *Certified Public Accountants* 22/F, CITIC Tower 1 Tim Mei Avenue Central, Hong Kong

This section contains information and statistics relating to the economy of the PRC and the industry in which we operate. We have derived such information and data partly from publicly available government and official sources and private publications, none of which were commissioned by us. We believe that the sources of the information and statistics are appropriate sources for such information and we have no reason to believe that such information is false or misleading or that any fact has been omitted that would render such information false or misleading. Such information has not been independently verified by us, the Sole Global Coordinator, the Sole Sponsor, Sole Bookrunner, the Sole Lead Manager, the Underwriters, nor any of their or our directors, affiliates, advisors or any other parties involved in the Global Offering and no representation is given as to its correctness or accuracy. We have, however, taken reasonable care in extracting and reproducing such information and statistics.

OVERVIEW OF THE PRC ECONOMY

In recent years, despite a slowdown in the global economy, China's GDP recorded one of the world's fastest growth rates. Nominal GDP increased from RMB34,090.3 billion in 2009 to RMB56,884.5 billion in 2013, representing a CAGR of 13.7%. In line with the increase in nominal GDP, GDP per capita in the PRC increased from RMB25,608 in 2009 to RMB41,908 in 2013, representing a CAGR of 13.1%.

Guided and driven by the PRC Government's macro-economic controls, China's fixed asset investments maintained stable growth. The total amount of fixed asset investments reached RMB44,629.4 billion in 2013, doubling from RMB22,459.9 billion in 2009.

The following table sets forth the selected major economic indicators of the PRC for the periods indicated.

	2009	2010	2011	2012	2013	CAGR (%)
Nominal GDP (RMB billion)	34,090	40,151	47,310	51,947	56,885	13.7
Real GDP growth (%)	9.2	10.4	9.3	7.7	7.7	
Total population (million)	1,335	1,341	1,347	1,354	1,361	0.5
GDP per capita (RMB)	25,608	30,015	35,198	38,459	41,908	13.1
Per capita disposable income of urban households (RMB)(1)	17,175	19,109	21,810	24,565	26,955	11.9
Fixed asset investments (RMB billion)	22,460	25,168	31,149	37,469	44,629	18.8

Source: National Bureau of Statistics of China

Note:

(1) Per capita disposable income of urban households represents the actual income at the disposal of members of households, which can be used for final consumption, other non-compulsory expenditures and savings. According to the survey conducted by the National Bureau of Statistics of China, this is calculated by subtracting (i) income tax, (ii) personal

contribution to social security and (iii) sample household subsidy for keeping diaries from total income. Subsidy for keeping diaries refers to the subsidy given to those members who keep diaries of their household income by the National Bureau of Statistics of China or the Ministry of Finance of the PRC to obtain better statistics relating to personal household income.

The PRC Government implemented less stringent macro-economic policies and unveiled its RMB4 trillion economic stimulus package in the fourth quarter of 2008 in response to the global financial crisis of 2008. Local governments responded positively to this stimulus policy by accelerating infrastructure development in their respective localities through local financing platforms. However, this increased investment by central and local governments caused the PRC economy to overheat and resulted in inflation. From October 2010 to January 2012, the PRC's monthly Consumer Price Index was 4% higher as compared to the same period the previous year. China has implemented a series of economic austerity measures from 2010 to alleviate the economic overheating and inflation, including adjustments to interest rates, banks' deposit reserve ratios and housing market restrictions. From 2010 to 2013, China's real GDP grew at a rate of 10.4%, 9.3%, 7.7% and 7.7% per annum, respectively.

According to the "Twelfth Five-Year Plan for National Economic and Social Development" (《國民經濟和社會發展第十二個五年規劃綱要》), from 2011 to 2015, China's real GDP average target growth rate was 7%. Although the PRC GDP growth rate has remained relatively high, the PRC Government has set a more moderate annual growth target with the goal of achieving long-term economic stability.

OVERVIEW OF THE PRC PROPERTY MARKET

Major Indicators of the PRC Property Market

Benefiting from rapid growth of the PRC economy and boosted by domestic investment and consumption, the PRC property market has rapidly grown in a short period of time. According to the National Bureau of Statistics of China, total investment in China's property development projects increased from RMB3,624.2 billion in 2009 to RMB8,601.3 billion in 2013, representing a CAGR of 24.1% from 2009 to 2013. GFA under construction by PRC property developers increased from 320,368 million sq.m. in 2009 to 665,572 million sq.m. in 2013, representing a CAGR of 20.1% from 2009 to 2013. GFA completed by proper developers increased from 726.8 million sq.m. in 2009 to 1,014.35 million sq.m. in 2013, representing a CAGR of 8.7% from 2009 to 2013. Total GFA of commodity properties sold increased from 947.6 million sq.m. in 2009 to 1,305.5 million sq.m. in 2013, representing a CAGR of 8.3% from 2009 to 2013.

During the same period, the sales volume and average selling prices of commodity properties sold also increased. Average selling price of commodity properties increased from RMB4,681 per sq.m. in 2009 to RMB6,237 per sq.m. in 2013. Contracted sales increased from RMB4,435.5 billion in 2009 to RMB8,142.8 billion in 2013, representing a CAGR of 7.4% and 16.4%, respectively from 2009 to 2013.

The following table sets forth major indicators of the PRC property market:

	2009	2010	2011	2012	2013	CAGR (%)
Total investment in property development projects[1] (RMB billion)	3,624	4,826	6,180	7,180	8,601	24.1
GFA under construction by property developers (million sq.m.)	3,204	4,054	5,068	5,734	6,656	20.1
GFA completed by property developers (million sq.m.)	727	787	926	994	1,014	8.7
GFA of commodity properties sold (million sq.m.)	948	1,048	1,094	1,113	1,306	8.3
GFA of residential commodity properties sold (million sq.m.)	862	934	965	985	1,157	7.6
Contracted sales of commodity properties (RMB billion)	4,436	5,272	5,859	6,446	8,143	16.4
Contracted sales of residential commodity properties (RMB billion)	3,843	4,412	4,820	5,347	6,769	15.2
Average selling price of commodity properties (RMB)	4,681	5,032	5,357	5,791	6,237	7.4
Average selling price of residential commodity properties (RMB)	4,459	4,725	4,993	5,430	5,850	7.0

Source: National Bureau of Statistics of China

Note:

(1) Total investment in property development projects refers to the investment by property development units in the construction of residential buildings, factory buildings, warehouses, hotels, guesthouses, holiday villages, office buildings and complementary service facilities, infrastructure and land acquisitions. However, it excludes projects only involving land development or land transactions.

Major Drivers of the PRC Property Market

In addition to continued housing reform and China's overall economic growth, the major drivers of the PRC property market include accelerated urbanization and increasing per capita disposable income.

Urbanization

Driven by the rapid growth of urban population, China's urbanization rate accelerated in the past five years, leading to strong growth in the domestic economy, in particular the property market. China's urban population increased from 650 million in 2009 to 730 million in 2013, representing a CAGR of 3.2% from 2009 to 2013, while total population increased at a CAGR of 0.5% from 1,340 million to 1,360 million during the same period. In 2011, the total urban population of the PRC exceeded total suburban population for the first time. According to the "National New Urbanization Plan (2014-2020)" (《國家新型城鎮化規劃(2014-2020年)》) promulgated by the State Council, the level of China's urbanization is expected to increase steadily, reaching 60% by 2020.

The following table sets forth the urbanization statistics for the periods indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Urban population (million)	645	670	691	712	731	3.2
Total population (million)	1,335	1,341	1,347	1,354	1,361	0.5
Urbanization rate (%)	48.3	49.9	51.3	52.6	53.7	

Source: National Bureau of Statistics of China

Per Capita Disposable Income

In line with the growth of the PRC economy, per capita disposable income of urban households continued to increase from RMB17,175 in 2009 to RMB26,955 in 2013, representing a CAGR of 11.9% from 2009 to 2013.

The following table sets forth the per capita disposable income of urban households for the periods indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Per capita disposable income of urban households (RMB)	17,175	19,109	21,810	24,565	26,955	11.9

Source: National Bureau of Statistics of China

Recent Developments in Property Policies in the PRC

The property industry is highly regulated in China. During the past decade, the central and local governments have promulgated a variety of policies and regulations from time to time to regulate the property industry. From 2004 to 2008, the PRC Government launched a series of regulations to curb the overheated property market and manage speculative investment, which included measures such as increasing the minimum down payment, mortgage rates and property transfer tax. These restrictions were lessened towards the end of 2008 due to a shift in the policy towards encouraging the property market in response to the global financial crisis. Since 2010, the PRC Government continued to develop policies and administrative measures to increase the supply of affordable housing and discourage speculation in the property market.

Due to the recent slowdown in the PRC property market and general market volatility, the PRC Government has made certain adjustments to its property market policies. In early 2014, the PRC Government announced its intention to regulate residential housing differently in certain cities, which take into account local conditions as well as increase the supply of small and medium-sized commercial and joint-ownership housing units, curb demand for housing for speculation and investment purposes, and promote the sustained and healthy development of the property market. Accordingly, local governments, including those of major second-tier cities, have subsequently relaxed certain relevant regulations such as home purchase restrictions[1]. As of January 2015, among the original 46 cities in China that implemented the home purchase restriction policy, 41 have lifted their restrictions. To date, only five cities, namely Beijing, Shanghai, Guangzhou, Shenzhen and Sanya are still subject to home purchase restrictions. However, the PRC Government is expected to maintain its strict control over speculation and investments in residential housing, while encouraging residents who are first-time purchasers of common commodity properties.

---

1 The "Circular on Issues Regarding the Further Regulation and Control of the Real Estate Market" (《國務院辦公廳關於進一步做好房地產市場調控工作有關問題的通知》), which stipulates that authorities of all municipalities directly under the central PRC Government, as well as separately listed cities, provincial capitals and cities with high housing prices and cities currently experiencing rapidly rising housing prices are required to introduce and implement stringent measures for home purchase restrictions, which are to remain in effect for a certain time period in future. In principle, households with locally registered residency status who have taken ownership of one home are eligible to purchase a second home. Households without locally registered residency status who can provide local tax statements or statements of social insurance contributions as proof of payment for a minimum number of years are eligible to purchase one house (including newly constructed commercial properties and second-hand houses). For locally registered households with two or more houses, non-local households with one or more houses, and non-local households who are unable to provide local tax statements or statements of social insurance contributions as proof of payment for a minimum number of years, purchases of residential properties within the city-level administrative regions are temporarily prohibited.

Development of the central and western regions of the PRC

The central region of the PRC primarily comprises Shanxi, Anhui, Jiangxi, Henan, Hubei and Hunan Provinces. The western region of the PRC primarily comprises 18 provinces, autonomous regions and municipalities directly under the PRC central government. The map below sets forth the central and western regions of the PRC:

The central and western regions are key regions where the PRC central government plans to carry out major economic reforms and development policies. On August 31, 2008, the State Council issued the "Guiding Opinions of the State Council on Central and Western Regions' Undertaking of Industrial Transfer" (《國務院關於中西部地區承接產業轉移的指導意見》(國發[2010]28號)), which sets guidelines for industrial transfers to the central and western regions, with the aim of accelerating urbanization and economic development in those regions. On February 12, 2012, the State Council promulgated the "Official Reply of the State Council on the Twelfth Five-Year Plan for the Large-Scale Development of the Western Region" (《國務院關於西部大開發"十二五"規劃的批覆》(國發[2012]8號)), which sets forth sustainable, long-term economic development plans and targeted GDP growth above the national average. On August 27, 2012, the State Council further issued "Several Opinions of the State Council on Vigorous Implementation of the Strategy of Promoting the Rise of the Central Region" (《國務院關於大力實施促進中部地區崛起戰略的若干意見》(國發[2012] 43號)). On June 25, 2014, the State Council announced that the PRC Government would systematically transfer certain industries currently operating primarily in Eastern China to the central and western regions of China. At the same time, the PRC Government aims to improve the economy of the central and western regions of the PRC and further accelerate urbanization, which is expected to assist impoverished or underdeveloped regions by means of increasing employment opportunities. To this end, the PRC Government intends to continue to introduce supportive economic policies for these regions.

We believe that the central and western regions of the PRC have benefited and will continue to benefit from supporting policies introduced by the PRC central government, which are aimed to promote economic development in a long term and accelerate urbanization process in the regions, and is expected to accelerate the growth of the property market in these regions.

Competition in the PRC Property Market

The PRC property market is highly fragmented. In 2013, the market share in terms of sales value of the top 100 property enterprises in the PRC was less than 30%. However, the concentration of the PRC property market has increased as the market share of the top 100 enterprises has gradually increased over the past five years. Industry participants in different cities of the PRC include national, regional and local property developers. We compete with other property developers based on product quality, service quality, price, financial resources, brand recognition, ability to acquire land parcels and other aspects.

The following table sets forth the market share of the top 100 property enterprises in the PRC for the periods indicated:

	2009	2010	2011	2012	2013
Market Share[1]					
Top 10 enterprises	8.57%	11.31%	10.52%	12.37%	13.25%
Top 20 enterprises	12.57%	16.08%	14.37%	17.12%	18.10%
Top 50 enterprises	19.32%	22.33%	19.64%	29.34%	24.12%
Top 100 enterprises	25.00%	26.92%	24.92%	35.17%	29.48%

Note:

(1) Market share represents the proportion which annual sales amount of the relevant property enterprises compared to the sales amount of the entire market for the year indicated.

Source: China Real Estate Research Association, China Real Estate Association, China Real Estate Appraisal

Currently, our key competitors are large, national property developers with abundant funding, high management standards and richer experience and resources than we have. In Taiyuan, our competitors include R&F Properties, Greenland Real Estate, Evergrande Real Estate, Wanda Real Estate, Hopson, China Oceanwide (泛海地產) and Beijing Capital Land. In Jinzhong and Mianyang, the Company's main competitors are local property companies, including Tiansen Group (田森集團), Changhong Group and Changxing Real Estate (長興地產).

Overview of the PRC Regional Economies and Property Markets

Shanxi Province

Located in the central part of the Yellow River basin, Shanxi Province is a major coal producing region in the PRC. According to the National Bureau of Statistics of China, Shanxi Province had a population of approximately 36.3 million at the end of 2013. In 2013, Shanxi's nominal GDP was approximately RMB1,260.2 billion, while GDP per capita was RMB34,813.

The following table sets forth selected economic indicators of Shanxi Province for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Nominal GDP (RMB billion)	735.8	920.1	1,123.8	1,211.3	1,260.2	14.4
Real GDP growth (%)	5.4	13.9	13.0	10.1	8.9	
Total population (million)	34.3	35.7	35.9	36.1	36.3	1.4
GDP per capita (RMB)	21,522	26,283	31,357	33,628	34,813	12.8
Urban population (million)	15.8	17.2	17.9	18.5	19.1	4.9
Per capita disposable income of urban households (RMB)	13,997	15,648	18,124	20,412	22,456	12.5
Fixed asset investments (RMB billion)	494.3	606.3	707.3	886.3	1,103.2	22.2

Source: National Bureau of Statistics of China

The property development industry in Shanxi Province began at a later stage than other provinces in China. However, in recent years the growth rate of total investment in property development projects and sales area and amount of commodity housing has been significantly higher than the national average growth rate. Total investment in property development projects in Shanxi Province increased from RMB47.7 billion in 2009 to RMB130.9 billion in 2013, representing a CAGR of 28.7% from 2009 to 2013. According to the National Bureau of Statistics of China, GFA completed by property developers in Shanxi Province in 2013 reached 22.85 million sq.m., increasing by 31.8% over 2012. Average selling price of commodity properties increased from RMB2,707 per sq.m. in 2009 to RMB4,433 per sq.m. in 2013, representing a CAGR of 13.1% from 2009 to 2013.

The following table sets forth selected data regarding the property market in Shanxi Province for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Total investment in property development projects (RMB billion)	47.7	59.2	79.0	101.0	130.9	28.7
GFA completed by property developers (million sq.m.)	8.6	12.0	21.1	17.3	22.8	27.6
GFA of commodity properties sold (million sq.m.)	10.3	11.8	12.8	15.0	16.4	12.3
Contracted sales of commodity properties (RMB billion)	28.0	41.2	44.1	58.0	72.8	27.0
GFA of commodity properties saleable/leasable remaining unsold (million sq.m.)	4.5	5.3	6.8	7.6	10.6	23.8
Average selling price of commodity properties (RMB)	2,707	3,487	3,433	3,871	4,433	13.1

Source: National Bureau of Statistics of China, Shanxi Provincial Bureau of Statistics

Taiyuan City

Taiyuan City, the capital of Shanxi Province, is also the political, economic and cultural center of Shanxi and plays an important role in Shanxi's economy. According to Taiyuan Municipal Bureau of Statistics, Taiyuan City had a population of approximately 3.7 million at the end of 2013. In 2013, Taiyuan's nominal GDP was approximately RMB241.3 billion, while GDP per capita was RMB56,547.

The following table sets forth selected economic indicators of Taiyuan City for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Nominal GDP (RMB billion)	154.5	177.8	208.0	231.1	241.3	11.8
Real GDP growth (%)	2.6	11.0	9.9	10.5	8.1	
Total population (million)	3.7	3.7	3.7	3.7	3.7	0.2
GDP per capita (RMB)	44,319	46,144.0	49,292	54,440	56,547	6.3
Urban population (million)	2.6	2.6	2.6	2.6	2.6	0.1
Per capita disposable income of urban households (RMB)	15,607	17,258	20,149	22,587	24,000	11.4
Fixed asset investment (RMB billion)	78.2	91.6	102.4	132.1	167.1	20.9

Source: Taiyuan Municipal Bureau of Statistics

In 2009, the NDRC issued the "Plan for Promoting the Rise of Central China" (《促進中部地區崛起規劃》), which proposed the establishment of the Taiyuan City Cluster to serve as a national base for clean energy production and technology innovation. In 2011, the "Twelfth Five-Year Plan for National Economic and Social Development of Shanxi Province" (《山西省國民經濟和社會發展第十二個五年規劃綱要》) mentioned the establishment of an urbanization structure on the basis of "one core, one circle and three clusters", with "One core" referring to the Taiyuan metropolitan area, comprising downtown Taiyuan and downtown Jinzhong as the organizational core of the provincial urban system. "One circle" refers to the Taiyuan metropolitan circle centered around the Taiyuan metropolitan area and includes 30 counties, county-level cities and the five cities Taiyuan, Jinzhong, Lüliang, Yangquan and Xinzhou.

In 2014, the government work report of Shanxi Province reiterated the need to accelerate the development of the Taiyuan City Cluster and support Taiyuan in leading the development of key projects, such as the development of Metro Line 2 and the Fendong Business District. The report also seeks to promote the urban integration between Taiyuan and Jinzhong and achieve progress in respect of road networks, intercity public transport and telecommunications and financial integration. It also requires major regional cities to actively expand local markets and improve construction and quality of new and old districts.

Favorable economic conditions and policies environment in Taiyuan City have supported the rapid growth of the local property market. In recent years, the property market in Taiyuan City has attracted a large amount of investments, with total investment in property development projects increasing from RMB16.5 billion in 2009 to RMB43.0 billion in 2013, representing a CAGR of 27.0% from 2009 to 2013. According to the Taiyuan Municipal Bureau of Statistics, GFA completed by property developers in Taiyuan City in 2013 reached 2.26 million sq.m., slightly decreasing by 2.1% over 2012. The average selling price of commodity properties increased from RMB4,830 per sq.m. in 2009 to RMB7,425 per sq.m. in 2013, representing a CAGR of 11.3% from 2009 to 2013.

The following table sets forth selected data regarding the property market in Taiyuan City for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Total investment in property development projects (RMB billion)	16.5	24.1	31.2	36.5	43.0	27.0
GFA completed by property developers (million sq.m.)	1.8	1.4	2.3	2.3	2.3	6.4
GFA of commodity commodities sold (million sq.m.)	1.8	2.6	2.2	3.3	4.0	21.3
Contracted sales of commodity commodity (RMB billion)	8.9	18.7	15.0	22.1	29.5	35.0
Average selling price of commodity properties (RMB)	4,830	7,244	6,889	6,793	7,425	11.3

Source: Taiyuan Municipal Bureau of Statistics

Jinzhong City

Jinzhong City is located in the central part of Shanxi Province, bordering the Taihang Mountains to the east and the Fen River to the west and is adjacent to Taiyuan. Jinzhong is an important part of the overall integrated development of the Taiyuan economic circle. It is a younger city but boasts a rich historical and cultural heritages and has potential for further development.

According to Jinzhong Municipal Bureau of Statistics, Jinzhong City had a population of approximately 3.3 million at the end of 2013. In 2013, Jinzhong's nominal GDP was approximately RMB102.0 billion, while GDP per capita was RMB31,015.

The following table sets forth selected economic indicators of Jinzhong City for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Nominal GDP (RMB billion)........	63.7	76.4	89.0	98.7	102.0	12.5
Real GDP growth (%)	6.7	14.0	13.1	10.2	9.1	
Total population (million)	3.1	3.3	3.3	3.3	3.3	1.3
GDP per capita (RMB).................	20,335	23,575	27,300	30,093	31,015	11.1
Urban population (million)...........	1.4	1.4	1.5	1.6	1.6	4.3
Per capita disposable income of urban households (RMB)	14,628	16,379	18,919	21,409	23,714	12.8
Fixed asset investments (RMB billion)	39.6	49.5	58.0	74.4	94.6	24.3

Source: Jinzhong Municipal Bureau of Statistics

The Twelfth Five-Year Plan issued by Taiyuan City in 2011 sets forth the requirements for furthering the urban integration of Taiyuan and Jinzhong and the establishment of the Taiyuan economic circle, which also defines the urban integration of both cities as the key objective of accelerating construction in the Taiyuan metropolitan circle. This has an important effect on promoting the development of the property industry in Jinzhong City. The Jinzhong City government's work report for 2012 also requires that great efforts should be made to accelerate the urbanization process of the urban region and the urban integration of Taiyuan and Jinzhong, as well as implement planning and construction measures for various areas including Taiyuan-Yuci Technology Innovation Town (太榆科技創新城) and the New Campus for Universities and Colleges of Shanxi (山西高校新校區).

In recent years, the property market in Jinzhong City has maintained a trend of continuous development and strong growth in property investment. Total investment in property development projects increased from RMB2.5 billion in 2009 to RMB7.7 billion in 2013, representing a CAGR of 38.7% from 2009 to 2013. According to Jinzhong Municipal Bureau of Statistics, GFA completed by property developers in Jinzhong City in 2013 reached 1.30 million sq.m., increasing by 82.2% over 2012. The average selling price of commodity properties increased from RMB2,118 per sq.m. in 2009 to RMB3,837 per sq.m. in 2013, representing a CAGR of 16.0% from 2009 to 2013.

The following table sets forth selected data regarding the property market in Jinzhong City for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Total investment in property development projects (RMB billion)	2.5	3.0	3.2	7.0	7.7	38.7
GFA completed by property developers (million sq.m.)	0.9	1.1	0.7	0.7	1.3	39.2
GFA of commodity properties sold (million sq.m.)	0.8	1.1	0.8	1.1	1.3	13.5
Contracted sales of commodity properties (RMB billion)	1.6	2.8	2.5	4.3	4.9	31.7
Average selling price of commodity properties (RMB)	2,118	2,487	3,046	3,936	3,837	16.0

Source: Jinzhong Municipal Bureau of Statistics

Mianyang City

Mianyang City is the second largest city in Sichuan Province in terms of nominal GDP and is located near Chengdu. Mianyang City is a major base for the national defense, scientific research and electronics industries of the PRC. Mianyang City has received several awards for its good living environment, including being named a "national garden city" by MOHURD, a "model city for national environmental protection" by the Ministry of Environmental Protection of the PRC, an "outstanding tourist city" by the China National Tourism Administration and an "outstanding green and ecological city" by the United Nations Environmental Program Foundation.

According to Mianyang Municipal Bureau of Statistics, Mianyang City had a population of approximately 5.5 million at the end of 2013. In 2013, Mianyang's nominal GDP was approximately RMB145.5 billion, while GDP per capita was RMB31,237.

The following table sets forth selected economic indicators of Mianyang City for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Nominal GDP (RMB billion)	82.0	96.0	118.9	134.6	145.5	15.4
Real GDP growth (%)	14.4	15.3	15.2	13.3	10.0	
Total population (million)	5.4	5.4	5.4	5.5	5.5	0.1
GDP per capita (RMB)	16,537	20,053	25,755	29,080	31,237	17.2
Urban population (million)	1.4	1.5	1.5	1.5	1.6	2.9
Per capita disposable income of urban households (RMB)	13,701	15,516	17,998	20,755	23,100	14.0
Fixed asset investments (RMB billion)	80.2	82.1	88.1	93.2	100.1	5.7

Source: Mianyang Municipal Bureau of Statistics

In the past five years, total investment in property development projects in Mianyang City grew rapidly from RMB6.8 billion in 2009 to RMB17.0 billion in 2013, representing a CAGR of 25.7% from 2009 to 2013. According to Mianyang Municipal Bureau of Statistics, GFA completed by property developers in Mianyang City in 2013 reached 2.3 million sq.m., decreasing by 46.5% over 2012. The average selling price of commodity properties increased from RMB2,834 per sq.m. in 2009 to RMB4,611 per sq.m. in 2013, representing a CAGR of 12.9% from 2009 to 2013.

The following table sets forth selected data regarding the property market in Mianyang City for the years indicated:

	2009	2010	2011	2012	2013	CAGR (%)
Total investment in property development projects (RMB billion)	6.8	10.6	13.2	14.6	17.0	25.7
GFA completed by property developers (million sq.m.)	1.7	1.7	3.4	4.3	2.3	7.9
GFA of commodity properties sold (million sq.m.)	2.6	3.6	4.2	3.1	3.3	6.1
Contracted sales of commodity properties (RMB billion)	7.5	12.7	16.8	14.7	15.2	19.4
Average selling price of commodity properties (RMB)	2,834	3,558	4,032	4,741	4,611	12.9

Source: Mianyang Municipal Bureau of Statistics

Main Construction Costs

According to the information published by Bloomberg, the PRC national average annual market price of steel bars, a primary raw material for housing construction, decreased from RMB4,738.1 per ton in 2011 to RMB3,929.9 per ton in 2012 and further to RMB3,572.5 per ton in 2013. As of December 31, 2014, the average market price of steel bars in 2014 was RMB3,153.9 per ton. The PRC national average annual price of coking coal, a main ingredient for producing cement, decreased from RMB1,982.6 per ton in 2011 to RMB1,750.1 per ton in 2012 and further to RMB1,464.8 per ton in 2013. As of December 31, 2014, average market price of coking coal in 2014 was RMB1,083.8 per ton.

According to the National Bureau of Statistics of China, the PRC national average wages of employees in the PRC real estate industry, which is one of the major costs of construction, increased from RMB42,837 in 2011 to RMB 46,764 in 2012 and further to RMB51,048 in 2013.

The following table sets forth the prices of steel bars and coking coal and average wages of employees in the PRC real estate industry for the years indicated:

	2011	2012	2013	2014
Steel bars (RMB/ton)	4,738.1	3,929.9	3,572.5	3,153.9
Coking coal (RMB/ton)	1,982.6	1,750.1	1,464.8	1,083.8
Average wages of employees in real estate industry (RMB)[(1)]	42,837	46,764	51,048	NA

Source: Bloomberg Database, National Bureau of Statistics of China

Note:

(1) Urban non-private sector.

This section sets forth a summary of the most significant PRC laws and regulations that affect our business and the industry in which we operate.

REGULATIONS ON THE ESTABLISHMENT OF REAL ESTATE ENTERPRISES

Establishment of a Real Estate Development Enterprise

The Law of the People's Republic of China on Administration of Urban Real Estate (中華人民共和國城市房地產管理法) ("**Urban Real Estate Law**") promulgated by the Standing Committee of the National People's Congress (中華人民共和國全國人大常委會) ("**SCNPC**"), effective on January 1, 1995, amended on August 30, 2007, August 27, 2009 and September 23, 2012, stipulates that a real estate developer is an enterprise which engages in the development and sale of real estate for the purpose of making profits. Under the "Regulations on Administration of Development of Urban Real Estate" (城市房地產開發經營管理條例) ("**Development Regulations**") promulgated and implemented by the State Council on July 20, 1998, and amended on January 8, 2011, an enterprise which is to engage in development of real estate shall satisfy the following requirements: (i) its registered capital must be RMB 1 million or more; and (ii) it must have four or more full-time professional real estate/construction technicians and two or more full-time accounting officers, each of whom must hold the relevant qualification certificate. The Development Regulations also stipulates that the local government of a province, autonomous region or municipality directly under the central government may, based on local circumstances, impose more stringent requirements on the registered capital and the professional personnel of a real estate developer.

Pursuant to the Development Regulations, a developer who aims to establish a real estate development enterprise must apply for registration with the administration for industry and commerce. The real estate developer must also report its establishment to the real estate development authority in the location of the registration authority, within 30 days of the receipt of its business license.

Under the "Notice on Adjusting the Portion of Capital Fund for Fixed Assets Investment of Certain Industries" (《關於調整部分行業固定資產投資專案資本金比例的通知》) issued by the State Council on April 26, 2004, the portion of capital funding for real estate projects (excluding economical housing projects) has been increased from 20% or above to 35% or above.

However, the "Notice of the State Council on Adjusting the Capital Ratio for Fixed Asset Investment Projects" (《國務院關於調整固定資產投資項目資本金比例的通知》) on May 25, 2009, reduced the requirement on the minimum capital for social welfare housing and general commercial residence from 35% to 20%, while the requirement on the minimum capital for other real estate projects was reduced to 30%.

Foreign-Invested Real Estate Enterprises

Pursuant to the "Catalogue for the Guidance of Industries for Foreign Investment (2015 Revision)" ("**2015 Industrial Guidance Catalogue**") (《外商投資產業指導目錄(2015年修訂)》) jointly enacted by MOFCOM and NDRC on March 10, 2015 and enforced on April 10, 2015, foreign investment in enterprises engaged in the development of tract of land, (i) the construction and operation of high end hotels, premium office buildings, international conference centers, transactions in the real estate secondary market and real estate intermediary or broker services fall within the category of industries in which foreign investment is restricted, (ii) the development of villas and golf courses fall within the category of prohibited industries, and (iii) foreign investment related to other kinds of real estate development fall within the category of industry in which foreign investment is permitted.

In accordance with the "Circular of the State Council on Promulgating the Catalogue of Investment Projects Approved by the Government (2014 version)" (《國務院關於發佈政府核准的投資項目目錄(2014年本)的通知》) promulgated by the State Council on October 31, 2014 and implemented on the same date, the NDRC will examine and approve foreign investment projects with a total investment of US$1,000 million or more that come within the category of industries in which foreign investment is encouraged or permitted. Real estate projects falling into the restricted category as listed in the 2015 Industrial Guidance Catalogue shall be approved by the provincial government.

A foreign real estate investor may establish business in the forms of joint venture, cooperative venture or wholly foreign owned enterprise. The establishment must be approved by commerce authorities granting the Approval Certificate for Foreign-Invested Enterprise.

On July 11, 2006, the Ministry of Construction (中華人民共和國建設部), MOFCOM, NDRC, PBOC, SAIC and the SAFE jointly promulgated the "Opinions on Regulating the Entry and Administration of Foreign Investment into the Real Estate Market" (《關於規範房地產市場外資准入和管理的意見》), which provides, among other things, that an overseas entity or individual investing in real estate in China other than for self-use must apply for the establishment of a foreign invested real estate enterprise ("**FIREE**") in accordance with applicable PRC laws and may only conduct operations within the authorized business scope. The joint opinion attempts to impose additional restrictions on the establishment and operation of FIREE by regulating the amount of registered capital as a percentage of total investment in certain circumstances, limiting the validity of approval certificates and business licenses to one year, restricting the ability to transfer equity interests of a FIREE or its projects and prohibiting the borrowing of money from domestic and foreign lenders where its registered capital is not paid up or the land use rights not obtained. In addition, the joint opinion also limits the ability of foreign individuals to purchase commodity residential properties in China.

On August 14, 2006, MOFCOM promulgated the "Circular on Thorough Implementation of the Opinions" (《關於貫徹落實《關於規範房地產市場外資准入和管理的意見》的通知》). This circular reiterates relevant provisions on foreign investment in real estate industry as prescribed in the Opinions and also sets forth the definition of FIREE as foreign invested enterprise which carries out construction and operation of a variety of residences such as ordinary residences, apartments and villas, hotels (restaurants), resorts, office buildings, convention centers, commercial facilities, and theme parks or, development of land or a whole land lot aimed at the abovementioned construction projects.

On May 23, 2007, MOFCOM and SAFE promulgated the "Circular on the Reinforcement and Regulation of Approval and Supervision of Foreign Direct Investment in the Real Estate Section" (《關於進一步加強、規範外商直接投資房地產業審批和監管的通知》) ("**Notice 50**"). Under Notice 50, prior to applying for the establishment of real estate companies, foreign investors must first obtain land use rights and building ownership, or must have entered into pre-sale or pre-grant agreements with respect to land use rights or building ownership. If foreign-invested enterprises in China engage in real estate development or operations or if FIREEs in China engage in new real estate project development, they must first apply to the relevant PRC governmental authorities to expand their scope of business or scale of operations in accordance with the PRC laws and regulations related to foreign investments. In addition, the local PRC governmental authorities must file with MOFCOM for record their approvals of establishment of FIREEs, and must exercise due control over foreign investments in high-end properties. Foreign exchange authorities may not allow capital-account foreign exchange sales and settlements by FIREEs that have been established in contravention of these requirements.

According to the "Notice of Ministry of Commerce Concerning Delegation of Power of Approval for Foreign Investment Projects" (《商務部關於下放外商投資審批許可權有關問題的通知》) issued on June 10, 2010, the establishment and change matters of foreign invested enterprises in relation to projects being encouraged and permitted with total investment of US$300.0 million and those subject to restrictions with total investment of US$50.0 million are examined and approved by competent municipal commerce departments at provincial or sub-provincial level. On June 18, 2008, the MOFCOM issued the "Notice Regarding the Registration of Foreign-Invested Real Estate Industry" (《商務部關於做好外商投資房地產業備案工作的通知》) ("**Circular 23**"), which requires that registration shall be preliminarily examined by the provincial branch of the MOFCOM before submitting to the MOFCOM for registration. Pursuant to Circular 23, the MOFCOM may randomly select registered foreign-invested real estate enterprises for examinations. The foreign currency registration of any enterprise which is found to be in violation of the existing regulations will be cancelled and the foreign investment statistics of such enterprise will be cancelled by the SAFE upon the notice of the MOFCOM.

On June 24, 2014, the MOFCOM and SAFE jointly issued the "Notice Regarding the Improvement of Registration of Foreign-Invested Real Estate Industry" (《關於改進外商投資房地產備案工作的通知》), which adopts an electronic registration system to simplify the registration process and emphasizes post-registration governance.

Qualification of a Real Estate Developer

Classification of a Real Estate Enterprise' Qualification

Under the Development Regulations, a real estate developer must record its establishment to the governing real estate development authorities in the location of the registration authority within 30 days after receiving its Business License. The real estate development authorities shall examine applications for classification of a real estate developer's qualification by considering its assets, professional personnel and industrial achievements. A real estate enterprise shall only engage in real estate development projects in compliance with its approved qualification.

Under the "Provisions on Administration of Qualifications of Real Estate Developers" (《房地產開發企業資質管理規定》) ("**Provisions on Administration of Qualifications**") promulgated by the Ministry of Construction of PRC and implemented on March 29, 2000, a real estate developer must apply for registration of its qualifications. An enterprise may not engage in the development and sale of real estate without a qualification classification certificate for real estate development.

In accordance with the Provisions on Administration of Qualifications, qualifications of an enterprise are classified into four classes: class 1, class 2, class 3 and class 4. Different classes of qualification should be examined and approved by corresponding authorities. The class 1 qualification will subject to preliminary examination by the construction authority under the government of the relevant province, autonomous region or municipality directly under the central government and then final approval of the construction authority under the State Council. Procedures for approval of developers of class 2 or lower classes will be formulated by the construction authority under the people's government of the relevant province, autonomous region or municipality directly under the central government. A developer that passes the qualification examination will be issued a qualification certificate of the relevant class by the qualification examination authority. For a newly established real estate developer, after it reports its establishment to the real estate development authority, the authority must issue the "Provisional Qualification Certificate" (《暫定資質證書》) to the eligible developer within 30 days. The Provisional Qualification Certificate is effective for one year from its issuance while the real estate development authority may extend the validity to a period of no longer than two years considering the actual business situation of the enterprise. The real estate developer shall apply for qualification classification by the real estate development authority within one month before the expiry of the Provisional Qualification Certificate.

Business Scope of a Real Estate Developer

Under the Provisions on Administration of Qualification, a developer of any qualification classification may only engage in the development and sale of the real estate within its approved scope of business and may not engage in business which falls outside the approved scope of its qualification classification. A class 1 real estate developer may undertake a real estate development projects throughout the country without any limit on the scale of the project. A real estate developer of class 2 or lower may undertake a project with a GFA of less than 250,000 square meters and the specific scopes of business shall be as formulated by the construction authority under the government authority of the relevant province, autonomous region or municipality.

Annual Qualification Review of Real Estate Development Enterprises

Pursuant to the Provisions on Administration of Qualification, the qualification of real estate development enterprises is subject to annual review. For enterprises that do not conform to the existing qualification criteria or found with improper business practices, their qualification certificates will be downgraded or cancelled by the original qualification approval department. The annual qualification review of real estate development enterprises with Level I qualification will be under the charge of competent construction administrative department of State Council or its authorized authority. For the annual review of real estate development enterprises with qualifications of Level II or below, the competent construction administrative department of provinces, autonomous regions and municipalities directly under the central government will formulate the administrative measures.

REGULATIONS ON LAND AND THE DEVELOPMENT OF REAL ESTATE PROJECTS

Land Grants

The "Provisional Regulations of the People's Republic of China on Grant and Transfer of the Land-Use Rights of State-owned Urban Land" (《中華人民共和國城鎮國有土地使用權出讓和轉讓暫行條例》) ("**Provisional Regulations on Grant and Transfer**") promulgated by the State Council on May 19, 1990, adopted a system of assignment and transfer of the right to use State-owned land. A land user must pay an assignment price to the State as consideration for the grant of the right to use a land site within a certain term, and the land user may transfer, lease out, mortgage or otherwise commercially exploit the land use rights within the term of use. Under the Provisional Regulations on Grant and Transfer and the Urban Real Estate Law, the land administration authority under the local government of the relevant city or county must enter into an assignment contract with the land user to provide for the grant of land use rights. The land user will pay the assignment price as provided by the assignment contract. After full payment of the assignment price, the land user will register with the land administration authority and obtain a land use rights certificate which evidences the acquisition of land use rights. The Development Regulations provide that the land use right for a land parcel intended for real estate development shall be obtained through grant except for land use rights which may be obtained through appropriation pursuant to PRC laws or the stipulations of the State Council.

The "Regulations regarding the Grant of State-Owned Land Use Rights by Way of Tender, Auction and Listing-for-sale" (招標拍賣掛牌出讓國有土地使用權規定) promulgated by the MLR on May 9, 2002 and implemented on July 1, 2002 (the "**2002 Regulations**") and revised on September 28, 2007 and titled the "Regulations Regarding the Grant of State-Owned Construction Land Use Rights by Way of Tender, Auction and Listing-for-sale" (《招標拍賣掛牌出讓國有建設用地使用權規定》) (the "**2007 Regulations**") effective on November 1, 2007 resulted in the MLR and the Ministry of Supervision issuing the "Notice on Continuing the Review of the Implementation of the Grant of Land Use Rights for Commercial Uses By Soliciting Auction Bids or Listing on a Land Exchange" (《關於繼續開展經營性土地使用權招標拍賣掛牌出讓情況執法監察工作的通知》) on March 18, 2004, which requires all local land administration authorities to strictly enforce the 2002 Regulations. In addition, the MLR required that beginning from August 31, 2004, no land use rights for commercial uses granted by way of agreement shall be dealt with strictly. In the "Urgent Notice of the General Office of the State Council on Intense Regulation and Rectification of the Land Market and Strict Administration of Land" (《國務院辦公廳關於深入開展土地市場治理整頓嚴格土地管理的緊急通知》), issued by the State Council on April 29, 2004, the approval process for the change of use from agricultural land to non-agricultural land for development was suspended for a period of approximately six months so that the PRC Government could rectify irregularities in land development in China. The 2007 Regulations specifically provide that land to be used for industry, commerce, tourism, entertainment or commodity residential purposes, or where there are two or more intended users for a certain piece of land, must be granted through tender, auction or listing-for-sale processes. A number of measures in the 2007 Regulations ensure such grants of land use rights for commercial purposes are conducted openly and fairly. For instance, the local land bureau must take into account various social, economic and planning considerations when deciding on the use of a certain piece of land, and its decision regarding land use designation is subject to approval of the city or county government. The grantee must apply for land registration and obtain the State-owned land use rights certificate upon full payment of the land premium for the granted land according to the land grant contract. In the event that the land premium for the granted land is not paid in full, the grantee will not receive the land use rights certificate. In addition, the announcement of tender, auction or listing-for-sale must be made 20 days prior to the date on which such competitive process begins. Further, the 2007 Regulations stipulate that for listings on a land exchange, the time period for accepting bids must be no less than ten days. On May 11, 2011, the MLR promulgated the "Opinions on Upholding and Improving the System for the Transfer of Land by Tender, Auction and Listing-for-Sale" (《國土資源部關於堅持和完善土地招標拍賣掛牌出讓制度的意見》), which provides, among other things (i) how to correctly implement the land transfer policy through tenders, auctions and listing-for-sale; (ii) explanation of improvements in the transparency of the system of tenders, auctions and listings for housing land; (iii) explanation of adjustments and improvements to the land transfer policy through tenders, auctions and listing-for-sale; (iv) promotion of online operation of the transfer of land use rights; and (v) improvement in contracts for land transfers through tenders, auctions and listing-for-sale.

In the case of tenders, the local land bureau granting the land use rights should examine the qualifications of the intended bidders and encourage those who are qualified to participate in the bidding processes by sending out invitations to tender. Bidders are asked to submit sealed bids together with the payment of a security deposit. When land use rights are granted through tenders, a tender evaluation committee consisting of odd number of members of at least five (including a representative of the grantor and relevant expert) must be formed by the land bureau which is responsible for opening the tenders and deciding on the successful bidder. The successful bidder will then sign the land grant contract with the land bureau and pay the balance of the land premium before obtaining a State-owned land use rights certificate.

Where land use rights are granted by way of auction, a public auction will be held by the relevant local land bureau. The land use rights are granted to the highest bidder. The successful bidder will then be asked to sign the land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

Where land use rights are granted through a listing administered by the local government, a public notice will be issued by the local land bureau to specify the, among other things, location, the area, purpose of use of the land and the period for receiving bids. The land use rights are granted to the bidder with the highest bid who satisfies the terms and conditions. The successful bidder will enter into a land grant contract with the local land bureau and pay the relevant land premium within a prescribed period.

On June 11, 2003, the MLR promulgated the "Regulations on the Grant of State-owned Land Use Rights by Agreement" (《協議出讓國有土地使用權規定》). According to this regulation, if there is only one entity interested in using the land, the land use rights (excluding commercial, tourism, entertainment and commodity residential properties) may be assigned by way of agreement. If two or more entities are interested in the land use rights to be assigned, such land use rights will be granted by means of tender, auction or listing-for-sale.

According to the "Notice of the Ministry of Land and Resources on Relevant Issues Concerning the Strengthening of Examination and Approval of Land Use in Urban Construction" (《關於加強城市建設用地審查報批工作有關問題的通知》) promulgated by the MLR on September 4, 2003, from the day of issuance of the Notice, the grant of land use rights for luxurious commodity houses shall be stringently controlled. On May 30, 2006, the MLR issued the "Urgent Notice on Further Strengthening the Administration of Land" (《關於當前進一步從嚴土地管理的緊急通知》). The Notice stated that land for real estate development must be granted by competitive bidding, public auction or listing-for-sale.

The "Measures on the Administration of Reserved Land" (《土地儲備管理辦法》), promulgated by Ministry of Finance ("**MOF**"), the PBOC and the MLR on November 19, 2007, define "reserved land" and stipulate the administrative, regulatory and implementing procedures involved with the management, planning, allocation, use, development, capital expenditure and supply of reserved land. Moreover, these Measures clarify that land must be reserved in accordance with corresponding land programs or plans, and that in determining land reserves priority must be given to land included in state inventories which is unused, unoccupied or under-utilized.

On November 18, 2009, the MOF, the MLR, the PBOC and Ministry of Supervision jointly issued the "Notice on Further Strengthening the Land Transfer Revenue and Expenditure Management" (《關於進一步加強土地出讓收支管理的通知》), which stipulates:

(A) The municipal or county land resource department must specify land transfer price, rent and the total sum of the allocated land price, payment time and payment mode in the state-owned land transfer contract, lease contract and letter of decision on appropriation; if the land use conditions as the use of land have been changed upon approval according to law, the municipal or county land resource management department must specify the land price that shall be paid additionally in the land transfer and lease contracts and the payer shall pay the sum of money as stipulated by the contract. If a unit or individual that fails to pay the land price as required, the municipal or county land resource management department must neither approve, issue the state-owned land use certificate nor issue certificate in a segmented way by the proportion of the land price paid.

(B) The term for paying the full land transfer price by installments agreed between the municipal or county land resource management department and land transferee pursuant to law shall not exceed one year in principle. The proportion of first payment must not be less than 50% of total land transfer price.

On March 8, 2010, the MLR issued the "Notice of the Problems on Strengthening the Supply and Supervision of the Land used for Real Estate Development" (《關於加強房地產用地供應和監管有關問題的通知》), among others, strictly regulating the behavior of commercial land transfer and the lowest price of land transfer, strictly implementing the verification process on land bidder qualification, strictly managing the land transfer contract, and insisting on and improving the land bid invitation, auction and listing system.

Land Transfer from Current Land Users

In addition to a direct grant from the government, an investor may also acquire land use rights from land users that have already obtained the land use rights by entering into an assignment contract with such land user.

If the land has not been developed and utilized in accordance with the period of time specified in the land grant contract and the conditions therein, the right to the use thereof may not be transferred. With the transfer of the land use rights, the rights and obligations specified in the land grant contract and in the registration documents must be transferred accordingly. The time limit for the right to use land that a land user has acquired by means of transfer must be the remaining period of the term specified in the land grant contract after deduction of the period for which the original land user(s) has (have) used the land.

For real estate development projects, the Urban Real Estate Law requires that at least 25% of total amount of investment or development must have been made or completed before assignment can take place. All rights and obligations of the current holder under a land grant contract will be transferred contemporaneously to the assignee of the land use rights. Relevant local governments may acquire the land use rights from a land user in the event of a readjustment of the use of land for renovating the old urban area according to city planning. The land user will then be compensated for the loss of land use rights.

Development of a Real Estate Project

Commencement of Real Estate Project and Regulations with Respect to Idle Land

Pursuant to the "Measures on Disposal of Idle Land" (《閒置土地處置辦法》) promulgated by the MLR on April 28, 1999, "idle land" refers to land granted for use but that is lying idle because the land user failed to commence development and construction before the specified commencement date without the consent of the government that approved the use of the land. The amended Measures on the Disposal of Idle Land, which became effective on June 1, 2012, expanded the definition of idle land to include land lying idle due to government action. When certain land is deemed "idle land," relevant municipal or county land administrative departments) shall inform the land user and prepare a plan for disposing of the idle land. When the land is mortgaged, the mortgagee must be invited to participate in the preparation of the disposal plan.

The methods of disposing of idle land include, among others: (i) extending the development and construction period by a maximum of one year; (ii) changing the use of the land, and continuing development and construction afterward; or (iii) arranging for the temporary use of the land and re-approving the development after the original project satisfies the construction requirements.

The "Notice on Strengthening the Disposing of Idle Land" (《關於加大閒置土地處置力度的通知》) issued by the MLR on September 8, 2007 emphasizing that the disposal of idle land shall be speeded up. The land regulatory authority may impose an idle land penalty of up to 20% of the land premium; the land regulatory authority shall reclaim the idle land without compensation as required by the relevant regulations. For land that becomes idle as a result of illegal approval, such land shall be reclaimed before the end of 2007.

On January 3, 2008, the State Council promulgated the "Circular on Conservation of Intensive Land Use" (《關於促進節約集約用地的通知》), as summarized below:

(a) Strictly implement the tender, auction and listing-for-sale regime for land intended for industrial and business purposes. Where the land premium is not paid in full according to contractual agreement, the land use certificate shall not be issued, nor will a land use certificate be issued on parts of the land in proportion to the paid-up land premium. Strictly prohibit unauthorized conversion of agricultural land to land for construction.

(b) With respect to real estate projects (i) commenced one year after the commencement date as stipulated under the land grant contract, (ii) the area of land developed is less than 1/3 of the entire area, and (iii) the investment of less than 1/4 of the investment amount, financial institutions will be cautious in granting loans and approving financing, and will not grant loans or offer listing financing to projects engaging in illegal land use.

Planning of a Real Estate Project

On October 28, 2007, the SCNPC promulgated the "PRC City and Countryside Planning Law" (《中華人民共和國城鄉規劃法》), pursuant to which, a construction planning permit must be obtained from the relevant urban and rural planning government authorities for building any structure, fixture, road, pipeline or other engineering project within an urban or rural planning area.

After obtaining the construction works planning permit, a real estate developer must apply for a construction works commencement permit from the construction authority under the local people's government at the county level or above in accordance with the "Measures for the Administration of the Construction Permit for Construction Projects" (《建築工程施工許可管理辦法》) promulgated by the MOHURD on June 25, 2014 and implemented on October 25, 2014.

In accordance with the Development Regulations and the "Regulation on the Quality Management of Construction Projects" (《建設工程品質管理條例》) promulgated by State Council on January 30, 2000, the "Measures for Reporting Details Regarding Acceptance Examination Upon Completion of Buildings and Municipal Infrastructure" (《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 April 7, 2000 and amended on October 19, 2009 and the "Rules for the Confirmation of the Completion of Housing Construction and Municipal Infrastructure Projects" (《房屋建築和市政基礎設施工程竣工驗收規定》) promulgated by the MOHURD and implemented on December 2, 2013, after the completion of construction of a project, the real estate must undergo inspection and receive relevant approvals from local authorities including planning bureaus, fire safety authorities and environmental protection authorities.

According to the "Notice on Further Strengthening the Quality Supervision and Management of Construction Projects" (《關於進一步加強建築工程品質監督管理的通知》) promulgated by the MOHURD on April 13, 2009, the legal regulatory framework and the supervision system concerning quality supervision and completion acceptance examination must be further improved.

CIVIL AIR DEFENSE PROPERTY

The PRC Law on National Defense (中華人民共和國國防法) promulgated by the National People's Congress ("**NPC**") on March 14, 1997, as amended on August 27, 2009, stipulates that national defense assets are owned by the State. The PRC Law on Civil Air Defense (中華人民共和國防空法), or the Civil Air Defense Law, promulgated by the SCNPC on October 29, 1996, as amended on August 27, 2009, encourages the public to invest in construction of civil air defense property and investors in civil air defense are permitted to use (including lease), manage civil air defense property during peacetime and derive profits therefrom. However, such use may not impair their functions as air defense property. The design, construction and quality of the civil air defense properties must conform to the protection and quality standards established by the State. On November 1, 2001, the National Civil Air Defense Office issued the "Administrative Measures for Developing and Using the Civil Air Defense Property at Ordinary Times" (《人民防空工程平時開發利用管理辦法》) and the "Administrative Measures for Maintaining the Civil Air Defense Property" (《人民防空工程維護管理辦法》), which specifies the use, management and maintenance of civil air defense property. The implementation of the "Rules of the Civil Air Defense Law of Shanxi Province" (《山西省實施《中華人民共和國人民防空法》辦法》) encourages developers to invest, manage and use civil air defense projects during peacetime and derive profits therefrom.

REGULATIONS ON REAL ESTATE TRANSFER AND SALE

Real Estate Transfer

According to the Urban Real Estate Law and the "Provisions on Administration of Transfer of Urban Real Estate" (《城市房地產轉讓管理規定》) promulgated by the Ministry of Construction on August 7, 1995 and as amended on August 15, 2001, a real estate owner may sell, bequeath or otherwise legally transfer property to another person or legal entity. When transferring a building, the ownership of the building and the land use rights to the site on which the building is situated are transferred simultaneously. The parties to a transfer shall enter into a property transfer contract in writing and register the transfer with the real estate administration authority having jurisdiction over the location of the property within 90 days of the execution of the transfer contract.

Where the land use rights were originally obtained by grant, the real property may only be transferred on the condition that: (i) the assignment price has been paid in full for the grant of the land use rights as provided by the grant contract and a land use rights certificate has been obtained; (ii) development has been carried out according to the grant contract and, in the case of a project in which buildings are being developed, development representing more than 25 percent of the total investment has been completed.

If the land use rights were originally obtained by grant, the term of the land use rights after transfer of the real property must be the remaining portion of the original term provided by the land use rights grant contract after deducting the time that has been used by the former land users. In the event that the transferee intends to change the use of the land provided in the original grant contract, consent must first be obtained from the original grantor and the planning administration authority under the local government of the relevant city or county and an agreement to amend the land use rights grant contract or a new land use rights grant contract must be signed in order to, among other things, adjust the land use rights assignment price accordingly.

If the land use rights were originally obtained by allocation, transfer of the real property will be subject to the approval of the government vested with the necessary approval power as required by the State Council. Upon such approval, the transferee must complete the formalities for transfer of the land use rights, unless the relevant statutes require no transfer formalities, and pay the transfer price according to the relevant statutes.

Real Estate Registration

According to the "Interim Regulations on Real Estate Registration" (《不動產登記管理條例》) promulgated by the State Council on November 24, 2014 and enforced on March 1, 2015, a uniform registration system over real estate will be applied in the PRC. Under this system, ownership of buildings and land use right shall be registered in accordance with the provisions of the "Interim Regulations on Real Estate Registration". If registration is applied by reasons of transfer or settlement of mortgage, the application shall be made jointly by both parties. However, the first registration application for the real estate without registration record shall be filed by either party involved. Any interested party may apply for inquiring or copying the real estate registration materials in accordance with the relevant law and the registration, the competent authorities shall not refuse to provide the information which has been registered. Furthermore, it is confirmed that various real estate ownership certificates issued prior to the implementation of the "Interim Regulation on Real Estate Registration" shall remain valid.

Sale of Commodity Buildings

Under the "Regulatory Measures on the Sale of Commodity Buildings" (《商品房銷售管理辦法》) ("**Regulatory Measures**") promulgated by the Ministry of Construction on April 4, 2001 and implemented on June 1, 2001, sale of commodity buildings can include both pre-completion sales (pre-sale) and post-completion sales.

Permit of Pre-sale of Commodity Buildings

According to the "Development Regulations and the Measures for Administration of Pre-sale of Commodity Buildings" (《城市商品房預售管理辦法》) ("**Pre-sale Measures**") promulgated by the Ministry of Construction on November 15, 1994 and as amended on August 15, 2001 and July 20, 2004, respectively, the pre-sale of commodity buildings will be subject to a licensing system, and a real estate developer intending to sell a commodity building before its completion must make the necessary pre-sale registration with the real estate development authority of the relevant city or county to obtain a Pre-Sales Permit. A commodity building may be sold before completion only if: (i) the assignment price has been paid in full for the grant of the land use rights involved and a land use rights certificate has been obtained; (ii) a construction works planning permit and construction works commencement permit have been obtained; (iii) the funds invested in development construction represent 25 percent or more of the total investment in the project and the progress of works and the completion and delivery dates have been ascertained; and (iv) the pre-sale has been registered and a Pre-Sales Permit has been obtained.

Supervision of Pre-Sale Income of Commodity Buildings

According to the Pre-sale Measures, the income of a real estate developer from the pre-sale of commodity buildings must be used for the construction of the relevant projects. The specific measures for the supervision of the income from the pre-sale of commodity buildings will be formulated by the real estate administrative authorities.

Conditions of the Sale of Post-Completion Commodity Buildings

Under the Regulatory Measures, commodity buildings may be put to post-completion sale only when the following preconditions have been satisfied: (i) the real estate development enterprise must have a business license and a qualification certificate of a real estate developer; (ii) the enterprise must obtain a land use rights certificate or other approval documents for land use; (iii) the enterprise shall have the construction works planning permit and construction works commencement permit; (iv) the building must have been completed, inspected and accepted as qualified; (v) the relocation of the original residents must have been well completed; (vi) the supplementary essential facilities for supplying water, electricity, heating, gas, communication, etc. must have been made ready for use, and other supplementary essential facilities and public facilities must have been made ready for use, or the schedule of construction and delivery date must have been specified; and (vii) the real property management plan will have been completed. Before the post-completion sale of a commodity building, a real estate developer will submit the Real estate Development Project Manual and other documents evidencing the satisfaction of preconditions for post-completion sale to the real estate development authority.

Transaction of Commodity Buildings

According to the Development Regulations and the Pre-sale Measures, for the pre-sale of commodity buildings, the developer must sign a contract on the pre-sale of a commodity building with the purchaser. The developer will, within 30 days after signing the contract, apply for registration and filing of the pre-sale commodity building to the relevant real estate administration authorities.

Pursuant to the “Circular of the General Office of the State Council on Forwarding the Opinions of the Ministry of Construction and other Departments on Stabilizing House Prices” (《國務院辦公廳轉發建設部等部門關於做好穩定住房價格工作意見的通知》) issued on May 9, 2005:

(a) A buyer of a commodity building is prohibited from conducting any further transfer of a pre-sold commodity before completion of construction and obtaining the Property

Ownership Certificate. If there is discrepancy in the name of the applicant for property ownership and the name of the advance buyer in the pre-sale agreement, the registration organ of the real estate administration authorities must not register the application of property ownership.

(b) A real name system is applied for each real estate transaction and an immediate archival filing network system is in place for presale contracts of commodity buildings.

Adjusting the Structure of Housing Supply and Stabilizing Housing Price

The General Office of the State Council promulgated the "Circular on Duly Stabilizing the Prices of Residential Properties" (《關於切實穩定住房價格的通知》) on March 26, 2005, requiring measures to be taken to restrain increasing housing prices and to promote the healthy development of the property market. On May 9, 2005, the General Office of the State Council issued the "Opinion of the Ministry of Construction and other Departments on Improving the Works on Stabilizing the Prices of Residential Properties" (《關於做好穩定住房價格工作的意見》) which requires the rectification and regulation of the market order and serious investigation into and punishment on any irregular and illegal sales.

On May 24, 2006, the General Office of the State Council issued the "Opinion of the Ministry of Construction and other Departments on Adjusting Housing Supply Structure and Stabilization of Housing Prices" (《關於調整住房供應結構穩定住房價格的意見》). As to the adjustment of housing supply and stabilization of housing prices, the opinion provides that adjustments to:

(a) Housing supply structure: the construction of medium and small-sized regular commodity houses at medium or low prices should be especially developed to satisfy the demands of local residents.

(b) Tax, credit and land policies: from June 1, 2006, the first installment of individual house loans should be no less than 30 percent. When a borrower applies for individual house loans for his own use and the floor area of the unit is less than 90 square meters, the first installment remains at 20 percent.

To implement the "Opinions on Adjusting the Housing Supply Structure and Stabilizing Housing Prices", the Ministry of Construction promulgated "Certain Opinions Regarding the Implementation of the Ratio Requirement for the Structure of Newly Constructed Residential Units" (《關於落實新建住房結構比例要求若干意見》) on July 6, 2006 and made supplemental requirements on the proportion of newly built housing structure as follows:

(a) From June 1, 2006, in any city (including counties), the floor area of the housing which is less than 90 square meters should reach 70 percent of the total floor area of commercial commodity buildings newly approved or constructed.

(b) On December 20, 2008, the General Office of the State Council issued "Several Opinions on Promoting the Sound Development of the Real Estate Market" (《關於促進房地產市場健康發展的若干意見》) in order to accelerate the development of social security housing, encourage purchases of properties for self-use and upgrade purposes and urge real estate developers to cope with changing markets, as well as to:

- promote the construction of affordable residential housing;
- encourage the purchase of regular commodity houses for residential purposes; and
- support real estate developers in dealing with the changing market.

According to "Several Opinions of the General Office of the State Council on Providing Financial Support for Economic Development" (《國務院辦公廳關於當前金融促進經濟發展的若干意見》), issued by General Office of the State Council on December 8, 2008, the State Council (i) implemented and promulgated relevant credit policies and measures to support people's purchase of their first ordinary home or improved ordinary home; (ii) provided more credit support for the construction of low rent houses and economically affordable houses and the reconstruction of makeshift residences for low-income urban residents; and (iii) initiated the pilot operation of real estate trust investment funds to diversify financing channels of real estate enterprises.

Notices on Accelerating a Stable and Healthy Development in the Real Estate Market

On January 7, 2010, the General Office of the State Council issued the "Notice on Accelerating a Stable and Healthy Development in the Real Estate Market" (《關於促進房地產市場平穩健康發展的通知》), which focuses on:

- Increase the effective supply of security housing and common commercial housing.
- Reasonably steer housing consumption and suppress speculative house purchasing demand.
- Strengthen risk prevention and market supervision.
- Quicken the security Comfort Housing Project construction.

On April 17, 2010, the State Council issued the "Notice on restraining resolutely over-rise of housing prices in some cities" (《關於堅決遏制部分城市房價過快上漲的通知》), which requires that:

- Each district and each department practically implement their duty to stabilize property prices and residential housing guarantees.
- Unreasonable housing demands should be strictly restricted and stricter differentiating credit policies should the implemented.

On March 30, 2015, MOHURD, CBRC and PBOC released the "Circular on Issues Concerning the Individual Home Loan Policies" (《關於個人住房貸款政策有關問題的通知》).

The Circular specifies that for households that have already owned a home and have yet to pay off the corresponding home loans, when they apply for commercial individual home loans for the purchase of another common residential house as their second home in view of improving their housing conditions, the minimum down payment required for the purchase shall not be less than 40% of the house price, though the specific amount of the down payment and interest rate shall be determined by the relevant banking and financial institutions on the basis of the borrower's credit standing and repayment ability. The Circular has also made adjustments to the amount of down payment required for housing purchases made with loans from the housing provident fund, providing that for working households that have contributed to the housing provident fund, when they use the housing provident fund loans to purchase a common residential house as their first home, the minimum down payment shall be 20% of the house price; for working households that have contributed to the housing provident fund and that have already owned a home and have yet to pay off the corresponding home loans, when they apply, for the second time, for the housing provident fund loans for the purchase of a common residential house as their second home in view of improving their housing conditions, the minimum down payment shall be 30% of the house price.

On September 29, 2010, the MOF, SAT and MOHURD jointly issued the "Notice to Adjust the Preferential Policies on Deed Tax and Individual Income Tax Regarding Real Estate Transaction" (《關於調整房地產交易環節契稅個人所得稅優惠政策的通知》), that stipulates the deed tax for individuals who purchased ordinary residential real estate with floor area under 90 sq.m. as their sole family residence will be reduced to 1 percent, and those who sell their homes and buy new ones within one year would not be eligible for reductions or exemptions on individual income tax on the profits from the sales.

On January 26, 2011, the General Office of the State Council issued the "Circular on Issues Concerning Further Properly Regulating and Controlling the Real Estate Market" (《關於進一步做好房地產市場調控工作有關問題的通知》), under which the transfer of all residential real estates purchased and held by individuals for less than five years will be subject to business tax based on total sale price from such transfer.

On March 30, 2015, the MOF and the SAT released the "Circular on Adjusting the Sales Tax Policies on the Transfer of Personal Housing" (《關於調整個人住房轉讓營業稅政策的通知》).

The Circular specifies that for the sale of housing properties by individuals who purchased the same properties less than two years before, sales tax shall be levied on the full amount of the sales income; for the sale of non-common residential houses by individuals who purchased the same houses over two years ago, sales tax shall be levied on the difference between the sales income and the original purchase price of the houses paid by the individuals; the sale of common residential houses by individuals who purchased the same houses over two years ago shall be exempted from sales tax.

On February 26, 2013, the General Office of the State Council issued the "Circular on Continuing the Regulation of Real Estate Market" (《關於繼續做好房地產市場調控工作的通知》) which requires, among other restrictive measures:

(a) Firmly restraining purchases of residential housing for investment and speculation purposes. Non-local residents who possess one or more residential properties and fail to provide one-year or longer tax payment certificates or social insurance payment certificates are to be barred from purchasing any residential properties located in the administrative area. For cities where housing prices are increasing at an excessively high rate, local branches of the PBOC may further raise the down-payment rate and mortgage interest rate for the purchase of a second residential property. In addition, the state will strictly enforce a 20% individual income tax on home sale profits.

(b) Expanding ordinary commodity housing units and increasing the supply of land. The overall housing land supply in 2013 must not be lower than the average actual land supply in the past five years.

Mortgage on Real Estate

Under the Urban Real Estate Law, the Guarantee Security Law of the People's Republic of China (中華人民共和國擔保法) promulgated by the Standing Committee of the National People's Congress on June 30, 1995 and implemented on October 1, 1995, and the "Measures on the Administration of Mortgages of Real Estate in Urban Areas" (《城市房地產抵押管理辦法》) promulgated by the Ministry of Construction in May 1997 and as amended on August 15, 2001, when a mortgage is created on a building legally obtained, a mortgage must be simultaneously created on the land use rights of the land on which the building is situated. When the land use rights of State-owned land acquired through means of grant are being mortgaged, the buildings on the land shall also be mortgaged at the same time. The land use rights of town and village enterprises cannot be mortgaged. When buildings owned by town and village enterprises are mortgaged, the land use rights occupied by the buildings must also be mortgaged at the same time. The mortgager and the mortgagee must sign a written mortgage contract.

Within 30 days after a real estate mortgage contract is signed, the parties to the mortgage shall register the mortgage with the real estate administration authorities at the location where the real estate is situated. A real estate mortgage contract must become effective on the date of registration of the mortgage. If a mortgage is created on the real estate in respect of which a house ownership certificate has been obtained, the registration authority must make an entry under the "third party rights" item on the original house ownership certificate and then issue a Certificate of Third Party Rights to the mortgagee. If a mortgage is created on the commodity building put to pre-sale or under construction, the registration authority must record the details on the mortgage contract. If construction of a real property is completed during the term of a mortgage, the parties involved must re-register the mortgage of the real property after issuance of the certificates evidencing the ownership of the real property.

Lease of Buildings

Pursuant to the "Administration Measures for Administration of Commodity Housing Tenancy" (《商品房屋租賃管理辦法》) promulgated on December 1, 2010 and effective as of February 1, 2011. The parties to a real estate lease must go through the lease registration formalities with the competent construction (real estate) departments of the municipalities directly under the PRC central government, cities and counties where the housing is located within 30 days after the lease contract is signed. There will be a fine below RMB1,000 on individuals who fail to make corrections within the specified time limit, and a fine between RMB1,000 and RMB10,000 on units which fail to make corrections within the specified time limit.

New Property Law

On March 16, 2007, the 5th Session of the 10th National People's Congress of China adopted the Law of the People's Republic of China on Property Rights (中華人民共和國物權法) ("**Property Law**"), which took effect as of October 1, 2007.

There are various clauses in the Property Law to strengthen the protection on the rights of the house owners, including (i) Article 89 of the Property Law requests that "the construction of a building must not violate the relevant provisions of the State on project construction, nor obstruct the air circulation, sunlight or daylight of any neighboring building." This clause protects house owners' right to enjoy sunlight and prevents house developers from illegal constructions; (ii) Article 81 of the Property Law grants house owners the right to manage by themselves the building and its ancillary facilities and replace the property management company or any other manager engaged by the house developer. This clause reinforces the independent rights of house owners to manage their own community.

The Property Law further widens the scope of assets that can be mortgaged, allowing for any asset associated with property rights to be mortgaged as collateral unless a specific prohibition under another law or regulation applies.

REGULATIONS ON REAL ESTATE FINANCING

Financing Real Estate Development and Acquisition

The PBOC issued the "Circular on Further Strengthening the Management of Real Estate Loans" (《關於進一步加強房地產信貸業務管理的通知》) on June 5, 2003 to specify the requirements for banks to provide loans for the purposes of residential development, which can be granted only in respect of a particular item of real estate development rather than a cash flow or other loan item. Loans of any kind must not be granted for projects which do not obtain a land use rights certificate, construction land planning permit, construction works planning permit and construction works commencement permit.

Pursuant to the "Guidance on Risk Management of Real Estate Loans of Commercial Banks" (《商業銀行房地產貸款風險管理指引》) issued by the China Banking Regulatory Commission on August 30, 2004, any real estate developer applying for real estate development loans must have at least 35 percent of capital required for the development.

According to the "Notice of the People's Bank of China on the Adjustment of Commercial Bank Housing Credit Policies and the Interest Rate of Excess Reserve Deposits" (《中國人民銀行關於調整商業銀行住房信貸政策和超額準備金存款利率的通知》) promulgated by the PBOC on March 16, 2005, from March 17, 2005, in the cities and areas where there has been a rapid increase in house prices, the first installment of individual house loans increases from 20 percent to 30 percent. The commercial banks can independently determine the specific cities or areas under such adjustment according to special situations in different cities or areas.

On May 24, 2006, the State Council issued the "Opinions of the Ministry of Construction and other Departments on Adjusting the Housing Supply Structure and Stabilizing Housing Prices" (《關於調整住房供應結構穩定住房價格的意見》), according to which credit qualifications with respect to real estate developers must be strictly complied with. In order to suppress real estate development enterprises from storing up land and housing resources by use of bank loans, commercial banks must not provide loans to real estate enterprises/projects that fail to meet loan qualifications, such as projects with capital ratio that fail to meet the 35% baseline. For real estate development enterprises that have comparatively a large quality of idle land and vacant commodity buildings, commercial banks must apply the principle of prudent operation and use higher standard of scrutiny in controlling renewable loans and any form of revolving credit. Commercial banks must not accept any commodity building that has been idle for three or more years as collateral for loans.

According to the Opinions, foreign-invested real estate enterprises which have not paid up their registered capital, or failed to obtain land use rights certificate(s), or with less than 35 percent of the capital for their real estate projects, will be prohibited from obtaining loans in or outside China, and the SAFE must not approve registration of foreign loans for such enterprises.

On September 27, 2007, the PBOC and the CBRC issued the "Notice on Strengthening the Management of Commercial Real Estate Credit and Loans" (《關於加強商業性房地產信貸管理的通知》) ("**Commercial Real Estate Credit and Loans Notice**"). The Commercial Real Estate Credit and Loans Notice puts forward requirements for the purposes of strengthening loan management in association with (i) real estate development, (ii) land reserves, (iii) housing consumption and (iv) purchase of commercial buildings, together with credit checks in real estate credit reference management, monitoring of real estate loans, risk prevention and so forth.

The "Supplemental Notice on Strengthening the Management of Commercial Real Estate Credit and Loans" (《關於加強商業性房地產信貸管理的補充通知》) ("**Supplemental Notice**") jointly issued by the PBOC and the CBRC and dated December 5, 2007, sets forth supplemental requirements in respect of strengthening housing consumption loan management.

On May 26, 2008, the CBRC issued the "Notice on Further Strengthening Risk Management in the Provision of Credit to the Real Estate Market" (《關於進一步加強房地產行業授信風險管理的通知》). Such Notice was intended to seek out real estate developers who (i) "falsify mortgages" by using forged real property sale contracts; (ii) process "falsified down payments" from borrowers by accepting initial repayments in the pre-sale stage, paying for buyers in advance or by other means; or (iii) mislead banks about decisions over the provision of loans by forging their sale performances or house prices as well as other problems arising in the real estate market.

On December 20, 2008, the General Office of the State Council promulgated "Several Opinions on Promoting the Sound Development of the Real Estate Market" (《關於促進房地產市場健康發展的若干意見》), which provides the following requirements regarding loans for real property businesses:

(a) Consumption of regular commodity houses is to be encouraged.

(b) Reasonable financing requirements of real estate developers shall be supported.

Property Management Enterprises

Enterprises that engage in property management must establish a qualification management system pursuant to relevant provisions under the "Property Management Regulations" (《物業管理條例》) (implemented on September 1, 2003 and revised on August 26, 2007). Pursuant to relevant provisions under the "Measures on Property Service Enterprises Qualification Management" (《物業服務企業資質管理辦法》) which was implemented on May 1, 2004 and revised on November 26, 2007, a newly-established property service enterprise must apply for the qualification by submitting the relevant documents to competent property departments of the people's government of the municipalities directly under the central government and cities with special development zones where its business has been registered within 30 days after the receipt of its business license. The qualification examination and legal authority will approve and issue the qualification certificate of corresponding levels based on the actual conditions of enterprises.

Pursuant to the "Measures on Property Service Enterprises Qualification Management" (《物業服務企業資質管理辦法》), qualification of property service enterprises will be classified into Level I, Level II and Level III in accordance with factors such as their registered capital, the professional personnel they employ, the scales and types of the property service they provide and performance and operating results. Newly established property service enterprises shall be classified into the lowest level, the term of validity of which is one year. In accordance with the "Reply on Relevant Issues Concerning Performing the Measures on Property Service Enterprises Qualification Management" (《關於執行《物業管理企業資質管理辦法》有關問題的覆函》), in the event that the newly established property service enterprises fail to provide property service within one year, such qualification will become invalid. Otherwise, the property service enterprises may apply for assessment for Level III or higher level qualification.

The construction department of the State Council is responsible for the issue and management of Level I qualification certificates of property service enterprises. Construction departments under the people's government of provinces and autonomous regions are responsible for the issue and management of Level II qualification certificates. Real estate construction departments under the people's government of municipalities directly under the central government are responsible for the issue and management of Level II and Level III qualification certificates, which are subject to the guidance and supervision of the construction departments of the State Council. Real estate construction departments of the cities with special development zones are responsible for the issue and management of Level III qualification certificates, which are subject to the guidance and supervision of the construction departments of the State Council.

Property service enterprises with Level I qualification are allowed to undertake different kinds of property management projects. Property service enterprises with Level II qualification are allowed to undertake residential and non-residential property management projects of not more than 300,000 square meters and 80,000 square meters, respectively. Property service enterprises with Level III qualification are allowed to undertake residential and non-residential property management projects of not more than 200,000 sq.m. and 50,000 sq.m., respectively.

Pursuant to the 2015 Industrial Guidance Catalogue, property management services are included in the categories which foreign investment is permitted.

In accordance with the relevant regulations of the Property Rights Law of the PRC (中華人民共和國物權法) and the Property Management Regulations (物業管理條例), selection and engagement of property service enterprises must have the consent of not less than half of the total number of owners while the gross floor area in the exclusive possession of such owners must not be less than half of the total gross floor area of the property. In the event that the property service enterprise has been selected by the construction department prior to the engagement of property service enterprise by the owners at the meeting of owners, a preliminary property management contract must be signed.

REGULATIONS ON CONSTRUCTION SAFETY

Under relevant construction safety laws and regulations, including the Law of the People's Republic of China on Safe Production (中華人民共和國安全生產法) implemented by the Standing Committee of the National People's Congress in November 1, 2002 and revised on August 31, 2014, a developer must apply with the relevant supervisory entity on safety for the registration of supervision for work safety in construction before its commencement of construction. Construction without such registration will not be granted construction works commencement permit. Contractors for the construction must establish objectives and measures for work safety and improve working environment and conditions for workers in a planned and systematic way. A work safety protection scheme will also be set up to carry out the work safety job responsibility system. At the same time, contractors will adopt corresponding site work safety protective measures according to the work protection requirements in different construction stages and such measures must comply with relevant labor safety and hygiene standards.

REGULATIONS ON ENVIRONMENTAL PROTECTION

Under the requirements of the relevant environmental laws and regulations, including the "Appraisal Measures for the Impact on the Environment of the PRC" (《中華人民共和國環境影響評價法》) implemented by the Standing Committee of the NPC on September 1, 2003, and the "Regulations Governing Environmental Protection of Construction Projects" (《建設項目環境保護管理條例》) implemented by the State Council on November 29, 1998, enterprises engaging in real estate development and construction must carry out an appraisal of the impact the construction project will have on the environment. The relevant project must not commence until approval is obtained from the supervisory body for environmental protection. While the project is in progress, the developer should also enforce the appraisal documents relating to the impact on the environment and implement the environmental protection measures suggested in the opinion of the supervisory body for environmental protection. Such measures must be incorporated into the design, construction and operation of the project. Upon completion of the project, the developer should apply to the supervisory body for environmental protection for the inspection and acceptance of the completed environmental protection facilities. Only those projects that have been inspected and accepted operate or be available for use.

REGULATIONS ON TAXATION

Income Tax

According to the EIT Law enacted by the NPC on March 16, 2007 and effective from January 1, 2008, a unified income tax rate of 25% will be applied towards foreign investment and foreign enterprises which have set up institutions or facilities in the PRC as well as PRC enterprises. Under the EIT Law, enterprises established outside of China whose "de facto management bodies" are located in China are considered "resident enterprises" and will generally be subject to the unified 25% enterprise income tax rate as to their global income.

Business Tax

Pursuant to the "Interim 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》) promulgated by the State Council on December 13, 1993, amended on November 5, 2008 and implemented on January 1, 2009, and the "Detailed Implementation Rules on 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》) issued by the MOF on December 25, 1993, amended on December 15, 2008 and on October 28, 2011, respectively, the tax rate applicable to the transfer of real properties, their superstructures and attachments is 5 percent.

Land Appreciation Tax

In accordance with the requirements of the "Provisional Regulations of the PRC on Land Appreciation Tax" (《中華人民共和國土地增值稅暫行條例》) ("**Land Appreciation Tax Provisional Regulations**") promulgated on December 13, 1993, implemented on January 1, 1994 and amended on January 8, 2011, and the "Detailed Implementation Rules on the Provisional Regulations of the PRC on Land Appreciation Tax" (《中華人民共和國土地增值稅暫行條例實施細則》) ("**Land Appreciation Tax Detailed Implementation Rules**") which were promulgated and implemented on January 27, 1995, any capital-gain from a transfer of real estate will be subject to LAT, after deducting various prescribed items. Land appreciation tax will be charged at four levels of progressive rates: (i) 30% for the appreciation amount not exceeding 50% of the sum of deductible items; (ii) 40% for the appreciation amount exceeding 50% but not exceeding 100% of the sum of deductible items; (iii) 50% for the appreciation amount exceeding 100% but not exceeding 200% of the sum of deductible items; and (iv) 60% for the appreciation amount exceeding 200% of the sum of deductible items. Deductible items include the following:

(a) amount paid for obtaining the land use rights;

(b) costs and expenses for the development of the land;

(c) costs and expenses of new buildings and ancillary facilities, or estimated prices of old buildings and constructions;

(d) related tax payable for the transfer of real property; and

(e) other deductible items as specified by the MOF.

On December 28, 2006, the SAT issued the "Notice on the Administration of the Settlement of Land Appreciation Tax of Real Estate Development Enterprises" (《國家稅務總局關於房地產開發企業土地增值稅清算管理有關問題的通知》) which came into effect on February 1, 2007. Pursuant to the Notice, a real estate developer must settle and clear the LAT payment of its development projects that meet certain criteria with the tax authorities in accordance with the applicable LAT rates. The LAT shall be settled for projects approved by the competent authorities. For projects developed in different stages, the LAT must be settled in stages: (i) the real estate development project has been completed and fully sold; (ii) the real estate developer transfers the whole uncompleted development project; or (iii) the land use rights with respect to the project are transferred. In addition, the relevant tax authorities may require the developer to settle the LAT if either of the following criteria is met: (i) for completed real estate development projects, the transferred GFA represents more than 85 percent of total salable GFA, or the proportion represented is less than 85 percent, but the remaining salable GFA has been leased out or used by the developer; (ii) the project has not been sold out for more than three years after obtaining the sale permit or Pre-Sales Permit; (iii) the developer applies for cancellation of the tax registration without having settled the relevant LAT; or (4) other conditions stipulated by the tax authorities.

On May 12, 2009, the SAT issued the "Administrative Rules for the Settlement of Land Appreciation Tax" (《土地增值稅清算管理規程》) ("**Settlement Rules**"), which became effective on June 1, 2009; which reiterated the circumstances under which the LAT must be settled and included (i) the criteria that are to be met for relevant tax authorities to require the settlement of LAT and (ii) circumstances under which the tax authorities must levy and collect LAT as prescribed by the Notice. The Settlement Rules further stipulate detailed procedures for the examination and verification of settlement of LAT to be carried out by the relevant tax authorities.

Deed Tax

The "Interim Regulations of the People's Republic of China on Deed Tax" (《中華人民共和國契稅暫行條例》) promulgated by the State Council on July 7, 1997 and implemented on October 1, 1997, stipulate that the transferee, whether an individual or otherwise, of the title to a land site or building in the PRC will be subject to the payment of deed tax. The rate of deed tax is 3 percent to 5 percent. The governments of provinces, autonomous regions and municipalities directly under the central government may, within the aforesaid range, determine and report their effective tax rates to the MOF and SAT.

The "Circular on Taxation Policy Adjustment Concerning Real Estate Trading" announced that the deed tax for individuals buying their first regular commodity house with a floor area of less than 90 sq.m. will be temporarily reduced to a unified rate of 1 percent starting from November 1, 2008.

Urban Land Use Tax

Pursuant to the "Provisional Regulations of the People's Republic of China Governing Land Use Tax in Urban Areas" (《中華人民共和國城鎮土地使用稅暫行條例》) promulgated by the State Council on September 27, 1988, implemented on November 1, 1988 and amended on December 31, 2006 and December 7, 2013, land use tax in respect of urban land is levied according to the area of relevant land. As of January 1, 2007, the annual tax on every square meter of urban land will be between RMB0.6 and RMB30.0.

Building Tax

In accordance with the "PRC Provisional Rules on Real Estate Tax" (《中華人民共和國房產稅暫行條例》) promulgated by the State Council on September 15, 1986 and amended on January 8, 2011 and the "PRC State Council Order 546" (《中華人民共和國國務院令2008第546號》), enterprises in PRC (domestic or foreign-invested), will be subject to a building tax that is calculated at the rate of 1.2% of the value of self-owned real estate or at a rate of 12% on rental income derived from real estate.

Stamp Duty

Under the "Interim Regulations 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 by the State Council on August 6,1988 and implemented on October 1, 1988 and amended on January 8, 2011, for real estate transfer instruments, including those in respect of real estate ownership transfer, the stamp duty rate shall be 0.05% of the amount stated therein. For permit and certificates relating to rights, including real estate title certificates and land use rights certificates, the stamp duty will be levied on an item basis of RMB5 per item.

REGULATIONS ON FOREIGN EXCHANGE REGISTRATION AND FOREIGN CURRENCY EXCHANGE

Foreign Exchange Registration

The "Notice of SAFE on Relevant Issues Relating to Foreign Exchange Control on Offshore Investment, Financing and Round-trip Investments by Domestic Residents Through Special Purpose Vehicles" ("**Circular 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》), which was promulgated and implemented on July 4, 2014, stipulates that domestic residents establishing or taking control of a special purpose company abroad which makes round-trip investments in the PRC are required to effect foreign exchange registration with the local office of SAFE.

Foreign-invested enterprises established through round-tripping investments are prohibited from paying profits overseas, making settlement, transferring shares, making capital reduction, recovering in advance investment and the principal and interest of shareholder loans and other funds (including the use of profits paid overseas in domestic reinvestment, capital increase, etc.) if the domestic legal or natural person residents fail to make the offshore investment-related foreign exchange registration as required.

Foreign Currency Exchange

Under the "PRC Foreign Currency Administration Rules" (《中華人民共和國外匯管理條例》) and various regulations issued by SAFE and other relevant PRC Government authorities, Renminbi is convertible into other currencies for the purpose of current account items, such as trade related receipts and payments and the payment interest and dividends. The conversion of Renminbi into other currencies and remittance of the converted foreign currency outside China for the purpose of capital account items, such as direct equity investments, loans and repatriation of investment, requires the prior approval of SAFE or its local office. Payments for transactions that take place within China must be made in Renminbi. Unless otherwise approved, PRC companies may repatriate foreign currency payments received from abroad or retain the same abroad. Foreign-invested enterprises may retain foreign exchange in accounts with designated foreign exchange banks subject to a cap set by SAFE or its local office. Foreign exchange proceeds under the current accounts may be either retained or sold to a financial institution engaging in settlement and sale of foreign exchange pursuant to relevant rules and regulations of the State. For foreign exchange proceeds under the capital accounts, SAFE approval is required for its retention or sale to a financial institution engaging in the settlement and sale of foreign exchange, except where such approval is not required under the relevant rules and regulations.

On August 29, 2008, SAFE issued the "Notice of the General Department of the SAFE on Improving on Relevant Business Operations Issues Concerning the Administration of the Payment and Settlement of Foreign Exchange Capital of Foreign-Invested Enterprises" (《國家外匯管理局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》) ("**Notice 142**") which regulates the conversion by a foreign-invested enterprise of foreign currency into Renminbi by restricting how the converted Renminbi may be used. Notice 142 requires that the Renminbi funds converted from the foreign currency capital of a foreign invested enterprise may only be used for purposes within the business scope of the relevant foreign invested companies approved by the applicable governmental authority and cannot be used for equity investments or acquisitions within the PRC unless specifically provided for otherwise. In addition, SAFE strengthened its supervision over the flow and use of Renminbi funds converted from the foreign currency capital of a foreign-invested enterprise. An offshore holding company that uses foreign exchange to invest in real estate businesses in the PRC is typically required to conduct real estate operations through PRC subsidiaries that were established as foreign-invested real estate companies and invest in such foreign-invested PRC subsidiaries through equity contribution. In addition, it is required to complete the requisite filing procedures with MOFCOM before it can remit any funds from offshore. The use of such Renminbi capital may not be changed without SAFE's approval, and may not, in any case, be used to repay or prepay Renminbi loans if such loans have not been used. Violation of Notice 142 will result in severe penalties, such as heavy fines set out in the relevant foreign exchange control regulations.

The "Circular of the State Administration of Foreign Exchange on Issues concerning the Pilot Reform of the Administrative Approach Regarding the Settlement of the Foreign Exchange Capitals of Foreign- invested Enterprises in Certain Areas" (《國家外匯管理局關於在部分地區開展外商投資企業外匯資本金結匯管理方式改革試點有關問題的通知》) ("**Circular 36**") was promulgated on July 4, 2014, and took effect on August 4, 2014. With a view to further deepening the reform of the foreign exchange administration system, and better satisfying and facilitating the needs of foreign-invested enterprises for business and fund operations, SAFE decided to launch the reform of the administrative approach regarding the settlement of the foreign exchange capital of foreign-invested enterprises in certain areas.

Under Circular 36, the discretionary settlement by a foreign-invested enterprise of its foreign exchange capital shall refer to the case under which the foreign-invested enterprise may, according to its actual business needs, settle with a bank the portion of the foreign exchange capitals in its capital account for which the local foreign exchange bureau has confirmed capital contribution rights and interests. For the time being, foreign-invested enterprises registered and established within the pilot areas are allowed to settle all of their foreign exchange capital on a discretionary basis.

REGULATIONS ON LABOR AND SOCIAL SECURITY

On June 29, 2007, the PRC Government promulgated the PRC Labor Contract Law (中華人民共和國勞動合同法), which became effective on January 1, 2008. Pursuant to the PRC Labor Contract Law and the PRC Labor Law, which became effective on January 1, 1995, (i) employers must execute written labor contracts with full-time employees, (ii) employers are prohibited from forcing employees to work overtime unless they pay overtime payment to the employees and the hours worked beyond the standard working hours are within the statutory limits, (iii) employers are required to pay salaries to employees on time and the salaries paid to employees must not be lower than the local minimum salary standard, and (iv) employers will establish its work safety and sanitation system, and provide employees with workplace safety training. In addition, in accordance with the relevant laws and regulations on social security, employers in the PRC are required to make contributions to various social insurances (including medical, pension, unemployment, work-related injury and maternity insurance) and the housing fund on behalf its employees.

Pursuant to the Social Insurance Law of the PRC (中華人民共和國社會保險法) ("**New Social Insurance Law**") promulgated on November 28, 2010 by the NPCSC and implemented on July 1, 2011, the Interim Regulations Concerning the Collection and Payment of Social Insurance Premiums (社會保險費徵繳暫行條例) promulgated and implemented on January 22, 1999 by the State Council, the "Interim Measures Concerning the Maternity Insurance of Employees of an enterprise" (《企業職工生育保險試行辦法》) promulgated on December 14, 1994 and implemented on January 1, 1995 by former Ministry of Labor, the Regulation on the Administration of Housing Provident Fund (《住房公積金管理條例》) promulgated and implemented on April 3, 1999 and amended on March 24, 2002 by the State Council, the "Regulation on Occupational Injury Insurance" (《工傷保險條例》) promulgated on April 27, 2003 by the State Council and implemented on January 1, 2004 and amended on December 20, 2010 by the State Council, and regulations on pension insurance, medical insurance and unemployment insurance in the provincial and municipal level, the employer must pay pension insurance fund, basic medical insurance fund, unemployment insurance fund, occupational injury insurance fund, maternity insurance fund and housing fund for the employees. After the New Social Insurance Law became effective, where an employer fails to pay social insurance premiums on time or in full amount, it will be ordered by the collection agency of social insurance premiums to pay or make up the deficit of premiums within a prescribed time limit, and a daily late fee at the rate of 0.05% of the outstanding amount from the due date will be imposed. If it still fails to pay the premiums within the prescribed time limit, a fine of one to three times the outstanding amount could be imposed by the relevant administrative department.

OUR BUSINESS DEVELOPMENT

Introduction

The history of our Group can be traced back to 1997 when Yuci Xinxing Real Estate was established to carry out the business of property development in Jinzhong. In December 2004, Chen Xing was established and in December 2005, with a view to cater for future expansion of our business and to build up the brand of Chen Xing, Chen Xing merged with Yuci Xinxing Real Estate and the business of Yuci Xinxing Real Estate was transferred to Chen Xing. Please see "Our Corporate Development — Our subsidiaries in the PRC — Chen Xing" in this section for further details.

We have achieved the following key milestones in our business development:

Years	Business achievements
January 1997	Yuci Xinxing Real Estate was established to engage in property development in Jinzhong
August 1999	We commenced our first commercial property project in Jinzhong, Shanxi Province, namely, East Lake Mall (東湖井)
August 2003	We commenced our first residential and commercial complex property project in Jinzhong, Shanxi Province, namely, Xin Xing International Cultural Town (新興國際文教城)
April 2004	We commenced our first residential property project in Jinzhong, Shanxi Province, namely, Blossom Gardens (錦繡新城)
December 2004	Chen Xing was established in the name of "Shanxi Xinxing Real Estate Development Ltd. (山西新興房地產開發有限責任公司)", which served as the principal operating subsidiary of our Group in the PRC engaging in the property development business
November 2007	We expanded our operation to the Sichuan Province and established Chen Xing Sichuan
August 2008	Chen Xing completed the merger with Yuci Xinxing Real Estate Development Co., Ltd. (榆次新興房屋開發有限公司)
December 2008	We commenced our first residential and commercial complex property project in Mianyang, Sichuan Province, namely, Yosemite Valley Town—Mianyang (綿陽優山美郡)

Years	Business achievements
July 2012	We expanded our operations to Taiyuan, Shanxi Province and commenced our residential and commercial complex property project in Taiyuan, namely, Yosemite Valley Town—Taiyuan , which is also our first project with a total planned GFA of more than 1 million sq.m.
August 2014	We acquired 51% of the equity interest in Jinzhong Development to undertake Longtian Project (龍田項目)

OUR CORPORATE DEVELOPMENT

Introduction

The following describes the corporate history of our Company and our subsidiaries which are material to the performance of our Group during the Track Record Period.

Our Company

Our Company was incorporated on November 3, 2014 as an exempted company in the Cayman Islands.

As a result of the Reorganization and before the Global Offering, our Company became the holding company of our Group, and the entire issued share capital of our Company was held by White Dynasty BVI as to 72.28%, White Legend BVI as to 13.53%, White Sun BVI as to 0.41%, Honesty Priority BVI as to 6.48% and Honesty Unity BVI as to 7.30%. Please refer to the section headed "Reorganization" in this prospectus for further details. The principal business of our Company is investment holding.

Our subsidiaries in the PRC

Chen Xing

Establishment

As the principal operating subsidiary of our Group in the PRC, Chen Xing was founded by Mr. Bai, our Chairman and one of our executive Directors and was established on December 21, 2004 in the PRC as a limited liability company with an initial registered capital of RMB8,000,000. As at the date of its establishment, the equity interest of Chen Xing was held as follows:

Equity interest holder	Amount of capital contribution	Form of contribution	Approximate equity interest
Mr. Bai	RMB6,100,000	cash	76.25%
Mr. W. K. Bai	RMB800,000	cash	10.00%[(1)]
Zhang Shuping (張淑萍)	RMB400,000	cash	5.00%[(1)]
Wang Weiming (王巍明)	RMB350,000	cash	4.375%[(1)]
Bi Ximin (畢錫敏)	RMB350,000	cash	4.375%[(1)]
Total	**RMB8,000,000**		**100%**

Note:

(1) Pursuant to the trust agreements ("**Bai's Trust**") dated December 12, 2004 and entered into between Mr. Bai and each of Mr. W. K. Bai (being (i) one of our executive Directors and chief executive officer); (ii) younger brother of Mr. Bai; (iii) uncle of Mr. G. H. Bai), Zhang Shuping (an Independent Third Party), Bi Ximin (being the spouse of Bai Aijing (白皚晶), our chief financial officer), and Wang Weiming (an Independent Third Party), the respective 10%, 5%, 4.375% and 4.375% of the equity interest in Chen Xing legally held by Mr. W. K. Bai, Zhang Shuping, Bi Ximin and Wang Weiming were held on trust for and were accordingly beneficially owned by Mr. Bai.

Pursuant to Bai's Trust, Mr. Bai entrusted each of Mr. W. K. Bai, Bi Ximin, Zhang Shuping and Wang Weiming to establish Chen Xing and to hold 10.50%, 4.375%, 5.00% and 4.375% of the equity interest in Chen Xing respectively on his behalf by making use of funds provided by him. Accordingly, together with the 76.25% of the equity interest legally held by Mr. Bai, Mr. Bai was beneficially interested in the entire equity interest in Chen Xing. The reasons for entering into the Bai's Trust were (i) the then PRC regulatory requirements required a company to have at least two equity holders; and (ii) Mr. Bai chose to focus on the strategic planning of our Group so that the registered holders could then handle the administrative filing work on his behalf. Our PRC Legal Advisor opined that these trust arrangements did not violate the compulsory provisions of the applicable PRC laws and administrative regulations.

The source of funding from Mr. Bai in establishing Chen Xing came from his personal wealth accumulated prior to establishment of the Group. For the experience of Mr. Bai, please refer to his biography in the section headed "Directors and Senior Management" of this prospectus.

Merger with Yuci Xinxing Real Estate and enlargement of registered capital

With a view to cater for possible expansion of business in the future and to build up the brand of Chen Xing, on December 12, 2005, Chen Xing and Yuci Xinxing Real Estate Development Co., Ltd. (榆次新興房屋開發有限公司) ("**Yuci Xinxing Real Estate**") entered into a merger agreement (the "**Merger Agreement**") for the merger by absorption of Yuci Xinxing Real Estate, pursuant to which (i) Yuci Xinxing Real Estate would be absorbed by Chen Xing and Chen Xing would survive upon the merger; (ii) all the subsidiaries, assets, businesses, liabilities and personnel of Yuci Xinxing Real Estate were transferred to Chen Xing; and (iii) registered capital to be paid up by all of the then existing equity interest holders of Yuci Xinxing Real Estate was set at RMB11,480,000 contributing to the unaudited net asset value of Yuci Xinxing Real Estate of RMB11,755,141.17 as at December 25, 2004, and the remaining sum of RMB275,141.17 contributing to the capital reserve of Chen Xing. As such, the registered capital of Chen Xing increased from RMB8,000,000 to RMB19,480,000 upon completion of the merger by absorption.

Yuci Xinxing Real Estate

Background

Yuci Xinxing Real Estate was established on January 16, 1997 in the PRC as a collective ownership enterprise with an initial registered capital of RMB10,000,000 and was primarily engaged in real estate development. At the time of its establishment, Yuci Xinxing Real Estate was owned as to 60% by Yuci Xinxing Enterprise Group (榆次新興企業集團) and as to 40% by Jinzhong Xinxing Construction Engineering Co. Ltd. (晉中新興建築工程公司), a subsidiary of Yuci Region Urban Collective Industrial United Society (榆次區城鎮集體工業聯合社).

On September 25, 2004, a resolution was passed to approve the conversion of the company type from collectively ownership enterprise to limited liability company and the registered share capital would set at RMB11,480,000 contributing to the net asset value of Yuci Xinxing Real Estate of RMB11,480,000. Upon completion of the conversion, the ownership of Yuci Xinxing Real Estate would be held as follows:

Shareholder	**Shareholding in absolute figures**	**Approximate shareholding in %**
Yuci Xinxing Enterprise Group	RMB6,000,000	52.26%
Jinzhong Xinxing Construction Engineering Co. Ltd.	RMB2,295,315	20.00%
Mr. Dong	RMB440,000	3.83%
Zhang Shuping (張淑萍)	RMB400,000	3.48%
Mr. Zhang	RMB400,000	3.48%
Mr. W. K. Bai	RMB341,185	2.97%
Mrs. Bai	RMB80,000	0.70%
Bai Aijing (白皚晶)	RMB40,000	0.35%
Bi Ximin (畢錫敏)	RMB40,000	0.35%
Wang Weiming (王巍明)	RMB20,700	0.18%
Other 24 individuals	RMB1,422,800	12.40%
Total	**RMB11,480,000**	**100%**

On December 31, 2004, Jinzhong Xinxing Construction Engineering Co. Ltd. and Yuci Xinxing Enterprise Group transferred their respective 20% and 52.26% equity interests in Yuci Xinxing Real Estate to Mr. W. K. Bai and Mr. Bai at RMB2,295,315 and RMB6,000,000 with reference to its registered capital of the time of transfer. Upon completion of such transfers, the equity interest of Yuci Xinxing Real Estate was held as follows:

Shareholder	Shareholding in absolute figures	Approximate equity interest
Mr. Bai	RMB6,000,000	52.26%
Mr. W. K. Bai	RMB2,636,500	22.97%
Mr. Dong	RMB440,000	3.83%
Zhang Shuping (張淑萍)	RMB400,000	3.48%
Mr. Zhang	RMB400,000	3.48%
Mrs. Bai	RMB80,000	0.70%
Bai Aijing (白皚晶)	RMB40,000	0.35%
Bi Ximin (畢錫敏)	RMB40,000	0.35%
Wang Weiming (王巍明)	RMB20,700	0.18%
Other 24 individuals	RMB1,422,800	12.40%
Total	**RMB11,480,000**	**100%**

The registered shareholding of Yuci Xinxing Real Estate had remained unchanged up to the December 12, 2005, the date on which the Merger Agreement was signed.

As a result of merger with Yuci Xinxing Real Estate, the ownership of Chen Xing by the following persons whose respective equity interest holdings are set forth in the table below:

Equity interest holder	Amount of capital contribution	Form of contribution	Approximate equity interest
Mr. Bai	RMB12,100,000	cash	62.11%
Mr. W. K. Bai	RMB3,436,500(1)	cash	17.64%
Zhang Shuping (張淑萍)	RMB800,000(1)	cash	4.11%
Mr. Dong(2)	RMB440,000	cash	2.26%
Mr. Zhang(3)	RMB400,000	cash	2.06%
Bi Ximin (畢錫敏)	RMB390,000(1)	cash	2.00%
Wang Weiming (王巍明)	RMB370,700(1)	cash	1.90%
Mrs. Bai(4)	RMB80,000	cash	0.41%
Bai Aijing (白皚晶)(5)	RMB40,000	cash	0.21%
Other 24 Individuals(6)	RMB1,422,800	cash	7.30%
Total	**RMB19,480,000**		**100%**

Notes:

(1) Pursuant to the Bai's Trust, out of RMB3,436,500, RMB800,000, RMB370,700 and RMB390,000 in which Mr. W. K. Bai, Zhang Shuping, Bi Ximin and Wang Weiming were legally interested respectively, RMB800,000, RMB400,000, RMB350,000 and RMB350,000 registered capital were held on trust for and were accordingly beneficially owned by Mr. Bai, the remaining RMB2,636,500, RMB400,000, RMB20,700 and RMB40,000 were legally and beneficially owned by Mr. W. K. Bai, Zhang Shuping, Bi Ximin and Wang Weiming respectively.

(2) Mr. Dong is one of our executive Directors.

(3) Mr. Zhang is one of our executive Directors.

(4) Mrs. Bai is (i) the spouse of Mr. Bai; (ii) the mother of Mr. G. H. Bai; (iii) the sister-in-law of Mr. W. K. Bai; and (iv) the aunt of Bai Aijing.

(5) Bai Aijing is (i) our chief financial officer: (ii) nephew of Mr. Bai and Mr. W. K. Bai; and (iii) cousin of Mr. G. H. Bai.

(6) The other 24 individuals are Independent Third Parties.

Transfer of equity interests from (i) Mr. W. K. Bai; (ii) Bi Ximin; (iii) Zhang Shuping; and (iv) Wang Weiming to Mr. Bai as a result of cessation of the Bai's Trust

After the merger with Yuci Xinxing Real Estate, Chen Xing had more than two equity holders and the then PRC regulatory requirements requiring a company to have at least two equity holders would no longer be applicable. Besides, Mr. Bai chose to delegate the administrative filing works to other management and thus, it was not necessary for the registered holder to handle the administrative filing work for him. As such, Mr. Bai decided to terminate the Bai's Trust and transfer the amount of registered capital held on trust for him back to himself.

On September 28, 2007, Mr. Bai entered into equity transfer agreements with each of Mr. W. K. Bai, Zhang Shuping, Wang Weiming and Bi Ximin, pursuant to which each of Mr. W. K. Bai, Zhang Shuping, Wang Weiming and Bi Ximin transferred the entirety of their respective equity interests historically held in Chen Xing on trust for Mr. Bai under the Bai's Trust to Mr. Bai at nil consideration since no transfer of beneficial owners was involved. The transfer was properly and legally completed and settled on September 28, 2007. Upon completion of the transfer, the equity interest of Chen Xing was held as follows:

Equity interest holder	Amount of capital contribution	Form of contribution	Approximate equity interest
Mr. Bai	RMB14,000,000	cash	71.86%
Mr. W. K. Bai	RMB2,636,500	cash	13.53%
Mr. Dong	RMB440,000	cash	2.26%
Mr. Zhang	RMB400,000	cash	2.06%
Zhang Shuping (張淑萍)	RMB400,000	cash	2.05%
Mrs. Bai	RMB80,000	cash	0.41%
Bi Ximin (畢錫敏)	RMB40,000	cash	0.21%
Bai Aijing (白皚晶)	RMB40,000	cash	0.21%
Wang Weiming (王巍明)	RMB20,700	cash	0.10%
Other 24 Individuals	RMB1,422,800	cash	7.31%
Total	**RMB19,480,000**		**100%**

Conversion of Chen Xing from limited liability company to joint stock company

On November 29, 2007, Chen Xing converted from a limited liability company to a joint stock company with its registered share capital set at RMB137,708,900, which was paid up by all of the then shareholders (in proportion to their respective equity interest holdings prior to conversion of the type of company) contributing to the audited net asset value of Chen Xing of RMB137,708,920.90 as at September 30, 2007; and with the remaining sum of RMB20.90 contributing to its capital reserves.

Change of the company name of Chen Xing

On January 3, 2008, Chen Xing changed its company name from Shanxi Xinxing Real Estate Development Co., Ltd. (山西新興房地產開發股份有限公司) to Chenxing Real Estate Development Co. Ltd. (辰興房地產發展股份有限公司).

Enlargement of registered capital

On December 23, 2008, the registered capital of Chen Xing increased from RMB137,708,900 to RMB203,809,172. Such enlargement was conducted with each of the existing shareholders of Chen Xing making the corresponding amount of capital contribution with the undistributed profit.

Transfer of equity interest from Mrs. Bai to Mr. Bai

As part of the Reorganization, on October 31, 2014, Mr. Bai and Mrs. Bai (the spouse of Mr. Bai), entered into an equity transfer agreement under which Mrs. Bai transferred approximately 0.41% of her equity interests in Chen Xing to Mr. Bai, at RMB1.00, as a matter of family arrangement between themselves. The transfer was properly and legally completed and settled on October 31, 2014. Upon completion of the transfer, the equity interest of Chen Xing was held as follows:

Shareholder	Shareholding in absolute figures	Approximate shareholding in %
Mr. Bai	RMB147,311,652	72.27%
Mr. W. K. Bai	RMB27,584,240	13.53%
Zhang Shuping (張淑萍)	RMB4,184,996	2.05%
Wang Weiming (王巍明)	RMB216,524	0.10%
Bi Ximin (畢錫敏)	RMB418,544	0.21%
Mr. Dong	RMB4,603,540	2.26%
Mr. Zhang	RMB4,184,966	2.06%
Bai Aijing (白皚晶)	RMB418,544	0.21%
Other 24 Individuals	RMB14,886,166	7.31%
Total	**RMB203,809,172**	**100%**

Conversion of Chen Xing from joint stock company to limited liability company

As part of the Reorganization, on December 5, 2014, the company type of Chen Xing was converted from a joint stock company into a limited liability company.

Acquisition of Chen Xing by Chen Xing WFOE

As part of the Reorganization, on December 24, 2014, Chen Xing Original Shareholders entered into an equity transfer agreement with Chen Xing WFOE, pursuant to which the aforesaid equity interest holders transferred all of their respective interests in Chen Xing to Chen Xing WFOE. Such consideration was determined with reference to the registered capital of RMB203,809,172 of Chen Xing at the time of the subject transfer. The consideration was temporarily financed by Mr. Bai and was settled by January 8, 2015. We have fully repaid Mr. Bai of the said amount by February 2, 2015.

Following the completion of the Reorganization, Chen Xing became a direct wholly-owned subsidiary of Chen Xing WFOE and an indirect wholly-owned subsidiary of the Company.

Chen Xing WFOE

Chen Xing WFOE was established on December 23, 2014 as a WFOE in the PRC with a registered capital of RMB1,000,000.

Following the completion of the Reorganization, Chen Xing WFOE became a direct wholly-owned subsidiary of Chen Xing HK and an indirect wholly-owned subsidiary of our Company. The principal business of Chen Xing WFOE is investment holding.

Chen Xing Sichuan

Chen Xing Sichuan was established on November 22, 2007 in the PRC as a limited liability company with a registered share capital of RMB20,000,000. As at the date of its establishment, Chen Xing Sichuan was wholly-owned by Chen Xing. On September 24, 2008, September 20, 2010 and December 8, 2010, the registered capital of Chen Xing Sichuan increased from RMB20,000,000 to RMB100,000,000, then to RMB200,000,000 and further to RMB220,000,000. On September 5, 2013, the registered capital reduced from RMB220,000,000 to RMB100,000,000 with a view to transfer funds to Chen Xing for future development.

On September 12, 2013, Chen Xing and Sichuan Changxing (Holdings) Limited ("**Sichuan Changxing**"), an Independent Third Party, entered into a capital increase agreement and on the same day, Sichuan Changxing executed a waiver of loan declaration in favor of Chen Xing, pursuant to both of which the registered capital of Chen Xing Sichuan increased from RMB100,000,000 to RMB119,200,000 by way of capitalizing the loan of RMB19,200,000 owed to Sichuan Changxing, whilst the remaining amount of RMB120,000,000 owed to Sichuan Changxing would be contributed to the capital reserves of Chen Xing Sichuan. The said capital increase and the capitalization were completed on October 30, 2014. Upon completion of the capitalization of the aforesaid loan, Chen Xing Sichuan will no longer be indebted to Sichuan Changxing.

As a result of the aforesaid capitalization of loan, the equity interest of Chen Xing in Chen Xing Sichuan was diluted to approximately 83.89%. The reason for the capital enlargement and capitalization of loan was to improve the financial position of Chen Xing Sichuan and to cater for possible expansion of business in the future. Upon completion of the capitalization of loan, the equity interest of Chen Xing Sichuan was held as follows:

Equity interest holder	Capital contribution	Approximate equity interest
Chen Xing	RMB100,000,000	83.89%
Sichuan Changxing	RMB19,200,000	16.11%
Total	RMB119,200,000	100.00%

Following the completion of the Reorganization, Chen Xing Sichuan became a direct non-wholly owned subsidiary of Chen Xing and an indirect non-wholly owned subsidiary of the Company. The principal business of Chen Xing Sichuan is property development.

Jinzhong Development

Jinzhong Development was established on February 5, 2013 in the PRC as a limited liability company (stated wholly-owned enterprise) with a registered share capital of RMB15,000,000. At the time of its establishment, Jinzhong Development was wholly-owned by Jinzhong Kai Fa Region Investment Properties Limited (晉中開發投資建設有限公司) ("**Jinzhong Kai Fa Investment**"), an Independent Third Party.

On August 28, 2014, the registered capital of Jinzhong Development increased from RMB15,000,000 to RMB100,000,000. Upon completion of the capital increase, the equity interest in Jinzhong Development was held as follows: and

Equity interest holder	Capital contribution	equity interest
Chen Xing[(1)]	RMB51,000,000	51%
Jinzhong Kai Fa Investment[(2)]	RMB49,000,000	49%
Total	RMB100,000,000	100%

Notes:

(1) Chen Xing injected RMB51,000,000 to Jinzhong Development by way of cash.

(2) Jinzhong Kai Fa Investment further injected RMB34,000,000 to Jinzhong Development by way of cash.

Following the completion of the Reorganization, Jinzhong Development became a direct non-wholly owned subsidiary of Chen Xing and an indirect non-wholly owned subsidiary of the Company. The principal business of Jinzhong Development is property development.

Chen Xing Door & Window

Chen Xing Door & Window was established on January 14, 1999 in the PRC as a limited liability company with an initial registered share capital of RMB500,000. At the date of its establishment, the equity interest in Chen Xing Door & Window was held as follows:

Equity interest holder	Capital contribution	Approximate equity interest
Yuci Xinxing Real Estate[(1)]	RMB200,000	40.00%
Mr. W. K. Bai[(2)]	RMB20,000	4.00%
Mr. Dong[(3)]	RMB20,000	4.00%
Mr. Zhang[(4)]	RMB20,000	4.00%
Mrs. Bai[(5)]	RMB20,000	4.00%
Other 14 Individuals[(6)]	RMB220,000	44.00%
Total	RMB500,000	100.00%

Notes:

(1) Upon completion of merger, Chen Xing replaced Yuci Xinxing Real Estate and held the 40% equity interest in Chen Xing Door & Window.

(2) Mr. W. K. Bai is (i) one of our executive Directors and our chief executive officer; (ii) the brother of Mr. Bai; and (iii) the uncle of Mr. G. H. Bai.

(3) Mr. Dong is one of our executive Directors.

(4) Mr. Zhang is one of our executive Directors.

(5) Mrs. Bai is (i) the spouse of Mr. Bai; (ii) the mother of Mr. G. H. Bai; (iii) the sister-in-law of Mr. W. K. Bai; and (iv) the aunt of Bai Aijing.

(6) The other 14 individuals are Independent Third Parties.

On March 26, 2008, an equity transfer agreement was entered into among the then shareholders of Chen Xing Door & Window and the above consideration was arrived through arm's length negotiations between the parties based upon the entire equity interest holding of Chen Xing Door & Window at the time of transfer with reference to its registered capital. The subject equity transfer was properly and legally completed and settled on April 9, 2008.

On September 22, 2008, the registered capital of Chen Xing Door & Window increased from RMB500,000 to RMB1,500,000.

On July 8, 2009, Chen Xing entered into equity transfer agreements with all the existing equity interest holders (except Chen Xing), pursuant to which the aforesaid equity interest holders transferred their respective interests in Chen Xing Door & Window in the entirety to Chen Xing. Such consideration was determined through arm's-length negotiations between the parties with reference to the registered capital of Chen Xing Door & Window as at December 31, 2008. The subject equity transfer was properly and legally completed and settled on July 8, 2009. Upon completion of such transfer, the entire equity interest in Chen Xing Door & Window would be held by Chen Xing.

Following the completion of the Reorganization, Chen Xing Door & Window continued to be a direct wholly-owned subsidiary of Chen Xing and became an indirect wholly-owned subsidiary of the Company. The principal business of Chen Xing Door & Window is manufacturing, processing and installation of doors and windows.

Chen Xing Commercial

Chen Xing Commercial was established on September 18, 2008 in the PRC as a limited liability with a registered share capital of RMB1,000,000. At the time of its establishment, Chen Xing Commercial was wholly-owned by Chen Xing.

The registered capital and equity interest holding of Chen Xing Commercial had remained unchanged during the Track Record Period and up to the Latest Practicable Date.

Following the completion of the Reorganization, Chen Xing Commercial continued to be a direct wholly-owned subsidiary of Chen Xing and became an indirect wholly-owned subsidiary of the Company. The principal business of Chen Xing Commercial is general commercial.

Chen Xing Property Management

Chen Xing Property Management was established on April 14, 2014 in the PRC as a limited liability company with a registered share capital of RMB6,000,000. At the time of its establishment, Chen Xing Property Management was wholly-owned by Chen Xing.

The registered capital and equity interest holding of Chen Xing Property Management had remained unchanged during the Track Record Period and up to the Latest Practicable Date.

Following the completion of the Reorganization, Chen Xing Property Management continued to be a direct wholly-owned subsidiary of Chen Xing and became an indirect wholly-owned subsidiary of the Company. The principal business of Chen Xing Property Management is property management.

Beijing Chen Xing

Beijing Chen Xing was established on March 3, 2006 in the PRC as a limited liability company with a registered share capital of RMB100,000. At the time of its establishment, Beijing Chen Xing was owned as to 60% by Bai Lihua ((i) the daughter of Mr. Bai (our chairman and one of our executive Directors); (ii) the younger sister of Mr. G. H. Bai (one of our executive Directors); (iii) the niece of Mr. W. K. Bai (our chief executive officer and one of our executive Directors); and (iv) the cousin of Bai Aijing (our chief financial officer)) and as to 40% by Zhang Lindi (張林弟) (the wife of Mr. G. H. Bai).

On September 17, 2008, each of Bai Lihua and Zhang Lindi entered into an equity transfer agreement with Chen Xing, pursuant to which Bai Lihua and Zhang Lindi transferred their respective interests in Beijing Chen Xing in the entirety to Chen Xing for RMB60,000 and RMB40,000 respectively, which was arrived with reference to its registered capital. The subject equity transfer was properly and legally completed and settled on September 18, 2008.

Upon completion of the transfer, Beijing Chen Xing was wholly-owned by Chen Xing.

As part of the Reorganization, on November 19, 2014, Chen Xing entered into an equity transfer agreement with Tian Yu, an Independent Third Party, pursuant to which the Chen Xing transferred its entire interests in Beijing Chen Xing to Tian Yu for the consideration of RMB100,000. Such consideration was determined with reference to its registered capital and was properly and legally settled by November 19, 2014.

Upon completion of the transfer, Beijing Chen Xing ceased to be our subsidiary. Beijing Chen Xing does not form part of our Group because Beijing Chen Xing is principally engaged in property agency service and is not considered as a principal business to the Group.

Our subsidiaries in the BVI and Hong Kong

Chen Xing BVI

Chen Xing BVI was incorporated on November 4, 2014 in the BVI with an authorized share capital of US$50,000 divided into 50,000 shares of US$1.00 each, of which 10,000 shares were allotted and issued fully-paid to our Company on November 4, 2014.

Following the completion of the Reorganization, Chen Xing BVI became a direct wholly-owned subsidiary of our Company. The principal business of Chen Xing BVI is investment holding.

Chen Xing HK

Chen Xing HK was incorporated on November 12, 2014 in Hong Kong with an authorized share capital of HK$10,000 divided into 10,000 shares of HK$1.00 each, of which 100 shares were allotted and issued fully paid to Chen Xing BVI at par.

Following the completion of the Reorganization, Chen Xing HK became a direct wholly-owned subsidiary of Chen Xing BVI and an indirect wholly-owned subsidiary of our Company. The principal business of Chen Xing HK is investment holding.

PRC LISTING APPLICATION

We filed an application (the "**PRC Listing Application**") with the CSRC for listing of the shares of Chen Xing on the Shenzhen Stock Exchange and the CSRC formally accepted the listing application for review on September 27, 2009. After the submission of the application, Chen Xing received comments from the CSRC on November 17, 2009 and submitted the reply on November 26, 2009. Since then, Chen Xing did not receive any further comment from the CSRC. Having considered the then PRC Government policy on the PRC property market and the prolonged suspension of the vetting process of the application of the CSRC, Chen Xing decided to withdraw its listing application with the CSRC on March 30, 2011.

Following the withdrawal of the listing application with the CSRC, Chen Xing entered into a termination agreement with the sponsor ("**A-Share Sponsor**") of the PRC Listing Application on January 28, 2015. The A-Share Sponsor, who was the principal channel of communication with the relevant PRC regulators, has confirmed that it had no disagreement with Chen Xing and that there was no matter that needed to be brought to the attention of our Company and the Stock Exchange with respect to the withdrawal of the PRC Listing Application.

Having considered the above, save for the information as disclosed in this prospectus, the Sole Sponsor is not aware of (i) any other matters relating to the PRC Listing Application that are relevant to the Listing and should reasonably be highlighted in this prospectus for investors to form an informed assessment; (ii) any other matters relating to the PRC Listing Application that might have implications on the Company's suitability for listing or on the accuracy and completeness of information disclosed in this prospectus; and (iii) any other matters that ought to be brought to the attention of the regulators and the investors in Hong Kong in relation to the PRC Listing Application.

INTRODUCTION

In contemplation of the Listing, certain restructuring steps have been carried out whereby a coherent corporate structure of our Group has been established with our Company becoming the holding company. Our Reorganization involved the following principal steps:-

(1) incorporation of our corporate Controlling Shareholders, our offshore intermediate holding companies and our Company;

(2) transfer of 0.41% equity interest in Chen Xing held by Mrs. Bai to Mr. Bai;

(3) disposal of the entire equity interests in Beijing Chen Xing held by Chen Xing to an Independent Third Party;

(4) conversion of Chen Xing from joint stock company to limited liability company;

(5) incorporation of Chen Xing WFOE;

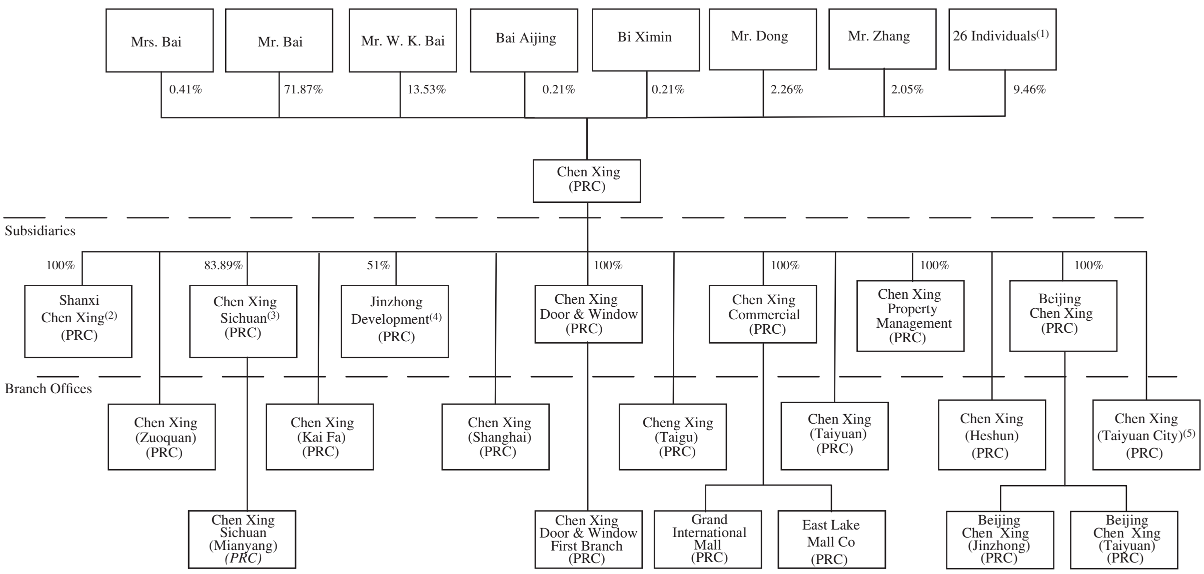
(6) acquisition of the entire equity interests in Chen Xing by Chen Xing WFOE;

(7) allotment and issuance of new Shares to each of White Legend BVI, White Sun BVI, Honesty Priority BVI and Honesty Unity BVI;

(8) establishment of Family Trust; and

(9) acquisition of the entire interests in White Dynasty BVI by White Empire BVI and designation of Mrs. Bai as another beneficiary of the Family Trust.

The following diagram shows the shareholding and corporate structure of our Group immediately prior to the Reorganization:-



Notes:

(1) The 26 individuals were Independent Third Parties and not parties acting in concert with our Controlling Shareholders as of the Latest Practicable Date.

(2) Shanxi Chen Xing was de-registered on December 4, 2014.

(3) The remaining 16.11% of shareholding in Chen Xing Sichuan, was immediately prior to Reorganization, held by Sichuan Changxing (Holdings) Limited, an Independent Third Party.

(4) The remaining 49% of shareholding in Jinzhong Development, was immediately prior to Reorganization, held by Jinzhong Kai Fa Region Investment Properties Limited, an Independent Third Party.

(5) Chen Xing (Taiyuan City) was de-registered on January 15, 2015.

For the purpose of the Listing, the following Reorganization steps have been implemented:-

(1) Incorporation of our corporate Controlling Shareholders, offshore intermediate holding companies and our Company

On October 15, 2014, White Empire BVI was incorporated as a company limited by guarantee in the BVI. As of the date of its incorporation, Mr. Bai, the sole member of White Empire BVI, undertook to contribute an amount of not exceeding US$1.00 to White Empire BVI in the event of its being voluntarily wound up. Mr. Bai is one of our executive Directors as well as our Chairman.

On October 16, 2014, White Legend BVI was incorporated in the BVI and authorized to issue a maximum of US$50,000 divided into 50,000 shares of US$1.00 each. On the same day, 10,000 shares were allotted and issued to Mr. W. K. Bai at par. Mr. W. K. Bai is one of our executive Director and chief executive officer.

On October 16, 2014, White Sun BVI was incorporated in the BVI and authorized to issue a maximum of US$50,000 divided into 50,000 shares of US$1.00 each. On the same day, 5,000 shares and 5,000 shares were allotted and issued to Bai Aijing and Bi Ximin respectively at par. Bai Aijing is our chief financial officer and Bi Ximin is the spouse of Bai Aijing.

On October 16, 2014, Honesty Priority BVI was incorporated in the BVI and authorized to issue a maximum of US$50,000 divided into 50,000 shares of US$1.00 each. On the same day, 10,000 shares were allotted and issued to Mr. Dong, Mr. Zhang and 11 individuals, who were the then existing shareholders of Chen Xing prior to the Reorganization and are also Independent Third Parties. Mr. Dong and Mr. Zhang were our executive Directors. Details on the allotment and issue of shares in Honesty Priority BVI on October 16, 2014 could be referred to in the table below:

Name of Shareholder	Number of shares in Honesty Priority BVI allotted and issued at par	Shareholding in Honesty Priority BVI
Mr. Dong	3,487	34.87%
Mr. Zhang	3,170	31.70%
Chen Jianhua (陳建華)	238	2.38%
Kou Hongxi (寇紅喜)	158	1.58%
Lin Anping (林安平)	158	1.58%
Liu Liyun (劉麗雲)	317	3.17%
Ren Xiaobao (任小保)	158	1.58%
Tian Shouming (田受明)	174	1.74%
Zhang Liansheng (張連盛)	634	6.34%
Zhang Zhiying (張志英)	158	1.58%
Zhan Lili (展麗麗)	317	3.17%
Zheng Aixiang (鄭愛香)	80	0.80%
Zhou Xiuqi (周秀祁)	951	9.51%
Total	10,000	100%

On October 16, 2014, Honesty Unity BVI was incorporated in the BVI and authorized to issue a maximum of US$50,000 divided into 50,000 shares of US$1.00 each. On the same day, 10,000 shares were allotted and issued to 15 individuals, who were the then existing shareholders of Chen Xing prior to the Reorganization and are also Independent Third Parties. Details on the allotment and issue of shares in Honesty Unity BVI on October 16, 2014 could be referred to in the table below:

Name of Shareholder	Number of shares in Honesty Unity BVI allotted and issued at par	Shareholding in Honesty Unity BVI
Zhang Shuping (張淑萍)	2,814	28.14%
Zhou Jinhong (周晉紅)	2,012	20.12%
Fang Zhenyu (方振宇)	1,407	14.07%
Li Caixia (李彩霞)	1,126	11.26%
Wei Yanfen (魏豔芬)	703	7.03%
Hao Yuguang (郝育光)	563	5.63%
Pei Rungen (裵潤根)	281	2.81%
Cheng Fenglan (成鳳蘭)	211	2.11%
Liu Changzeng (劉長增)	174	1.74%
Wang Weiming (王巍明)	146	1.46%
Luo Caiping (羅彩萍)	141	1.41%
Wang Haili (王海麗)	141	1.41%
Zhang Xiaorong (張曉榮)	141	1.41%
Li Bianling (李變玲)	70	0.70%
Liu Zhiyong (劉志勇)	70	0.70%
Total	10,000	100%

On October 24, 2014, White Dynasty BVI was incorporated in the BVI and authorized to issue a maximum of US$50,000 divided into 50,000 shares of US$1.00 each. On the same day, 10,000 shares were allotted and issued to Mr. G. H. Bai at par. Mr. G. H. Bai is one of our executive Directors.

On November 3, 2014, our Company was incorporated in the Cayman Islands with limited liability. At the time of incorporation, our Company had an authorized share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each, of which 1 fully-paid Share was issued and allotted to Sharon Pierson, the initial subscriber and an Independent Third Party, and was on the same day transferred to White Dynasty BVI. A further issuance and allotment of 7,227 fully-paid Shares was also made on November 3, 2014 to White Dynasty BVI at par. Mr. G. H. Bai was appointed as the sole Director of our Company on November 3, 2014.

Pursuant to the shareholder's resolutions dated June 12, 2015, the authorized share capital of the Company underwent an increase from 38,000,000 Shares having a par value of HK$0.01 each to 1,000,000,000 Shares having a par value of HK$0.01 each.

On November 4, 2014, Chen Xing BVI was incorporated in the BVI and authorized to issue a maximum of US$50,000 divided into 50,000 shares of US$1.00 each. 10,000 shares were on the same date allotted and issued to our Company at par.

On November 12, 2014, Chen Xing HK was incorporated in Hong Kong with limited liability. At the time of incorporation, Chen Xing HK had allotted and issued 100 shares with no par value to Chen Xing BVI.

(2) Transfer of 0.41% equity interest in Chen Xing held by Mrs. Bai to Mr. Bai

Due to family arrangement, on October 30, 2014, Mr. Bai and Mrs. Bai, the spouse of Mr. Bai, entered into an equity transfer agreement, pursuant to which Mrs. Bai transferred all of her 0.41% shareholding in Chen Xing at RMB1.00. Upon completion of such equity transfer, Mr. Bai owned 72.28% shareholding in Chen Xing. For further details, please refer to the section headed "History and Development — Our subsidiaries in the PRC — Chen Xing — Transfer of equity interest from Mrs. Bai to Mr. Bai due to family arrangement".

(3) Disposal of the entire equity interests in Beijing Chen Xing held by Chen Xing to an Independent Third Party

On November 19, 2014, Chen Xing and Tian Yu, an Independent Third Party, entered into an equity transfer agreement, pursuant to which Chen Xing transferred all of its 100% shareholding in Beijing Chen Xing at a consideration of RMB100,000. For further details, please refer to the section headed "History and Development — Our subsidiaries in the PRC — Beijing Chen Xing".

(4) Conversion of Chen Xing from joint stock company to limited liability company

On December 5, 2014, Chen Xing completed conversion of its company type from a joint stock company to a limited liability company. For further details, please refer to the section headed "History and Development — Our subsidiaries in the PRC — Chen Xing — Conversion of Chen Xing from joint stock company to limited liability company".

(5) Incorporation of Chen Xing WFOE

On December 23, 2014, Chen Xing WFOE was established in the PRC as a wholly foreign-owned enterprise with a registered capital of RMB1,000,000. As at the date of its establishment, Chen Xing HK was the sole shareholder of Chen Xing WFOE.

(6) Acquisition of the entire interests in Chen Xing by Chen Xing WFOE

On December 24, 2014, each of the Chen Xing Original Shareholders entered into an equity transfer agreement with Chen Xing WFOE, pursuant to which Chen Xing Original Shareholders transferred all of their 100% shareholding in Chen Xing at an aggregate consideration of RMB203,809,172 to Chen Xing WFOE. For further details, please refer to the section headed "History and Development — Our subsidiaries in the PRC — Chen Xing — Acquisition of Chen Xing by Chen Xing WFOE".

(7) **Allotment and issuance of new Shares to each of White Legend BVI, White Sun BVI, Honesty Priority BVI and Honesty Unity BVI**

Subsequent to the acquisition of the entire equity interests in Chen Xing by Chen Xing WFOE pursuant to step 6 above, a further series of allotment and issuance of Shares took place in favor of each of White Legend BVI, White Sun BVI, Honesty Priority BVI and Honesty Unity BVI, of which 1,353 Shares, 42 Shares, 647 Shares and 730 Shares were allotted and issued to them respectively.

Subsequent to the allotment and issuance of Shares pursuant to step 7 above, the ownership structure of our Company is set forth in the table below:

Name of Shareholders	Number of Shares held	Approximate percentage of shareholding in our Company
White Dynasty BVI	7,228	72.28%
White Legend BVI	1,353	13.53%
White Sun BVI	42	0.41%
Honesty Priority BVI	647	6.48%
Honesty Unity BVI	730	7.30%
Total	**10,000**	**100.00%**

(8) **Establishment of Family Trust**

On November 13, 2014, Mr. Bai as the settlor established a discretionary trust (the "**Family Trust**") for the benefit of the beneficiaries including Mr. G. H. Bai and any person or class of persons to be appointed by the trustee from time to time. White Empire BVI was appointed as trustee of the Family Trust and has the powers customary granted to a trustee, including:

(i) applying all or any part of the trust fund and the income thereof for the benefit of any of the beneficiaries;

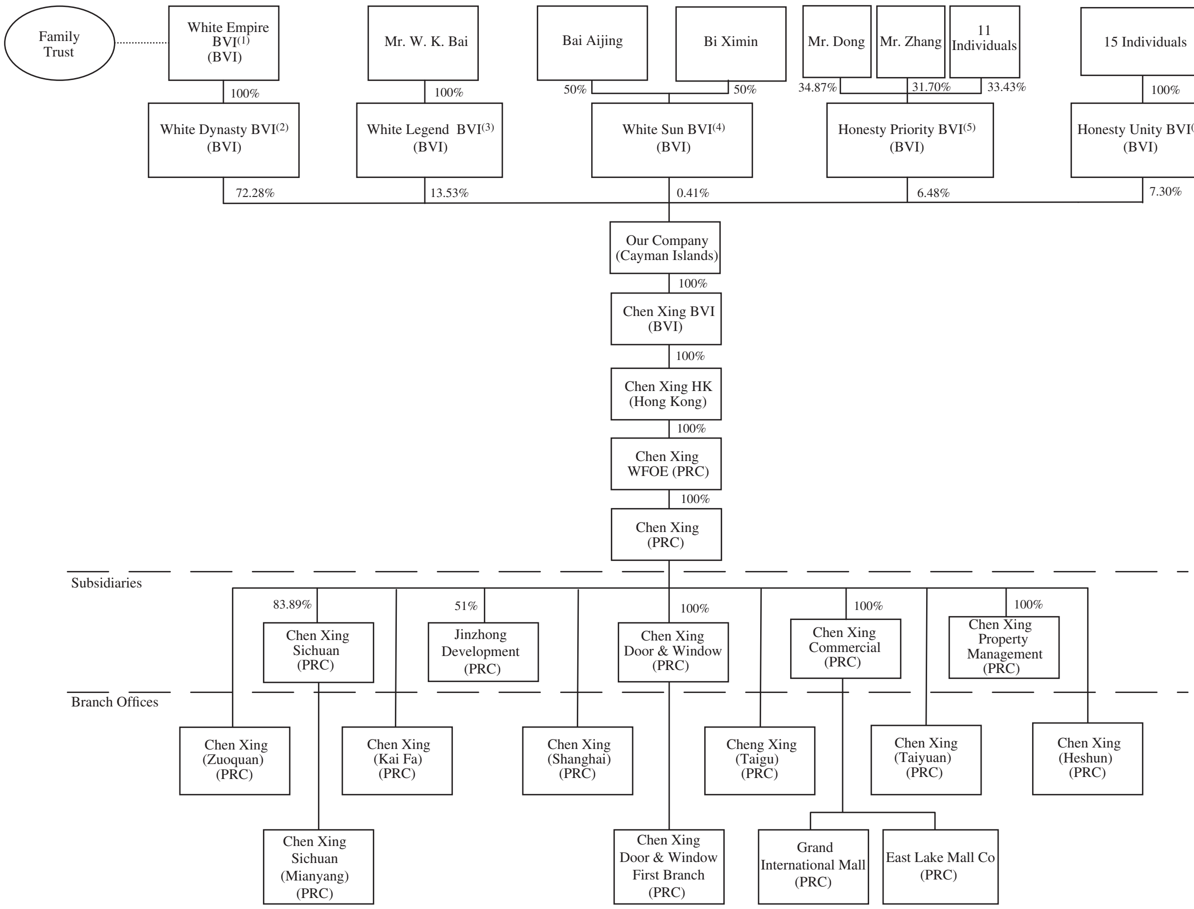
(ii) paying or transferring of the trust fund and the income thereof to the trustees of any other trust for the benefit of the beneficiaries; and

(iii) holding the trust fund and the income for the benefit of the beneficiaries.

(9) **Acquisition of the entire interests in White Dynasty BVI by White Empire BVI and designation of Mrs. Bai as another beneficiary of the Family Trust**

Pursuant to the instrument of transfer dated March 18, 2015 and entered into between Mr. G. H. Bai as vendor and White Empire BVI as purchaser, White Empire BVI acquired the entire issued share capital in White Dynasty BVI, being 10,000 shares of US$1.00 each, at par in cash of US$10,000 on the same date. Upon completion of such acquisition, White Dynasty BVI became a directly wholly-owned subsidiary of White Empire BVI, both of which were our Controlling Shareholders as of the Latest Practicable Date. Immediately upon completion of such acquisition, White Empire BVI (as trustee) designated Mrs. Bai as another beneficiary of the Family Trust.

Set out below is the shareholding and corporate structure of our Group immediately after our Reorganization but prior to completion of the Global Offering and the Capitalization Issue:-



Notes:

(1) Since January 1, 2011 or the incorporation date of each of the companies of our Group (whichever is later), Mr. Bai and Mr. G. H. Bai have adopted a consensus approach to reach decisions on a unanimous basis in making shareholders decisions of our Group. They shall act collectively from time to time in the exercise of all forms of right as a shareholder (including voting right at general meetings) of any companies of our Group on, among other aspects, declaration of dividends, approval on annual budgetary plans and financial statements, and appointment of auditors. On February 10, 2015, each of Mr. Bai and Mr. G. H. Bai entered into an acting in concert declaration to confirm the existence of such acting-in-concert arrangement unless and until they mutually agree otherwise in writing. For details, please refer to the section headed "Relationship with Controlling Shareholders — Background of our Controlling Shareholders" of this prospectus.

Immediately after the Reorganization but prior to the completion of the Global Offering and the Capitalization Issue, White Empire BVI was legally and beneficially wholly-owned by Mr. Bai. On November 13, 2014, Mr. Bai as the settlor established the Family Trust for the benefit of the beneficiaries including Mr. G. H. Bai and any person or class of persons to be appointed by the trustee from time to time. White Empire BVI was appointed as trustee of the Family Trust. On March 18, 2015, White Empire BVI (as trustee) designated Mrs. Bai as another beneficiary of the Family Trust.

(2) White Dynasty BVI was legally and beneficially wholly-owned by White Empire BVI. Given that the entire issued share capital of White Dynasty BVI was owned by White Empire BVI, the trustee of the Family Trust, as of the Latest Practicable Date, White Dynasty BVI is one of our corporate Controlling Shareholders.

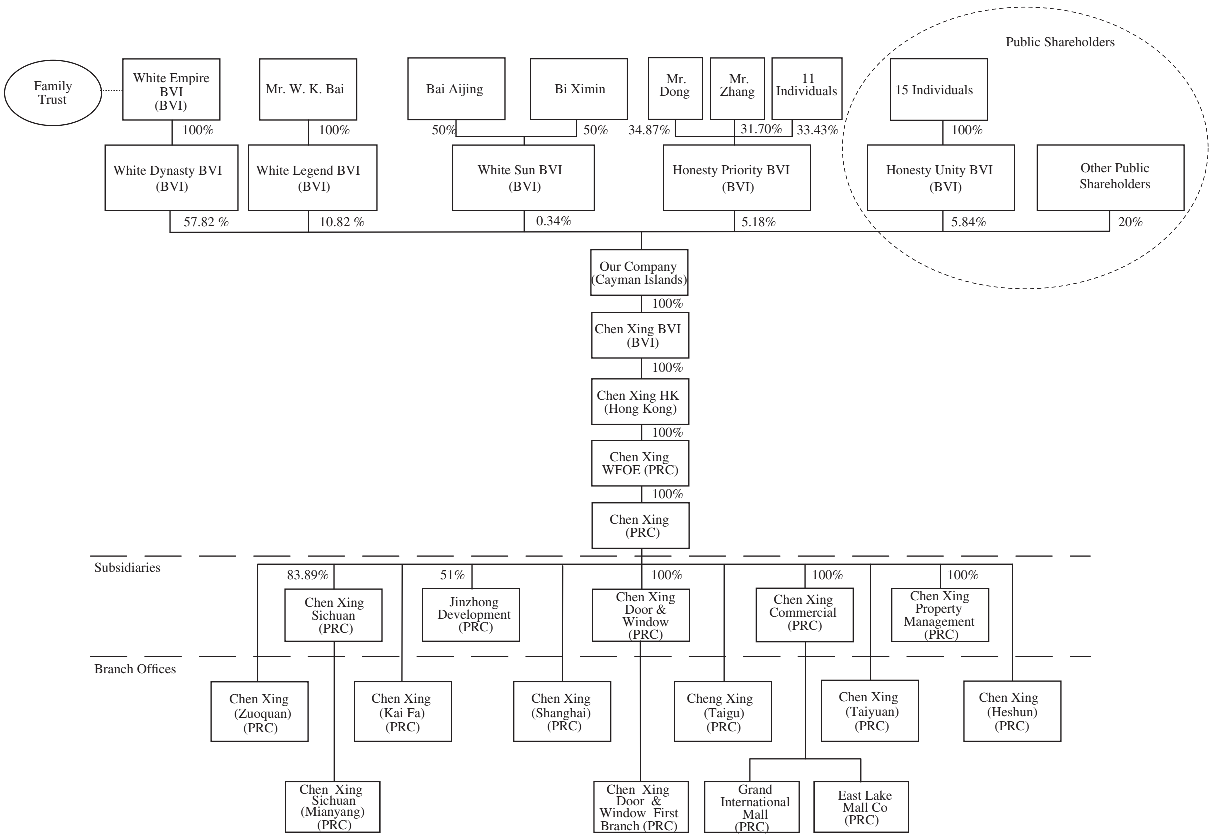
(3) White Legend BVI was legally and beneficially wholly-owned by Mr. W. K. Bai. As of the Latest Practicable Date, Mr. W. K. Bai was one of our executive Directors and chief executive officer.

(4) White Sun BVI was legally and beneficially owned by Bai Aijing and Bi Ximin respectively as to 50% and 50%. As of the Latest Practicable Date, Bai Aijing was (i) the nephew of Mr. Bai and Mr. W. K. Bai; and (ii) the cousin of Mr. G. H. Bai, and Bi Ximin is the spouse of Bai Aijing.

(5) Honesty Priority BVI was legally and beneficially owned by Mr. Dong, Mr. Zhang and other 11 individuals respectively as to 34.87%, 31.70% and 33.43%. As of the Latest Practicable Date, Mr. Dong and Mr. Zhang were our executive Directors and the 11 individuals were Independent Third Parties.

(6) Honesty Unity BVI was legally and beneficially wholly-owned by 15 individuals. As of the Latest Practicable Date, the 15 individuals were Independent Third Parties.

Set out below is the shareholding and corporate structure of our Group following completion of the Capitalization Issue and the Global Offering (but without taking into account of any options which may be granted under the Share Option Scheme):-



Our PRC Legal Advisors confirmed that the above reorganization steps involving our PRC subsidiaries have been legally and properly completed in accordance with the applicable PRC laws and regulations.

PRC LEGAL COMPLIANCE

M&A Rules

According to the "Provisions on the Takeover of Domestic Enterprises by Foreign Investors" (關於外國投資者並購境內企業的規定) ("**M&A Rules**") jointly issued by the MOFCOM, the State-Owned Assets Supervision and Administration Commission of the State Council (國務院國有資產監督管理委員會), the State Administration of Taxation (國家稅務總局), the China Securities Regulatory Commission (中國證券監督管理委員會) ("**CSRC**"), State Administration for Industry and Commence (國家工商行政管理總局) and the State Administration of Foreign Exchange (國家外匯管理局) on August 8, 2006 and effective as at September 8, 2006 and subsequently amended on June 22, 2009, where a domestic natural person intends to take over his/her related domestic company in the name of an offshore company which he/she lawfully established or controls, the takeover shall be subject to the examination and approval of MOFCOM; and where a domestic natural person holds an equity interest in a domestic company through an offshore special purpose company, any transaction involving the overseas listing of that special purpose company shall be subject to approval by the CSRC.

During the consultation with the relevant local governmental authority which confirmed that, at the time of the acquisition of the equity interest in Chen Xing from Mr. Bai and 31 individuals by Chen Xing WFOE, our ultimate controlling shareholder, Mr. G. H. Bai has been a citizen of St. Kitts and Nevis, he is not a domestic residential individual defined under the M&A Rules. Hence, such acquisition was not subject to the M&A Rules. In addition, the relevant local governmental authority also confirmed that regardless of whether Mr. Bai or Mrs. Bai would be designated as beneficiary of the Family Trust after such acquisition and hence would also become our Controlling Shareholders after the Listing, it would maintain its view that such acquisition was not subject to the M&A Rules. However, the Interim Provisions on the Domestic Investment of Foreign-invested Enterprises (關於外商投資企業境內投資的暫行規定) and the other PRC applicable laws and regulations applied.

On the aforesaid basis, our PRC Legal Advisors advised that, unless new laws and regulations are enacted, or MOFCOM and CSRC have new provisions or interpretations on the M&A Rules in the future, such acquisition and the application by our Company for the issuance and listing of its shares on the Stock Exchange is not subject to the approval from the MOFCOM or the CSRC under the M&A Rules.

SAFE Regulations

Pursuant to Circular on Relevant Issues concerning Foreign Exchange Administration of Overseas Investment and Financing and Return Investments Conducted by Domestic Residents through Overseas Special Purpose Vehicles (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) (Notice 37) which is promulgated by SAFE on July 14, 2014 Notice 37, Pursuant to Notice 37, (a) a PRC resident ("**PRC Resident**") must register with the local SAFE branch before he or she contributes assets or equity interests in an overseas special purpose vehicle ("**Overseas SPV**"), that is directly established or controlled by the PRC Resident for the purpose of conducting investment or financing; and (b) following the initial registration, the PRC Resident is also required to register with the local SAFE branch for any major change, in respect of the Overseas SPV, including, among other things, a change in the Overseas SPV's PRC Resident shareholder, name of the Overseas SPV, term of operation, or any increase or reduction of the Overseas SPV's registered capital, share transfer or swap, and merger or division. Pursuant to Notice 37, failure to comply with these registration procedures may result in penalties, including the imposition of restrictions on the ability of the Overseas SPV's PRC subsidiary to distribute dividends to its overseas parent.

On December 24, 2014, Mr. Bai and 31 individuals, who are all PRC residents, completed relevant registration after obtaining the approvals from the Shanxi Branch of SAFE in line with the requirements of Notice 37.

OVERVIEW

We are one of the leading property developers in Shanxi Province, focusing on development projects primarily comprising residential and, to a lesser extent, commercial properties. We commenced our property development operations in Jinzhong, Shanxi Province in 1997. For nearly 20 years, adhering to the principles of "building our brand through good faith to enhance our earnings" ("以誠信創品牌，以品牌增效益"), we have implemented a regional development strategy of utilizing Jinzhong as our home base, with expansion into Taiyuan. We have also successfully expanded our footprint to Mianyang, Sichuan Province. In 2013, we ranked 279th among the "Top 500 Property Developers in China" and we ranked first among all property developers based in Shanxi Province, which was jointly selected by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

We operate under the philosophy of "being people-oriented and operating in good faith so as to become a responsible property developer and contribute to a harmonious society" ("以人為本、誠信經營、責任地產、和諧社會"), focusing on developing properties that target the specific preferences and needs of our customers. We offer a wide range of residential properties, including high-rise and mid-rise apartments, multi-layer garden apartments and townhouses. We are currently developing quality large-scale living communities equipped with multi-functional ancillary facilities including retail shops, kindergartens, schools, clubhouses and car parking spaces, which aim to provide high-quality living and consumption options for our customers.

As of March 31, 2015, we had completed 10 projects and certain portions of two projects. As of March 31, 2015, we had land bank with a total GFA of 2.4 million sq.m. in Jinzhong, Taiyuan and Mianyang, comprising a total GFA of 385,402 sq.m. completed but remaining unsold, two projects and certain portions of three projects under development with a total GFA of 1,289,887 sq.m. and certain portions of two projects held for future development with a total GFA of 768,150 sq.m. We believe that our quality land reserves will provide us with a sufficient project development pipeline for the next four to five years. We engage a prudent land acquisition and project selection strategy by strategically focusing on suburban areas and only acquiring land parcels that (i) can be effectively managed by our available resources, (ii) fit into our investment budget, (iii) have the potential to meet our target project return criteria and (iv) minimize potential legal concerns.

We completed the subscription for 51% of the equity interest in Jinzhong Development in August 2014, which currently participates in the Urban Redevelopment Project in Jinzhong Economic Technology Development District which has a total site area of 649,208 sq.m., namely, Longtian Project. We develop resettlement housing pursuant to a development and allocation agreement (as supplemented by a later supplemental agreement) with the Management Committee, which provides us a guaranteed margin of 3.8% through a management fee paid to us. The Directors believe that the reason for such management fee (after accounting for the income tax payable thereon) to produce a lower return as compared to our overall net profit margin that ranges from 4.6% to 12.9% during the Track Record Period is attributable to (i) the much lower commercial risk involved for Phase I of Longtian Project where the counter party is the Management Committee; and (ii) the difference in nature of the businesses with Phase I of Longtian Project relating to the sale of resettlement housing as part of the Urban Redevelopment Scheme, whereas the projects undertaken by our Group during the

Track Record Period primarily relate to the sale of residential and commercial properties. However, despite its profitability margin, our Directors believe that it is in our interests to participate in Phase I of Longtian Project as our involvement has favorably positioned us to bid for the land use rights in relation to Phases II or III of Longtian Project. Our Directors believe that the local government would favorably consider bidders who have extensive experience in developing quality large-scale living communities and strong industry experience, and therefore our participation in Phase I of Longtian Project, which involves a close business partnership with the local government, would strengthen our industry profile when assessed by the local government in granting the land use rights for Phases II or III of Longtian Project. We expect Phases II and III of Longtian Project will involve the development and sale of residential and commercial properties to ultimate customers. The land parcels of Phase I of Longtian Project are held by our indirect non-wholly-owned subsidiary, Jinzhong Development, of which we hold 51% of the equity interest. We believe this will enable us to access potentially available land reserves.

Jinzhong Development has successfully acquired the land use rights to Phase I of Longtian Project, which has a total site area of 129,048 sq.m. and a GFA under development of 449,634 sq.m. through listings-for-sale. Currently, we are primarily developing resettlement residential properties on these land parcels for the use of existing villagers, and allocation of Phase I of Longtian Project to the parties as directed by the Management Committee may commence in August 2015 in accordance with the supplemental agreement. Such project has been listed by the local authorities as a key municipal program of Jinzhong City in 2014. In line with the government planning of Shanxi Education Park for Colleges and Universities (山西省高校教育園區) and Jinzhong Science, Technology and Innovation Park (晉中科技創新園區), we believe this project has tremendous growth potential. We believe participation in urban redevelopment projects will enable us to (i) gain more insight into the land parcels and their respective areas at preliminary stages, (ii) maintain favorable working relationships with the relevant government or government entities and build up our brand and professional image in related communities, which we believe positions us favorably in subsequent public tender, auction or listing-for-sale processes in those areas and (iii) access land parcels with significant appreciation potential in a cost-efficient manner.

We have established a standardized development process that we apply across our entire business operations, which cover the full spectrum of the property development cycle from site selection, market analysis, land acquisition, project planning and design, tendering and procurement, construction and quality control to sales and marketing and customer services. With these standardized operating procedures, we are able to effectively manage our projects, efficiently oversee the progress of development and ensure the standard of quality is applied consistently in each of our development projects, which leads to optimized investment returns.

OUR COMPETITIVE STRENGTHS

We believe the following are our key competitive strengths to support our sustainable and profitable growth:

We have established a leading position in the property development industry in Shanxi Province.

We are one of the leading property developers in Shanxi Province. In 2013, we ranked 279th among the "Top 500 Property Developers in China" and we ranked first among all property developers with headquarters established in Shanxi Province, which was jointly selected by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心). The real estate industry in Shanxi Province has experienced substantial growth in the past few years. According to the National Bureau of Statistics of China, the total real estate investment in Shanxi Province increased from RMB47.7 billion in 2009 to RMB130.9 billion in 2013, representing a CAGR of 28.7% from 2009 to 2013. As the capital of Shanxi Province, Taiyuan has continuously attracted significant amount of real estate investment in recent years. According to the National Bureau of Statistics of China, the total real estate investment in Taiyuan increased from RMB16.5 billion in 2009 to RMB43.0 billion in 2013, representing a CAGR of 27.1% from 2009 to 2013. According to Taiyuan Municipal Bureau of Statistics, GFA of commodity properties sold in Taiyuan in 2013 was 4.0 million sq.m., representing an increase of 25.0% over 2012.

We commenced our property development operations in Jinzhong in 1997. In line with the macroeconomic strategic planning of "Macro Taiyuan Economic Circle (大太原經濟圈)" and "Taiyuan - Yuci Integration (太榆同城化)" of Shanxi Provincial Government, we have implemented a regional development strategy of utilizing Jinzhong as our home base with expansion into Taiyuan to capitalize on the fast-paced economic development of, and rapidly growing housing demand in, this region. As of March 31, 2015, we had completed eight projects and certain portions of one project in Jinzhong with a total completed GFA of 1.3 million sq.m., and we had completed certain portions of one project in Taiyuan with a total completed GFA of 0.3 million sq.m., and we were developing certain portions of one project in Taiyuan with a total planned GFA of 1.1 million sq.m.. We believe that our position as one of the early entrants in the real estate market in Shanxi Province and our strategic focus and deep roots in this region have enabled us to gain a deeper understanding of local markets, customer preferences and urban planning trends, and have enabled us to establish strong working relationships with local governments, providing us with home-market advantage.

In addition to our developments in the real estate market in Shanxi Province, we actively explored opportunities to expand our operations into other markets with growth potential. We successfully expanded our footprint to Mianyang in 2007, which signified the first step of expanding our market presence in central and western China. Mianyang is the only "National Science and Technology City (國家科技城)" approved by the State Council and the second largest city in Sichuan Province and is located in close proximity to and is connected by intercity railway and highways with Chengdu, the capital of Sichuan Province. As of March 31, 2015, we had completed two projects in Mianyang with a total completed GFA of 244,454 sq.m. We are currently developing one project in Mianyang with a total planned GFA of 446,554 sq.m.

Leveraging our leading position in Shanxi Province, strong execution capabilities and reputable brand image, we have been and are well positioned to continue to benefit from the growth potential in the PRC real estate market.

We have an established track record in developing quality large-scale living communities.

We believe we have extensive experience and strong execution capabilities in developing quality large-scale living communities. We have two projects each with a total GFA of over 800,000 sq.m. currently under development, including Xin Xing International Cultural Town (新興國際文教城) and Yosemite Valley Town — Taiyuan (龍城優山美郡). These projects are located in suburban areas and are equipped with multi-functional ancillary facilities including retail shops, kindergartens, schools, clubhouses and car parking spaces, with the aim of providing high-quality consumption options for our customers. For example, Phase III of Xin Xing International Cultural Town (新興國際文教城) was recognized as "China Famous Real Estate" (中國名盤) in 2009 and was awarded "Guangsha Prize" (廣廈獎) in 2010. Please see " — Awards and Recognitions."

We believe that our ability and experience in developing quality large-scale living communities will build local brand awareness, obtain local government support during the development process and support our future development. In addition, developing large-scale projects allows us to take advantage of synergies in managing our developments more effectively and help us achieve economies of scale. Moreover, developing a single large-scale project normally requires significant capital commitment and investment cost and imposes higher demand on the developer's experience, expertise and qualification. Therefore, we believe we have greater competitive advantages as compared with smaller-scale developers.

Our standardized property development process enables us to replicate our success across our development projects.

We have established a standardized development process that we apply across our entire business operations, which cover the full spectrum of the property development cycle from site selection, market analysis, land acquisition, project planning and design, tendering and procurement, construction and quality control to sales and marketing and customer services. With these standardized operating procedures, we are able to effectively manage our projects, efficiently oversee the progress of development and ensure the standard of quality is applied consistently in each of our development projects, which leads to optimized investment returns.

We also believe this standardized development process enables us to effectively control and manage costs at each step of the project development process. At the initial stage of a project, we seek to make cost projections based upon our prior experience and historical data, and strive to implement effective cost controls through continually monitoring target costs and market developments, and providing cost control feedback throughout the development process. In particular, as part of our standardized development process, we establish long-term cooperation relationships with qualified third-party construction contractors, design firms, raw materials suppliers and sales agencies that are pre-approved, which allow us to control procurement costs while ensuring construction quality.

In addition, we engage reputable design firms to support our project planning and design. Our in-house design team works closely with these design firms to develop high-quality product designs. In addition, we have adopted strict criteria in selecting construction contractors for our projects to ensure that our projects comply with our product design and quality standards. For example, taking into account the sloping topography of Mianyang, we positioned Yosemite Valley Town — Mianyang and Elite Gardens to feature low-density multi-story garden apartments equipped with elevators. In recognition of the high quality and unique design, Yosemite Valley Town — Mianyang was recognized as "China Famous Real Estate" (中國名盤) by China International Real Estate & Architectural Technology Fair (中國國際房地產與建築科技展覽會) and "National Excellent Model Project" (全國優秀示範小區創建項目) by Residential Project Guidance Working Committee of China Civil Engineering Society (中國土木工程學會住宅工程指導工作委員會) in 2011. Our internal marketing team collects in-depth market information and works with external research firms that we engaged to perform targeted market analysis and directed advertising and promotional activities, enabling us to develop products that meet the current market demand and customer preferences and pre-sell our properties within a relatively short period of time.

We believe our standardized development process can be readily applied to replicate our success across our development projects and enables us to replicate our operation at a cost efficient manner.

We have adopted a prudent land acquisition and project selection strategy.

We engage a disciplined approach to land acquisition by only acquiring land parcels that (i) can be effectively managed by our available resources, (ii) fit into our investment budget, (iii) have the potential to meet our target project return criteria and (iv) minimize potential legal concerns. During the Track Record Period, substantially all of the land parcels for our property developments were acquired directly from the PRC Government through the bidding process in public tenders, auctions or listings-for-sale for land use rights held by local governments in accordance with the relevant PRC laws and regulations. Land parcels granted through such methods are generally free of legal disputes or demolition and resettlement liabilities, which may prolong our development cycle and result in additional costs.

We have strategically located most of our developments in suburban areas that have strong urbanization factors and economic growth prospects, enabling us to acquire sizeable land for development at relatively low costs, which enable us to maintain relatively high profit margins. In addition, we believe that suburban areas are more likely to benefit from government investment in local infrastructure and public facilities, which may help increase property values in these areas.

Before a project is selected, we analyze the local property market and a decision is generally made on project selection after we perform in-depth market research and financial analysis, taking into account criteria such as estimated costs, average selling price, expected profit margin, impact on cash flow position, land size, location, available transportation, ancillary facilities and the availability of other regional resources. We formulate a feasibility study report based on the market research report prepared by the external professional consultant engaged by us, which is subject to the review and approval of our Board. Such decision-making process enables us to achieve a balance for quality growth and financial stability, lower financial risks and effectively manage our cash flows.

We have a management team with strong execution capabilities and industry experience.

We believe that the strong execution capabilities of our management team have been instrumental in executing our business strategies and achieving our current market position.

Our management team have an average of over six years of industry experience. The executive Directors of our Board have served our Group for over nine years, which facilitates the promotion of common corporate values and operating philosophy. We have a team of professionals with expertise in a wide range of fields, including property development, planning, design, engineering, finance, project investment, operations and marketing and sales. Throughout the years, we have endeavored to recruit and train employees who we believe have potential to contribute to our growth.

OUR BUSINESS STRATEGIES

We endeavor to providing high-quality products and services to target customers, while adhering to high corporate and managerial standards, intending to achieve satisfactory profits and investment returns as well as steady and sustainable development. We plan to grow and strengthen our business through the implementation of the following core business strategies:

Capitalize on the implementation of urbanization policies in Shanxi Province to strengthen our leading market position in Shanxi Province and expand our market presence in central and western China.

We plan to continue to devote resources to growing our business and strengthening our leading market position in Shanxi Province to take advantage of the continuously increasing demand for high-quality properties resulting from rapid growth in urbanization process and general local economies. We currently participate in an urban redevelopment project in Jinzhong Economic Technology Development District with a total site area of 649,208 sq.m., of which we have successfully acquired the land use rights of certain land parcels, namely, Phase I of Longtian Project, with a total site area of 129,048 sq.m. and a GFA under development of 449,634 sq.m.. Currently, we are primarily developing resettlement residential properties on these land parcels for the use of existing villagers. Such project has been listed by the local authorities as a key municipal program of Jinzhong City in 2014. In line with the government planning of Shanxi Education Park for Colleges and Universities (山西省高校教育園區) and Jinzhong Science, Technology and Innovation Park (晉中科技創新園區), we believe this project has tremendous growth potential. We believe participation in urban redevelopment projects will enable us to (i) gain more insight into the land parcels and their respective areas at preliminary stages, (ii) maintain favorable working relationships with the relevant government or government entities and build up our brand and professional image in related communities, which we believe position us favorably in subsequent public tender, auction or listing-for-sale processes in those areas and (iii) access land parcels with significant appreciation potential in a cost-efficient manner. In addition, we are developing a large-scale property project with multi-functional ancillary facilities in Taiyuan, which we expect to complete in 2019 with a planned total GFA of 1.4 million sq.m.

In addition, we plan to expand our market presence in central and western China and identify and capture new business opportunities in other second-tier and third-tier cities in central and western China. We believe these areas are and will continue to be economically active regions in China with attractive growth opportunities for the foreseeable future. We expect to continue to benefit from increasing market demand for properties in these regions. We plan to continue conducting in-depth research on national and regional government policies, economies and urbanization trends to strategically expand our business into regions that we believe have high growth potential.

We believe our in-depth knowledge of the regional property markets developed over our long operating track record will be instrumental to implementing our expansion strategy. In addition, our strong execution capabilities, effective management structure combined with standardized property development process have formed a solid foundation for rapid expansion and successful acquisition and development of additional projects. We plan to continue to adopt a prudent and disciplined approach in project selection and business expansion, taking into account timing and market conditions to ensure our financial performance and liquidity.

Continue to focus on large-scale property development projects, while constantly improving project design.

We plan to leverage our experience and expertise developed over our long operating track record to continue to develop large-scale and high-quality property projects that provide multi-functionality and comfortable living environments. We intend to constantly improve project designs and continue to collaborate with reputable design firms and professional construction contractors to meet our target customers' changing preferences and the evolving market demand and apply advanced technology and materials in line with the new concepts of green-living, environmental protection, energy conservation, eco-friendly and leisure, striving to offer our customers innovative, livable, high-value-added and high-quality residences and services. In addition, to further increase the value of our residential properties, we plan to continue to innovate and improve the ancillary facilities within each new project development.

Further enhance our brand influence.

We place significant emphasis on enhancing our brand and professional image and strengthening customer satisfaction, which we believe will further strengthen our financial performance. We remain committed to providing high-quality properties and services. We established our own property management company in April 2014 and plan to provide comprehensive housekeeping services to our customers. We believe providing property management services to property owners through our own property management company will enhance property values for our customers and enhance brand recognition and reputation. Our sales and marketing team will continue to actively promote our products and brand image through various advertising campaigns.

In addition, we have established the Chenxing Club (辰興會), a customer communication platform through which we maintain close contact with and receive feedback from our customers. We will continue to regularly conduct property owner satisfaction surveys to further improve the quality of our products and services. We intend to further leverage Chenxing Club to utilize information technology to manage our customer relationships and further enhance our brand value.

Continue to attract, retain and motivate skilled and talented workforce.

We believe high quality employees who value our corporate culture are our invaluable assets. In order to support our growth and expansion, we aim to attract and recruit employees with a wide range of expertise including property development, project planning, design, finance and marketing and sales. We emphasize the long-term development of a quality workforce and the alignment of the interests of our workforce with those of ours. We will continue to recruit, retain and motivate a skilled and talented workforce by offering our staff competitive compensation packages, systematic on-the-job training programs and effective performance-based evaluation and incentive system. In addition, we will continue to enhance our corporate culture by fostering an entrepreneurial work environment and empowering our employee with greater responsibilities. We believe such an entrepreneurial culture will enhance knowledge sharing, collaboration and innovation among employees, leading to increased efficiency, foster greater loyalty, job satisfaction, engagement and commitment to their work, which we believe strengthens our overall operations.

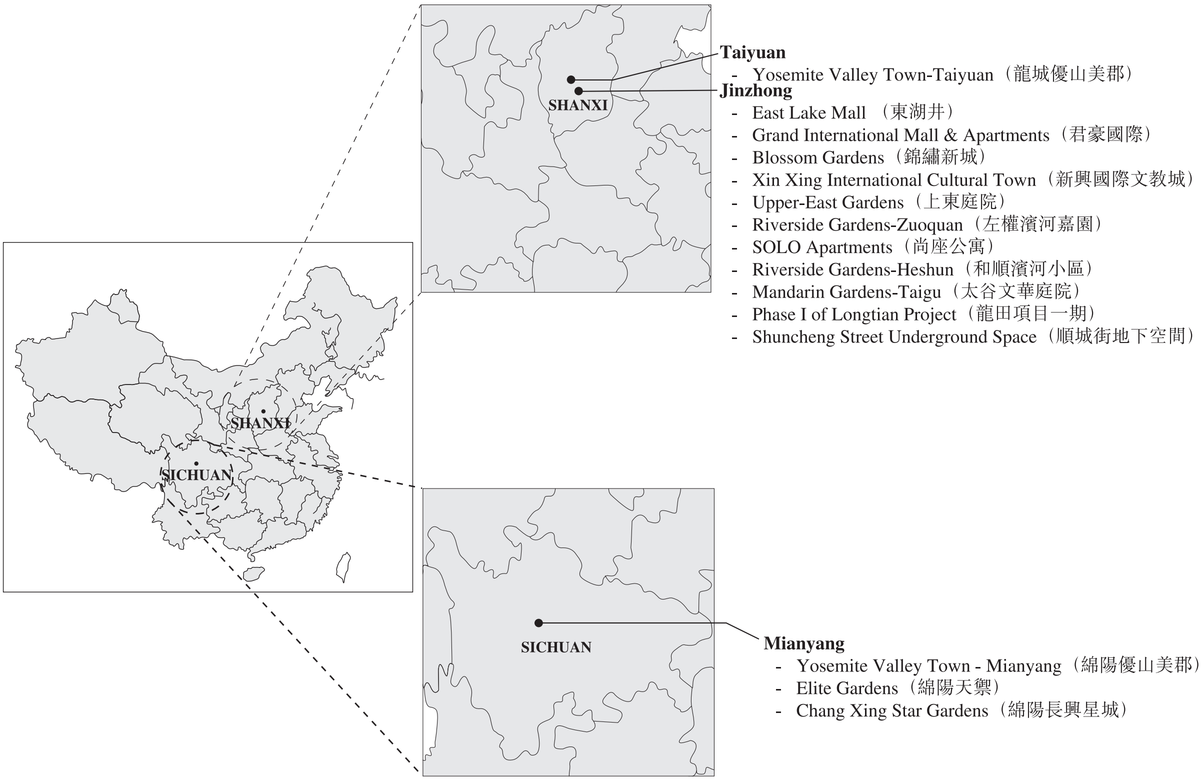
OUR PROPERTY DEVELOPMENT PROJECTS

We primarily focus on residential property development in strategically targeted cities in the PRC, which we believe meet the needs of our customers in these cities looking to either purchase their first homes or upgrade their living environment. We primarily offer mid-rise and high-rise apartments, multi-story garden apartments and townhouses accompanied by street-level retail outlets and ancillary clubhouses, kindergartens and schools to satisfy customers' daily needs for living, entertainment and leisure. We have also developed SOHO apartments and have a hotel situated in the Chang Xing Star Gardens project that is held for future development.

We believe economic growth, urbanization and industrialization, availability of residential mortgages and increasing disposable income are key drivers of our business. In particular, we believe as the disposable income of Chinese residents increases, demand for residential properties in general and high-quality residential properties with convenient access to public transportation, well-developed infrastructure and comfortable living environments in particular will increase as well.

As of March 31, 2015, our property portfolio comprised 15 property development projects completed or under various stages of development in various cities including Jinzhong and Taiyuan, Shanxi Province and Mianyang, Sichuan Province. As of March 31, 2015, we had completed property projects or project phases with a total GFA of 1.9 million sq.m., projects or project phases under development with a total GFA of 1.3 million sq.m. and a total planned GFA of 0.8 million sq.m. held for future development.

The following map shows the geographical locations and key information of our property developments as of March 31, 2015:



We mainly categorize our residential properties as follows:

- mid-rise apartments (小高層住宅) — which are typically buildings with eight to 12 stories;
- high-rise apartments (高層住宅) — which are typically buildings with 13 to 33 stories;
- multi-story garden apartments (多層洋房住宅) — which are typically buildings with four to seven stories; and
- townhouses (聯排住宅) — which are typically two to six units of houses with no more than three stories connected to each other.

Classification of Our Property Development Projects

The table below sets forth our classification of properties, and the corresponding classification of properties in the sections headed "Appendix I — Accountants' Report" and "Appendix III — Property Valuation" in this prospectus:

Our Classification	Accountants' Report	Property Valuation Report
Completed projects or project phases: projects or project phases for which we have obtained the relevant completion certificates from the relevant governmental authorities.	• Completed properties held for sale	• Properties held for sale, for owner occupation or for investment
Projects or project phases under development: projects or project phases for which we have received the required construction work commencement permits but have not yet obtained the relevant completion certificates.	• Properties under development	• Properties held under development
Projects or project phases held for future development: projects or project phases for which construction work has not yet commenced and we have: (a) received the relevant land use rights certificates or (b) signed the relevant land grant contracts but not yet obtained land use rights certificates.	• Properties under development	• Properties held for future development

As some of our property development projects comprise multiple-phase developments that are completed on a rolling basis, a single project may fall into one or more of the above categories.

Our classification of properties reflects the basis on which we operate our business and may differ from classifications employed by other property developers. A single property development project may require multiple land use rights certificates, construction land planning permits, construction work planning permits, construction work commencement permits, pre-sale permits and other permits and certificates, which may be issued at different times throughout the development process.

For details of the classification of properties in the Accountants' Report and the property valuation report, please see "Appendix I — Accountants' Report" and "Appendix III — Property Valuation" in this prospectus, respectively.

Detailed descriptions of each of our property development projects as set forth in this prospectus are as of March 31, 2015, unless otherwise dated. The actual or estimated construction commencement date refers to the date on which construction of the first building of the project or the relevant phase of a multi-phase project commenced or is estimated to commence. The actual or estimated construction completion date of our completed projects or project phases refers to the date we passed the completion and acceptance and inspection for each project or each phase of a multi-phase project, while the actual or estimated construction completion date of our projects and project phases under development or held for future development reflects our best estimate based on our current development and construction work plans. The actual or estimated pre-sale commencement date refers to the date we commenced or estimate to commence pre-sale of any of the properties for each project or each phase of a multi-phase project.

Site Area and GFA

Site area is calculated as follows:

- for projects or project phases for which we have obtained the land use rights certificates, based on the relevant land use rights certificates; or

- for projects or project phases for which we have not obtained the land use rights certificates but have signed the relevant land grant contracts, based on the relevant land grant contracts.

Total GFA as used in this prospectus is comprised of saleable/leasable GFA and non-saleable GFA. Non-saleable GFA as used in this prospectus refers to ancillary facilities that are not saleable pursuant to PRC laws and regulations. Saleable/leasable GFA as used in this prospectus generally refers to our internal floor areas and shared areas that are allocated to such properties, our investment properties and car parking spaces that are saleable or leasable pursuant to the applicable PRC laws and regulations. Saleable/leasable GFA is further divided into saleable/leasable GFA pre-sold/sold and saleable/leasable GFA remaining unsold.

A property is pre-sold when we have executed the relevant pre-sale agreement but have not yet delivered the property to the customer. A property is considered sold after we have executed the pre-sale or sale contract, as the case may be, with a customer and have delivered the property to the customer. A property is considered delivered to our customer when our customer has signed the written confirmation of the delivery of the property. Our customers are required to acknowledge receipt of delivery of properties in accordance with the terms of the respective pre-sale or sale contracts.

The GFA information presented in this prospectus is derived from the following basis:

- for completed projects and project phases, the completed GFA information is based upon the relevant completion certificate, or the relevant construction work planning permit if the completion certificate is not available or applicable;

- for projects and project phases under development, the GFA under development information is based upon the relevant construction work planning permit;

- for projects and project phases held for future development, the planned GFA information is (i) based upon the relevant construction work planning permit, or (ii) if the relevant construction work planning permit has not been issued, based upon the relevant land use rights certificate, or (iii) if we have not obtained the relevant land use rights certificate, based upon the relevant land grant contract and our internal records and estimates, which may be subject to change;

- for completed projects and project phases, the saleable/leasable GFA remaining unsold information is based on the relevant building ownership certificate and our internal records and estimates;

- for completed projects and project phases, the GFA held for investment information is based on the relevant building ownership certificate and our internal records and estimates;

- for completed projects and project phases, the GFA sold information is based on the executed pre-sale or sale contracts and may not exceed the maximum permissible GFA set forth in the relevant pre-sale permit;

- for projects and project phases under development, the saleable/leasable GFA information is based upon the relevant pre-sale permit, or the surveying report or the construction work planning permit if the pre-sale permit is not available or applicable; and

- for projects and project phases under development, the GFA pre-sold information is based on the executed pre-sale agreements and may not exceed the maximum permissible GFA set forth in the relevant pre-sale permit.

Development costs incurred refer to direct costs of the relevant project or project phase including land costs, construction costs and capitalized interest costs incurred by us, while future development costs to be incurred refer to the budgeted costs estimated to be incurred by us based on the development costs already incurred.

For those figures and construction or pre-sale schedules based on our internal records, internal estimates and business plans may differ in the future in material respects from our current estimates.

The names of our property development projects used in this prospectus are those project names which we have used, or intend to use, to market our properties. Some of the names of our property development projects may be different from the names registered with the relevant authorities. Some of the names are subject to approval by the relevant authorities and are therefore subject to change. The English names of our property projects are for reference and marketing purposes only.

Our PRC Legal Advisors have advised us that our projects under development do not fall within the catalogue of industries in which foreign investment is restricted or prohibited pursuant to the "Catalogue for the Guidance of Industries for Foreign Investment (2015 Revision)" (《外商投資產業指導目錄》(2015年修訂)).

Land Bank and Property Portfolio

The table below sets forth a summary of our land bank and property portfolio as of March 31, 2015 by geographic location:

	Completed		Under Development	Future Development			Total Land Bank[(1)]	% of Total Land Bank
	Completed GFA	Saleable/ Leasable GFA Remaining Unsold	GFA Under Development	Planned GFA	With Land Use Rights Certificates	Land Use Rights Certificates Not Yet Obtained	Total GFA	
				(sq.m.)				(%)
Jinzhong	1,291,468	45,032	524,319	—	—	—	569,351	23.3
Taiyuan	346,410	222,538	469,264	617,900	—	617,900	1,309,702	53.6
Mianyang	244,454	117,832	296,304	150,250	150,250	—	564,386	23.1
TOTAL	**1,882,332**	**385,402**	**1,289,887**	**768,150**	**150,250**	**617,900**	**2,443,439**	**100.0**

Note:

(1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

The table below sets forth a summary of our land bank and property portfolio as of March 31, 2015 by type of properties:

	Completed	Under Development	Future Development			Total Land Bank[(1)]	% of Total Land Bank
	Saleable/ Leasable GFA Remaining Unsold	GFA Under Development	Planned GFA	With Land Use Rights Certificates	Land Use Rights Certificates Not Yet Obtained	Total GFA	
			(sq.m.)				(%)
Residential	330,559	835,432	502,393	50,067	452,326	1,668,384	68.3
Retail outlets	38,239	172,566	71,540	32,066	39,474	282,345	11.5
SOHO apartments	113	—	—	—	—	113	<0.1
Hotel	—	—	22,119	22,119	—	22,119	0.9
Car parking spaces	16,491	273,808	144,732	44,732	100,000	435,031	17.8
Ancillary	—	8,080	27,366	1,266	26,100	35,446	1.4
TOTAL	**385,402**	**1,289,887**	**768,150**	**150,250**	**617,900**	**2,443,439**	**100.0**

Note:

(1) Land bank equals the sum of (i) saleable/leasable GFA remaining unsold, (ii) total GFA under development and (iii) total planned GFA held for future development.

The tables above include civil defense areas with a total GFA under development of 114,763 sq.m., or 4.7% of our land bank as of March 31, 2015 with a carrying value of RMB24.5 million as of March 31, 2015. Such civil defense areas will not be saleable independently after completion but we will be permitted to use and manage such areas in times of peace and generate profits pursuant to PRC laws and regulations. In times of war, the civil defense areas may be subject to government use. As of the Latest Practicable Date, we were not using such civil defense areas as they had not been completed and therefore, as advised by our PRC Legal Advisors, we were not required to obtain any government approval for the use of such civil defense areas at this stage. We will apply to the relevant government authorities for such approval once the civil defense areas have passed the relevant construction completion examination in accordance with the relevant PRC laws and regulations. Please see "Regulations — Civil Air Defense Property" for details of PRC laws and regulations governing civil defense properties.

During the Track Record Period and up to the Latest Practicable Date, we have not received any notices from any PRC government authorities identifying any idle land held by us, nor have we incurred any idle land fees. Based on our latest construction schedule, the Directors did not expect any idle land issues as of the Latest Practicable Date.

Summary of Our Property Development Projects

Completed Projects and Project Phases

As of the Latest Practicable Date, we had obtained the land use rights certificates and building ownership certificates for all of our completed projects and project phases. The following table set forth a summary of information on our completed projects and project phases as of March 31, 2015:

Project	Actual Commencement Date	Actual Completion Date	Site Area	Completed GFA	Saleable/ Leasable GFA Remaining Unsold	GFA Held for Investment	GFA Sold	Other GFA[1]	Development Costs	Ownership Interest[2]	Attributable Capital Value[3]	References in Property Valuation Report
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Jinzhong												
1. East Lake Mall (東湖井)[6]	August 1999	July 2000	1,330	17,886	—	10,610	7,276	—	3.9	100	70	14
2. Grand International Mall & Apartments (君豪國際)[6]	July 2005	June 2007	7,465	69,440	15,705	8,603	41,236	—	130.3	100	137	3,13
3. Blossom Gardens (錦繡新城)[6]	April 2004	April 2007	5,261	39,080	—	—	39,080	—	8.1	100	—	—
4. Xin Xing International Cultural Town (新興國際文教城)			310,473	744,604	25,963	—	707,700	151	1,205.2	100	165	7
Phase I[6]	August 2003	December 2005	5,600	24,903	—	—	24,602	—	42.4			
Phase II[6]	November 2005	April 2012	17,968	94,046	161	—	92,748	151	101.7			
Phase III	May 2007	December 2009	255,918	550,664	4,603	—	540,443	—	865.9			
Phase IV (partial) [4]	November 2012	September 2014	30,987	74,991	21,199	—	49,907	—	195.2			

Project	Actual Commencement Date	Actual Completion Date	Site Area	Completed GFA	Saleable/ Leasable GFA Remaining Unsold	GFA Held for Investment	GFA Sold	Other GFA[1]	Development Costs	Ownership Interest[2]	Attributable Capital Value[3]	References in Property Valuation Report
			(sq.m.)	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
5. Upper East Gardens (上東庭院)			43,704	127,554	2,219	—	121,596	—	201.4	100	11	9
Phase I[6]	September 2005	November 2006	19,361	47,998	—	—	47,926	—	51.2			
Phase II	May 2009	December 2011	24,343	79,556	2,219	—	73,670	—	150.2			
6. Riverside Gardens —Zuoquan (左權濱河嘉園)	August 2005	December 2007	73,035	110,449	—	—	97,990	555	92.8	100	—	—
7. SOLO Apartments (尚座公寓)	March 2007	September 2009	2,411	11,347	312	—	9,471	—	28.7	100	2.9	8
8. Riverside Gardens —Heshun (和順濱河小區)			65,998	116,684	833	—	112,552	340	137.6	100	6	5
Stage I	May 2007	June 2008	60,100	65,000	833	—	61,335	340	57.5			
Stage II	July 2010	October 2012	5,898	51,684	—	—	51,217	—	80.1			
9. Mandarin Gardens —Taigu (太谷文華庭院)	August 2009	May 2011	30,690	54,424	—	—	51,525	—	76.2	100	—	—
Mianyang												
1. Yosemite Valley Town—Mianyang (綿陽優山美郡)	December 2008	May 2012	74,124	127,507	53,812	—	71,682	1,845	407.3	83.89	191.3	10
2. Elite Gardens (綿陽天禦)[5]	December 2009	September 2014	68,529	116,947	64,020	—	52,170	687	403.5	83.89	241.6	11
Taiyuan												
1. Yosemite Valley Town—Taiyuan Phase I (Southern District) (龍城優山美郡一期南區)	July 2012	December 2014	115,050	346,410	222,538	—	118,545	—	916.6	100	1,322	12
Total Completed GFA			**798,070**	**1,882,332**	**385,402**	**19,213**	**1,430,821**	**3,576**	**3,611**		**2,146.8**	
Total Attributable GFA[7]				**1,842,950**	**366,419**	**19,213**	**1,410,262**	**3,168**	**3,481**			

Notes:

(1) Includes the portion of GFA held by us as amenities not saleable or leasable of each of the completed projects or phases of projects.

(2) Calculated based on our effective ownership interest in the respective project companies.

(3) Comprises the portion of the total capital value attributable to us based on our effective interest in the relevant projects or project phases as of March 31, 2015. It does not include attributable value of non-saleable amenities. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."

(4) We completed the construction of residential units and retail outlets of Phase IV of Xin Xing International Cultural Town and passed the completion and acceptance inspection in September 2014. We expect to obtain the relevant completion certificate for this portion of Phase IV in the third quarter of 2015.

(5) We completed the construction of Elite Gardens and passed the completion and acceptance inspection in September 2014. We expect to obtain the relevant completion certificate for this project in the third quarter of 2015.

(6) East Lake Mall, Grand International Mall & Apartments, Blossom Gardens, Phases I and II of Xin Xing International Cultural Town and Phase I of Upper East Gardens were previously acquired and developed by Yuci Xinxing Real Estate before our merger in September 2007. Please see "History and Development."

(7) Comprises the portion of the total GFA attributable to us based on our effective interest in the relevant projects or project phases. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."

Properties Under Development and Properties Held for Future Development

As of the Latest Practicable Date, we had obtained the land use rights certificates for all of our properties under development. The following table sets forth a summary of information on our projects or project phases under development or held for future development as of March 31, 2015:

Project	Project Company	Site Area	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Actual/ Estimated Pre-sale Date	UNDER DEVELOPMENT GFA Under Development	UNDER DEVELOPMENT Saleable/ Leasable GFA	UNDER DEVELOPMENT GFA Pre-sold	HELD FOR FUTURE DEVELOPMENT Planned GFA	HELD FOR FUTURE DEVELOPMENT GFA of Land Use Rights Certificates Not Yet Obtained	Development Costs Incurred	Expected Future Development Costs	Ownership Interest(1)	Attributable Capital Value(2)	References in Property Valuation Report
		(sq.m.)				*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Jinzhong															
1. Xin Xing International Cultural Town (新興國際文教城)	Chen Xing	22,578				73,278	59,625	20,977	—	—	183.4	29.5	100	265	15
Phase IV (partial)		—(4)	November 2012(5)	September 2015	January 2015	10,949	8,840	—	—	—	38.0	3.5			
Car parking spaces						10,949	8,840	—	—	—					
Phase V		22,578	September 2013(5)	September 2015	November 2013	62,329	50,785	20,977	—	—	145.4	26.0			
Residential						47,407	45,954	20,977	—	—					
Retail outlets						5,058	4,831	—	—	—					
Car parking spaces						8,819	—	—	—	—					
Ancillary(3)						1,045	—	—	—	—					
2. Phase I of Longtian Project (龍田項目一期)	Jinzhong Development	129,048				449,634	427,999	—	—	—	763.1(11)	1,012.1(11)	51	416.2	16
Stage I		14,346	December 2013(6)	March 2016	August 2015(10)	78,954	74,203	—	—	—	146.1	167.8			
Residential						66,700	61,948	—	—	—					
Retail outlets						6,243	6,243	—	—	—					
Car parking spaces						6,011	6,011	—	—	—					

Project	Project Company	Site Area	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Actual/ Estimated Pre-sale Date	UNDER DEVELOPMENT: GFA Under Development	Saleable/ Leasable GFA	GFA Pre-sold	HELD FOR FUTURE DEVELOPMENT: Planned GFA	GFA of Land Use Rights Certificates Not Yet Obtained	Development Costs Incurred	Expected Future Development Costs	Ownership Interest(1)	Attributable Capital Value(2)	References in Property Valuation Report
		(sq.m.)				*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Stage II		24,367	December 2013(6)	March 2016	August 2015(10)	110,725	101,386	—	—	—	176.1	267.3			
Residential						90,630	81,290	—	—	—					
Retail outlets						9,563	9,563	—	—	—					
Car parking spaces						10,532	10,532	—	—	—					
Stage III		26,682	December 2013(6)	December 2016	May 2016	126,120	121,061	—	—	—	191.6	296.2			
Residential						106,142	101,083	—	—	—					
Retail outlets						7,873	7,873	—	—	—					
Car parking spaces						12,104	12,104	—	—	—					
Stage IV		13,422	December 2013(6)	March 2016	August 2015(10)	28,819	28,819	—	—	—	47.3	61.8			
Retail outlets						20,936	20,936	—	—	—					
Car parking spaces						7,883	7,883	—	—	—					
Stage V		50,232	December 2013(6)	March 2016	August 2015(10)	105,016	102,531	—	—	—	202.0	219.0			
Retail outlets						69,358	69,358	—	—	—					
Car parking spaces						33,173	33,173	—	—	—					
Ancillary						2,485	—	—	—	—					
3. **Shuncheng Street Underground Space (順城街地下空間)**	Chen Xing	—(7)	January 2013	September 2015	September 2015	1,407	897	—	—	—	13.1	0.4	100	13	17

Project	Project Company	Site Area	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Actual/ Estimated Pre-sale Date	UNDER DEVELOPMENT GFA Under Development	Saleable/ Leasable GFA	GFA Pre-sold	HELD FOR FUTURE DEVELOPMENT Planned GFA	GFA of Land Use Rights Certificates Not Yet Obtained	Development Costs Incurred	Expected Future Development Costs	Ownership Interest[1]	Attributable Capital Value[2]	References in Property Valuation Report
		(sq.m.)				*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Taiyuan															
1. Yosemite Valley Town—Taiyuan (龍城優山美郡)	Chen Xing	303,440				469,264	393,577	96,180	617,900	617,900	872.4	2,738.4	100	1,340	18.21
Phase I (Southern District)[8]		2,078	April 2014	August 2015	April 2015	72,399	72,325	—	—	—	242.0	166.1			
Retail outlets						6,247	6,173	—	—	—					
Car parking spaces						66,152	66,152	—	—	—					
Phase I (Northern District)		108,005	April 2014	May 2017	September 2014	396,865	321,252	96,180	—	—	387.2	865.3			
Residential						306,010	301,078	96,180	—	—					
Retail outlets						20,476	20,173	—	—	—					
Car parking spaces						70,379	—	—	—	—					
Phase II		111,477	July 2015	December 2018	April 2016	—	—	—	394,100	394,100	155.1	1,088.7			
Residential						—	—	—	292,846	292,846					
Retail outlets						—	—	—	26,554	26,554					
Car parking spaces						—	—	—	60,000	60,000					
Ancillary[3]									14,700	14,700					
Phase III		60,080	July 2017	December 2019	April 2018	—	—	—	212,400	212,400	83.6	586.8			
Residential						—	—	—	159,480	159,480					
Retail outlets						—	—	—	12,920	12,920					
Car parking spaces						—	—	—	40,000	40,000					
Phase IV		21,800	July 2015	December 2017	N/A	—	—	—	11,400	11,400	4.5	31.5			
Ancillary[3]									11,400	11,400					

Project	Project Company	Site Area	Actual/ Estimated Commencement Date	Actual/ Estimated Completion Date	Actual/ Estimated Pre-sale Date	UNDER DEVELOPMENT GFA Under Development	UNDER DEVELOPMENT Saleable/ Leasable GFA	UNDER DEVELOPMENT GFA Pre-sold	HELD FOR FUTURE DEVELOPMENT Planned GFA	HELD FOR FUTURE DEVELOPMENT GFA of Land Use Rights Certificates Not Yet Obtained	Development Costs Incurred	Expected Future Development Costs	Ownership Interest[1]	Attributable Capital Value[2]	References in Property Valuation Report
		(sq.m.)				*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(sq.m.)*	*(RMB million)*	*(RMB million)*	*(%)*	*(RMB million)*	*(Property No.)*
Mianyang															
1. Chang Xing Star Gardens (綿陽長興星城)	Chen Xing Sichuan	104,308				296,304	291,754	—	150,250	—	256.6	1,185.9	83.89	304.5	19.20
Phase I		68,150	May 2010	January 2017	April 2015	296,304	291,754	—	—	—	166.8	772.5			
Residential						218,544	218,544	—	—	—					
Retail outlets						25,403	25,403	—	—	—					
Car parking spaces						47,807	47,807	—	—	—					
Ancillary[3]						4,551	—	—	—	—					
Phase II		36,158	March 2017	May 2019	August 2017	—	—	—	150,250	—	100.1	403.1			
Residential						—	—	—	50,067	—					
Retail outlets						—	—	—	32,066	—					
Hotel						—	—	—	22,119						
Car parking spaces						—	—	—	44,732	—					
Ancillary[3]						—	—	—	1,266	—					
Total		**559,374**				**1,289,887**	**1,173,852**	**117,157**	**768,150**	**617,900**	**2,099**	**4,956**		**2,338.7**	
Total Attributable GFA[9]						**1,021,832**	**917,131**	**117,157**	**743,945**	**617,900**	**1,682**	**4,271**			

Notes:

(1) Calculated based on our effective ownership interest in the respective project companies.

(2) Comprises the portion of the total capital value attributable to us based on our effective interest in the relevant projects or project phases as of March 31, 2015. It does not include attributable value of non-saleable amenities. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."

(3) Comprises primarily amenities which are not available for sale.

(4) This portion of Phase IV of Xin Xing International Cultural Town is expected to comprise entirely underground car parking spaces and does not have corresponding site area.

(5) We commenced the construction of car parking spaces of Phases IV and V of Xin Xing International Cultural Town before we obtained the relevant construction work commencement permits in April 2014. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."

(6) The construction of Phase I of Longtian Project in December 2013 was commenced before the relevant construction work commencement permits were obtained in January 2015. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."

(7) Shuncheng Street Underground Space is expected to comprise entirely underground retail outlets and does not have corresponding site area. The land use rights of this project was granted under the land grant contract in respect to Grand International Mall & Apartments.

(8) We commenced the pre-sale of Southern District of Phase I of Yosemite Valley Town — Taiyuan in April 2012 before we obtained the relevant pre-sale permit in November 2013. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."

(9) Comprises the portion of the total GFA attributable to us based on our effective interest in the relevant projects or project phases. Our interest in the relevant projects or project phases are set out in "Appendix III — Property Valuation."

(10) Pursuant to the supplemental agreement entered into with the Management Committee, the allocation for Phase I of Longtian Project to the parties as directed by the Management Committee may commence in August 2015. However, as of the Latest Practicable Date, we have not commenced any allocation pending any update of the allocation arrangement with the Management Committee, which is currently in progress.

(11) Prior to completion of Phase I of Longtian Project, the Management Committee may, taking into account of the fiscal budget of the local government, provide such amount of capital funding to us at its discretion from time to time for our construction of the resettlement housing and any such amount provided will be deducted from the final purchase payment to be paid by the Management Committee to our Group for the delivery of the resettlement housing of Phase I of Longtian Project. As of the Latest Practicable Date, the Management Committee had contributed approximately RMB564.8 million to Phase I of Longtian Project as capital funding.

Contracted Sales

The table below sets forth a summary of our total contracted sales for each of the years ended December 31, 2012, 2013 and 2014 and the three months ended March 31, 2015:

Project	Commencement date of Pre-sales or Sales	Year ended December 31,								Year ended December 31,				Three months ended March 31,			
		2012				2013				2014				2015			
		Total Contracted Sales(3)	Total Contracted GFA(3)	Contracted ASP(3)	% of Total Contracted Sales	Total Contracted Sales(3)	Total Contracted GFA(3)	Contracted ASP(3)	% of Total Contracted Sales	Total Contracted Sales(3)	Total Contracted GFA(3)	Contracted ASP(3)	% of Total Contracted Sales	Total Contracted Sales(3)	Total Contracted GFA(3)	Contracted ASP(3)	% of Total Contracted Sales
		(RMB million)	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*	*(RMB million)*	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*	*(RMB million)*	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*	*(RMB million)*	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*
Jinzhong																	
Upper East Gardens (上東庭院)																	
Phase II	September 2009	0.4	117	3,235	<0.1	—	—	—	—	—	—	—	—	—	—	—	—
SOLO Apartments (尚座公寓)	July 2007	0.2	55	3,965	<0.1	—	—	—	—	—	—	—	—	—	—	—	—
Riverside Gardens — Heshun (和順濱河小區)																	
Stage I	July 2007	0.2	148	1,654	<0.1	—	—	—	—	—	—	—	—	—	—	—	—
Stage II	January 2011	11.6	4,974	2,331	1.6	—	—	—	—	—	—	—	—	—	—	—	—
Grand International Mall & Apartments (君豪國際)	May 2006	25.3	5,269	4,810	3.6	7.4	1,567	4,726	1.2	19.6	3,792.1	5,166	1.5	0.6	111.5	5,346	0.3
Xin Xing International Cultural Town (新興國際文教城)																	
Phase III	June 2007	—	—	—	—	2.0	617	3,239	0.3	—	—	—	—	—	—	—	—
Phase IV	January 2013	143.8	36,275	3,965	20.2	72.2	12,613	5,725	12.0	85.6	18,051	4,742	6.7	1.99	454	4,378	1.1
Phase V	November 2013	—	—	—	—	25.4	4,430	5,744	4.2	69.4	11,712	5,924	5.4	27.9	4,835	5,769	16.0

Project	Commencement date of Pre-sales or Sales	Year ended December 31, 2012 Total Contracted Sales[(3)]	Total Contracted GFA[(3)]	Contracted ASP[(3)]	% of Total Contracted Sales	Year ended December 31, 2013 Total Contracted Sales[(3)]	Total Contracted GFA[(3)]	Contracted ASP[(3)]	% of Total Contracted Sales	Year ended December 31, 2014 Total Contracted Sales[(3)]	Total Contracted GFA[(3)]	Contracted ASP[(3)]	% of Total Contracted Sales	Three months ended March 31, 2015 Total Contracted Sales[(3)]	Total Contracted GFA[(3)]	Contracted ASP[(3)]	% of Total Contracted Sales
		(RMB million)	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*	*(RMB million)*	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*	*(RMB million)*	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*	*(RMB million)*	*(sq.m.)*	*(RMB/sq.m.)*	*(%)*
Taiyuan																	
Yosemite Valley Town—Taiyuan (龍城優山美郡)																	
Phase I (Southern District)	November 2013	422.6	102,255	4,133	59.5	273.6	54,000	5,066	45.5	573.3	101,910.3	5,625	44.7	32.3	6,250	5,171	18.5
Phase I (Northern District)	August 2014	—	—	—	—	—	—	—	—	408.0	79,051.6	5,162	31.8	95.9	17,129	5,596	54.8
Mianyang																	
Yosemite Valley Town—Mianyang (綿陽優山美郡)	April 2010	62.1	14,289	4,345	8.7	27.8	5,920	4,710	4.6	15.1	3,461	4,354	1.2	6.1	1,463	4,195	3.5
Elite Gardens (綿陽天禦)	January 2012	44.2	10,633	4,159	6.2	193.3	42,843	4,512	32.1	111.5	24,797	5,497	8.7	10.1	10.136	4,405	5.8
Total		**710.6**	**174,016**	**4,083**	**100.0**	**601.8**	**121,990**	**4,933**	**100.0**	**1,282.5**	**242,776**	**5,283**	**100.0**	**174.9**	**32,543**	**5,375**	**100**

Notes:

(1) We commenced the pre-sale of Phase IV of Xin Xing International Cultural Town in June 2012 before we obtained the relevant pre-sale permit in January 2013. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."

(2) We commenced the pre-sale of Southern District of Phase I of Yosemite Valley Town — Taiyuan in April 2012 before we obtained the relevant pre-sale permit in November 2013. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."

(3) Total contracted sales, total contracted GFA and contracted ASP in the above table also include car parking spaces sold if applicable.

Our contracted ASP increased from RMB4,083 per sq.m. in 2012 to RMB4,933 per sq.m. in 2013, representing an increase of 20.8% from 2012 to 2013. Our contracted ASP further increased to RMB5,283 per sq.m. for the year ended December 31, 2014 and to RMB5,375 per sq.m. for the three months ended March 31, 2015. The increase in our contracted ASP during the Track Record Period was primarily due to the different product mix contracted over the same period.

Our actual cash receipts from property sales, which represented the aggregate cash amount received from binding pre-sale and sale contracts entered into during such periods, were RMB635.7 million, RMB452.2 million, RMB1,289.7 million and RMB152.8 million for the years ended December 31, 2012, 2013 2014 and the three months ended March 31, 2015, respectively. Such amounts do not necessarily correspond to the amounts of our contracted sales for the corresponding periods. The table below sets forth the geographic breakdown of our actual cash receipts during the years ended December 31, 2012, 2013 and 2014 and three months ended March 31, 2015:

	Year ended December 31,				Year ended December 31,		Three months ended March 31,	
	2012		2013		2014		2015	
	Actual Cash Receipts[1]	% of Total Actual Cash Receipts	Actual Cash Receipts[1]	% of Total Actual Cash Receipts	Actual Cash Receipts[1]	% of Total Actual Cash Receipts	Actual Cash Receipts[1]	% of Total Actual Cash Receipts
	(RMB million)	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*	*(RMB million)*	*(%)*
Jinzhong	187.3	29.5	75.4	16.7	174.9	13.6	33.8	22.1
Taiyuan	354.9	55.8	190.5	42.1	965.8	74.9	103.6	67.9
Mianyang ...	93.5	14.7	186.3	41.2	149.0	11.5	15.3	10.0
Total	**635.7**	**100.0**	**452.2**	**100.0**	**1,289.7**	**100.0**	**152.8**	**100.0**

Note:

(1) Actual cash receipts shown in the above table include sales of car parking spaces.

DESCRIPTION OF OUR PROPERTY DEVELOPMENT PROJECTS

Jinzhong, Shanxi Province

Xin Xing International Cultural Town (新興國際文教城)

Xin Xing International Cultural Town is a residential and commercial complex property project located at Jinzhong Economic Technology Development District.

This project occupies a total site area of 333,051 sq.m. and is divided into five phases:

Phase I

Phase I of this project consists of mid-rise apartments and retail outlets.

Details of Phase I as of March 31, 2015 were as follows:

Construction period	
— Commencement	August 2003
— Completion	December 2005
Total saleable GFA completed *(sq.m.)*	24,602
Total saleable GFA completed sold *(sq.m.)*	24,602
% of total saleable GFA sold	100%
Attributable interest to our Group	100%
Development costs incurred	RMB42.4 million

Phase II

Phase II of this project consists of mid-rise apartments and retail outlets.

Details of Phase II as of March 31, 2015 were as follows:

Construction period	
— Commencement	November 2005
— Completion	April 2012
Total saleable GFA completed *(sq.m.)*	92,909
Total saleable GFA completed sold *(sq.m.)*	92,748
% of total saleable GFA sold	99.8%
Attributable interest to our Group	100%
Development costs incurred	RMB101.7 million

Phase III

Phase III of this project consists of mid-rise apartments, townhouses, multi-story garden apartments and retail outlets.

Details of Phase III as of March 31, 2015 were as follows:

Construction period	
— Commencement	May 2007
— Completion	December 2009
Total saleable GFA completed *(sq.m.)*	545,046
Total saleable GFA completed sold *(sq.m.)*	540,443
% of total saleable GFA sold	99.2%
Attributable interest to our Group	100%
Development costs incurred	RMB865.9 million

Phase IV

Phase IV of this project is expected to consist of mid-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Phase IV as of March 31, 2015 were as follows:

Construction period	
— Commencement	November 2012
— Estimated date of completion	September 2015
Total saleable GFA completed *(sq.m.)*	71,106
Total saleable GFA completed sold *(sq.m.)*	49,907
% of total saleable GFA completed sold	70.2%
Total saleable/leasable GFA under development *(sq.m.)*	8,840
Total saleable/leasable GFA under development pre-sold *(sq.m.)*	—
% of total saleable/leasable GFA pre-sold	—
Attributable interest to our Group	100%
Development costs incurred	RMB233.2 million
Future development costs to be incurred	RMB3.5 million

Phase V

Phase V of this project is expected to consist of mid-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Phase V as of March 31, 2015 were as follows:

Construction period	
— Commencement	September 2013
— Estimated date of completion	September 2015
Total saleable GFA under development *(sq.m.)*	50,785
Total saleable GFA under development pre-sold *(sq.m.)*	20,977
% of total saleable GFA pre-sold	41.3%
Attributable interest to our Group	100%
Development costs incurred	RMB145.4 million
Future development costs to be incurred	RMB26.0 million

In September 2007, we completed the merger with Yuci Xinxing Real Estate, the project company that held the relevant land use rights for Phases I and II of this project. Please see "History and Development" for more details. We acquired the relevant land use rights for Phase III of this project in the secondary market for a total consideration of RMB93.8 million. In September 2011, we entered into a land grant contract relating to Phases IV and V of this project for a consideration of RMB75.6 million. We have paid the land premium in full in accordance with the terms of the relevant land grant contract.

Grand International Mall & Apartments (君豪國際)

Grand International Mall & Apartments is a residential and commercial complex property project located at Dongshuncheng Street, Yuci District.

In September 2007, we completed the merger with Yuci Xinxing Real Estate, the project company that held the relevant land use rights for this project. Please see "History and Development" for more details.

This project occupies a total site area of 7,465 sq.m. and consists of high-rise apartments, retail outlets and car parking spaces.

Details of this project as of March 31, 2015 were as follows:

Construction period	
— Commencement	July 2005
— Completion	June 2007
Total saleable GFA completed *(sq.m.)*	65,543
Total saleable GFA completed sold *(sq.m.)*	41,236
% of total saleable GFA sold	62.9%
Total saleable GFA held for investment *(sq.m.)*	8,603
Attributable interest to our Group	100%
Development costs incurred	RMB130.3 million

Upper East Gardens (上東庭院)

Upper East Gardens is a residential and commercial complex property project located at Xinhua Street, Yuci District.

This project occupies a total site area of 43,704 sq.m. and is divided into two phases:

Phase I

Phase I of this project consists of high-rise apartments, multi-story garden apartments and retail outlets.

Details of Phase I as of March 31, 2015 were as follows:

Construction period	
— Commencement	September 2005
— Completion	November 2006
Total saleable GFA completed *(sq.m.)*	47,926
Total saleable GFA completed sold *(sq.m.)*	47,926
% of total saleable GFA sold	100%
Attributable interest to our Group	100%
Development costs incurred	RMB51.2 million

Phase II

Phase II of this project consists of high-rise apartments, multi-story garden apartments and retail outlets.

Details of Phase II as of March 31, 2015 were as follows:

Construction period	
— Commencement	May 2009
— Completion	December 2011
Total saleable GFA completed *(sq.m.)*	75,889
Total saleable GFA completed sold *(sq.m.)*	73,670
% of total saleable GFA sold	97.1%
Attributable interest to our Group	100%
Development costs incurred	RMB150.2 million

In September 2007, we completed the merger with Yuci Xinxing Real Estate, the project company that held the relevant land use rights for Phase I of this project. Please see "History and Development" for more details. We acquired the relevant land use rights for Phase II of this project in the secondary market for a total consideration of RMB25.6 million. In February 2008, we entered into a land grant contract to change the land use conditions to commercial and residential uses for additional land premium of RMB5.3 million. We have paid such land premium in full in accordance with the terms of the relevant land grant contract.

SOLO Apartments (尚座公寓)

SOLO Apartments is a commercial complex property project located at Dongshuncheng Street, Yuci District.

We acquired the relevant land use rights for this project in the secondary market for a consideration of RMB3.3 million.

This project occupies a total site area of 2,411 sq.m. and consists of SOHO apartments and retail outlets.

Details of this project as of March 31, 2015 were as follows:

Construction period	
— Commencement	March 2007
— Completion	September 2009
Total saleable GFA completed *(sq.m.)*	9,783
Total saleable GFA completed sold *(sq.m.)*	9,471
% of total saleable GFA sold	96.8%
Attributable interest to our Group	100%
Development costs incurred	RMB28.7 million

Riverside Gardens — Heshun (和順濱河小區)

Riverside Gardens — Heshun is a residential property project located at Binhe Road, Heshun County.

We entered into land grant contracts relating to the project in September 2006 and October 2010 for a total consideration of RMB10.7 million. We have paid the land premium in full in accordance with the terms of the relevant land grant contract.

This project occupies a total site area of 65,998 sq.m. and is divided into two stages:

Stage I

Stage I of this project consists of multi-story garden apartments and retail outlets.

Details of Stage I as of March 31, 2015 were as follows:

Construction period	
— Commencement	May 2007
— Completion	June 2008
Total saleable GFA completed *(sq.m.)*	62,168
Total saleable GFA completed sold *(sq.m.)*	61,335
% of total saleable GFA sold	98.7%
Attributable interest to our Group	100%
Development costs incurred	RMB57.5 million

Stage II

Stage II of this project consists of multi-story garden apartments.

Details of Stage II as of March 31, 2015 were as follows:

Construction period	
— Commencement	July 2010
— Completion	October 2012
Total saleable GFA completed *(sq.m.)*	51,217
Total saleable GFA completed sold *(sq.m.)*	51,217
% of total saleable GFA sold	100%
Attributable interest to our Group	100%
Development costs incurred	RMB80.1 million

Phase I of Longtian Project (龍田項目一期)

Phase I of Longtian Project is a residential and commercial complex property project located at south side of Longhu Street, Jinzhong Economic Technology Development District.

In September 2014, we entered into land grant contracts relating to the project for a consideration of RMB389.2 million. We have paid the land premium in full in accordance with the terms of the relevant land grant contracts.

This project occupies a total site area of 129,048 sq.m. and is divided into five stages:

Stage I

Stage I of this project is expected to consist of high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Stage I as of March 31, 2015 were as follows:

Construction period	
— Commencement	December 2013
— Estimated date of completion	March 2016
Total saleable/Leasable GFA under development *(sq.m.)*	74,203
Total saleable/Leasable GFA under development pre-sold *(sq.m.)*	—
Attributable interest to our Group	51%
Development costs incurred	RMB146.1 million
Future development costs to be incurred	RMB167.8 million

Stage II

Stage II of this project is expected to consist of high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Stage II as of March 31, 2015 were as follows:

Construction period	
— Commencement	December 2013
— Estimated date of completion	March 2016
Total saleable/Leasable GFA under development *(sq.m.)*	101,386
Total saleable/Leasable GFA under development pre-sold *(sq.m.)*	—
Attributable interest to our Group	51%
Development costs incurred	RMB176.1 million
Future development costs to be incurred	RMB267.3 million

Stage III

Stage III of this project is expected to consist of high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Stage III as of March 31, 2015 were as follows:

Construction period	
— Commencement	December 2013
— Estimated date of completion	December 2016
Total saleable/Leasable GFA under development *(sq.m.)*	121,061
Total saleable/Leasable GFA under development pre-sold *(sq.m.)*	—
Attributable interest to our Group	51%
Development costs incurred	RMB191.6 million
Future development costs to be incurred	RMB296.2 million

Stage IV

Stage IV of this project is expected to consist of retail outlets and car parking spaces, all of which are intended for sale.

Details of Stage IV as of March 31, 2015 were as follows:

Construction period	
— Commencement	December 2013
— Estimated date of completion	March 2016
Total saleable/Leasable GFA under development *(sq.m.)*	28,819
Total saleable/Leasable GFA under development pre-sold *(sq.m.)*	—
Attributable interest to our Group	51%
Development costs incurred	RMB47.3 million
Future development costs to be incurred	RMB61.8 million

Stage V

Stage V of this project is expected to consist of retail outlets and car parking spaces, all of which are intended for sale.

Details of Stage V as of March 31, 2015 were as follows:

Construction period	
— Commencement	December 2013
— Estimated date of completion	March 2016
Total saleable/Leasable GFA under development *(sq.m.)*	102,531
Total saleable/Leasable GFA under development pre-sold *(sq.m.)*	—
Attributable interest to our Group	51%
Development costs incurred	RMB202.0 million
Future development costs to be incurred	RMB219.0 million

The construction of Phase I of Longtian Project commenced in December 2013 before the relevant land use rights certificates and construction work commencement permits were obtained in November 2014 and January 2015, respectively. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents."

Shuncheng Street Underground Space (順城街地下空間)

Shuncheng Street Underground Space is an underground commercial project located at Dongshuncheng Street, Yuci District.

This project is expected to comprise entirely underground retail outlets and does not have corresponding site area. The land use rights of this project was granted under the land grant contract in respect to Grand International Mall & Apartments.

Details of this project as of March 31, 2015 were as follows:

Construction period	
— Commencement	January 2013
— Estimated date of completion	September 2015
Total saleable/leasable GFA under development *(sq.m.)*	897
Total saleable/leasable GFA under development pre-sold *(sq.m.)*	—
Attributable interest to our Group	100%
Development costs incurred	RMB13.1 million
Future development costs to be incurred	RMB0.4 million

Taiyuan, Shanxi Province

Yosemite Valley Town — Taiyuan (龍城優山美郡)

Yosemite Valley Town — Taiyuan is a residential and commercial complex property project located at the west side of North Heping Road and the south side of Ruicheng Village, Jiancaoping District.

We entered into a land grant contract and supplemental contracts in July 2009, February 2010 and July 2010 relating to the project for a consideration of RMB528.8 million. We have paid the land premium in full in accordance with the terms of the relevant land grant contract.

This project occupies a total site area of 418,490 sq.m. and is divided into four phases:

Phase I (Southern District)

Southern District of Phase I of this project is expected to consist of primarily high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Southern District of Phase I as of March 31, 2015 were as follows:

Construction period	
— Commencement	July 2012
— Estimated date of completion	August 2015
Total saleable GFA completed (sq.m.)	341,083
Total saleable GFA completed sold (sq.m.)	118,545
% of total saleable GFA completed sold	34.8%
Total saleable/leasable GFA under development *(sq.m.)*	72,325
Total saleable/leasable GFA under development pre-sold *(sq.m.)*	—
% of total saleable GFA pre-sold	—
Attributable interest to our Group	100%
Development costs incurred	RMB1,158.6 million
Future development costs to be incurred	RMB166.1 million

Phase I (Northern District)

Northern District of Phase I of this project is expected to primarily consist of high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Northern District of Phase I as of March 31, 2015 were as follows:

Construction period	
— Commencement	April 2014
— Estimated date of completion	May 2017
Total saleable/leasable GFA under development *(sq.m.)*	321,252
Total saleable/leasable GFA under development pre-sold *(sq.m.)*	96,180
% of total saleable GFA pre-sold	29.9%
Attributable interest to our Group	100%
Development costs incurred	RMB387.2 million
Future development costs to be incurred	RMB865.3 million

Phase II

Phase II of this project is expected to primarily consist of high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Phase II as of March 31, 2015 were as follows:

Construction period	
— Estimated date of commencement	July 2015
— Estimated date of completion	December 2018
Total planned GFA held for future development *(sq.m.)*	394,100
Attributable interest to our Group	100%
Development costs incurred	RMB155.1 million
Future development costs to be incurred	RMB1,088.7 million

Phase III

Phase III of this project is expected to consist of high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Phase III as of March 31, 2015 were as follows:

Construction period	
— Estimated date of commencement	July 2017
— Estimated date of completion	December 2019
Total planned GFA held for future development *(sq.m.)*	212,400
Attributable interest to our Group	100%
Development costs incurred	RMB83.6 million
Future development costs to be incurred	RMB586.8 million

Phase IV

Phase IV of this project is expected to primarily consist of an ancillary primary school.

Details of Phase IV as of March 31, 2015 were as follows:

Construction period	
— Estimated date of commencement	July 2015
— Estimated date of completion	December 2017
Total planned GFA held for future development *(sq.m.)*	11,400
Attributable interest to our Group	100%
Development costs incurred	RMB4.5 million
Future development costs to be incurred	RMB31.5 million

As of the Latest Practicable Date, we had not obtained the relevant land use rights certificates of Phases II, III and IV of this project. Our PRC Legal Advisors have advised us that we are legally entitled to obtain the relevant land use rights certificates for those properties provided that we are able to perform other obligations under the relevant land grant contracts.

Mianyang, Sichuan Province

Yosemite Valley Town — Mianyang (綿陽優山美郡)

Yosemite Valley Town — Mianyang is a residential and commercial complex property project located at Science and Technology Business Park.

We entered into a land grant contract in December 2007 relating to this project and Elite Gardens for a total consideration of RMB220.0 million. We have paid the land premium in full in accordance with the terms of the relevant land grant contract.

This project occupies a total site area of 74,124 sq.m. and consists of primarily townhouses, multi-story garden apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of this project as of March 31, 2015 were as follows:

Construction period	
— Commencement	December 2008
— Completion	May 2012
Total saleable GFA completed *(sq.m.)*	125,494
Total saleable GFA completed sold *(sq.m.)*	71,682
% of total saleable GFA sold	57.1%
Attributable interest to our Group	83.89%
Development costs incurred	RMB407.3 million

Elite Gardens (綿陽天禦)

Elite Gardens is a residential and commercial complex property project located at Science and Technology Business Park.

We entered into a land grant contract in December 2007 relating to this project and Yosemite Valley Town—Mianyang for a total consideration of RMB220.0 million. We have paid the land premium in full in accordance with the terms of the relevant land grant contract.

This project occupies a total site area of 68,529 sq.m. and consists of primarily multi-story garden apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of this project as of March 31, 2015 were as follows:

Construction period	
— Commencement	December 2009
— Completion	September 2014
Total saleable GFA completed (sq.m.)	116,189
Total saleable GFA completed sold (sq.m.)	52,170
% of total saleable GFA sold	44.9%
Attributable interest to our Group	83.89%
Development costs incurred	RMB403.5 million

Chang Xing Star Gardens (綿陽長興星城)

Chang Xing Star Gardens is a residential and commercial complex property project located at Science and Technology Business Park.

We entered into land grant contracts in January 2010 and July 2010 relating to the project for a consideration of RMB204.7 million. We have paid the land premium in full in accordance with the terms of the relevant land grant contract.

This project occupies a total site area of 104,308 sq.m. and is divided into two phases:

Phase I

Phase I of this project is expected to consist of primarily high-rise apartments, retail outlets and car parking spaces, all of which are intended for sale.

Details of Phase I as of March 31, 2015 were as follows:

Construction period	
— Commencement	May 2010
— Estimated date of completion	January 2017
Total saleable/leasable GFA under development *(sq.m.)*	291,754
Total saleable/leasable GFA under development pre-sold *(sq.m.)*	—
% of total saleable/leasable GFA pre-sold	—
Attributable interest to our Group	83.89%
Development costs incurred	RMB166.8 million
Future development costs to be incurred	RMB772.5 million

Phase II

Phase II of this project is expected to consist of primarily high-rise apartments, retail outlets, a hotel and car parking spaces, all of which are intended for sale.

Details of Phase II as of March 31, 2015 were as follows:

Construction period	
— Estimated date of commencement	March 2017
— Estimated date of completion	May 2019
Total planned GFA held for future development *(sq.m.)*	150,250
Attributable interest to our Group	83.89%
Development costs incurred	RMB100.1 million
Future development costs to be incurred	RMB403.1 million

FUTURE/ESTIMATED DEVELOPMENT COSTS TO BE INCURRED

As of March 31, 2015, based on our current project plans, our future development costs (excluding capitalized borrowing costs) to be incurred for our current projects were as follows:

Project	City	Breakdown of future development costs to be incurred: Land acquisition costs	Breakdown of future development costs to be incurred: Other development costs	Total future development costs to be incurred
			(RMB million)	
1. Xin Xing International Cultural Town (新興國際文教城)	Jinzhong			
Phase IV		—	3.5	3.5
Phase V		—	26.0	26.0
2. Phase I of Longtian Project[(1)] (龍田項目一期)	Jinzhong			
Stage I		—	167.8	167.8
Stage II		—	267.3	267.3
Stage III		—	296.2	296.2
Stage IV		—	61.8	61.8
Stage V		—	219.0	219.0
3. Shuncheng Street Underground Space (順城街地下空間)	Jinzhong	—	0.4	0.4
4. Yosemite Valley Town — Taiyuan (龍城優山美郡)	Taiyuan			
Phase I (Southern District)		—	166.1	166.1
Phase I (Northern District)		—	865.3	865.3
Phase II		—	1,088.7	1,088.7
Phase III		—	586.8	586.8
Phase IV		—	31.5	31.5
5. Chang Xing Star Gardens (綿陽長興星城)	Mianyang			
Phase I		—	772.5	772.5
Phase II		—	403.1	403.1
Total		**—**	**4,956.0**	**4,956.0**

Note:

(1) Pursuant to the agreements entered into between the Management Committee and our Group, the Management Committee has guaranteed to pay for the delivery of the underlying properties of Phase I of Longtian Project at a consideration equal to the total audited development costs plus a guaranteed margin in the form of a management fee of 3.8% of such total audited development costs.

Payment Schedule for Other Future/estimated Development Costs to be Incurred

As of March 31, 2015, based on our current project plans, the payment schedule for other future/estimated development costs to be incurred for our current projects were as follows:

			Other future/estimated development costs to be incurred		
	Project	**City**	**For the nine months ending December 31, 2015**	**For the year ending December 31, 2016**	**After December 31, 2016**
1.	**Xin Xing International Cultural Town (新興國際文教城)**	Jinzhong			
	Phase IV		3.5	—	—
	Phase V		26.0	—	—
2.	**Phase I of Longtian Project[(1)] (龍田項目一期)**	Jinzhong			
	Stage I		85.9	68.3	15.7
	Stage II		148.7	96.4	22.2
	Stage III		92.6	130.5	73.2
	Stage IV		32.6	23.7	5.5
	Stage V		106.4	91.6	21.1
3.	**Shuncheng Street Underground Space (順城街地下空間)**	Jinzhong	0.4	—	—
4.	**Yosemite Valley Town — Taiyuan (龍城優山美郡)**	Taiyuan			
	Phase I (Southern District)		122.9	43.3	—
	Phase I (Northern District)		379.8	401.8	83.8
	Phase II		108.9	272.2	707.7
	Phase III		—	—	586.8
	Phase IV		3.2	12.6	15.8
5.	**Chang Xing Star Gardens (綿陽長興星城)**	Mianyang			
	Phase I		273.3	290.2	209.1
	Phase II		—	—	403.1
Total			**1,382.2**	**1,430.6**	**2,144.0**

Note:

(1) Pursuant to the agreements entered into between the Management Committee and our Group, the Management Committee has guaranteed to pay for the delivery of the underlying properties of Phase I of Longtian Project at a consideration equal to the total audited development costs plus a guaranteed margin in the form of a management fee of 3.8% of such total audited development costs.

We expect to finance our other future/estimated development costs to be incurred for Phase I of Longtian Project by utilizing the net proceeds received from the Global Offering, existing project financing available and cash flows from our operations. We expect to finance our other future/estimated development costs to be incurred for our other projects with proceeds from pre-sales (if applicable) as well as bank and other financing.

URBAN REDEVELOPMENT SCHEME

As part of the central government's plan to renew underdeveloped urban areas, local governments offer urban redevelopment schemes, or Urban Redevelopment Schemes, whereby local governments provide a statutory framework for the participation by property developers through public-private partnership. Urban Redevelopment Schemes are becoming well-established throughout China.

Cooperation Agreements

We entered into a cooperation agreement (as supplemented by a later development and allocation agreement and a supplemental agreement) with the Management Committee in September 2014 for the development of certain land parcels in Economic Technology Development District, Jinzhong, with a total site area of 649,208 sq.m. and a total planned GFA of 1.8 million sq.m, namely Longtian Project, which comprises Phases I to III. We completed the subscription for 51% of the equity interest in Jinzhong Development in August 2014, which successfully acquired the land use rights of certain land parcels with a total site area of 129,048 sq.m. and a total GFA under development of 449,634 sq.m. through listings-for-sale, namely, Phase I of Longtian Project. The land parcels of Phase I of Longtian Project are currently held by our indirect non-wholly-owned subsidiary, Jinzhong Development. Please see "— Description of Our Property Development Projects — Jinzhong, Shanxi Province — Phase I of Longtian Project." The remaining land parcels, comprising Phases II and III, are expected to undergo the public bidding process in late 2015 and 2017, respectively.

Pursuant to the agreements, the Management Committee is responsible for demolition and resettlement prior to the land being put up for public bidding process, liaising with the relevant local authorities in respect of the administration of the redevelopment project and will provide funding for the redevelopment project. Prior to completion of Phase I of Longtian Project, the Management Committee may, taking into account of the fiscal budget of the local government, provide such amount of capital funding to us at its discretion from time to time for our construction of the resettlement housing and any such amount provided will be deducted from the final purchase payment to be paid by the Management Committee to our Group for the delivery of the resettlement housing of Phase I of Longtian Project. As of the Latest Practicable Date, the Management Committee had contributed approximately RMB564.8 million to Phase I of Longtian Project as capital funding. As of March 31, 2015, we have incurred approximately 763.1 million development costs on Phase I of Longtian Project, and expect to incur approximately RMB1,012.1 million further development cost on Phase I of Longtian Project in the future. Please see "Financial Information — Selected Statements of Financial Position Items — Other Payables, Deposits Received and Accruals" for details of the recognition of the construction fund from government for Phase I of Longtian Project during the Track Record Period. Such amount will be deducted from the final purchase payment to be paid by the Management Committee to our Group for the delivery of the resettlement housing of Phase I of

Longtian Project in accordance with the terms of the development and allocation agreement. We may also utilize other sources of funding, including cash flows from our operations, bank borrowings, and net proceeds from the Global Offering, to finance the development of Phase I of Longtian Project. The Management Committee will bear the ultimate responsibility if construction of Phase I of Longtian Project is delayed due to funding shortfall. Our primary obligation under such agreements is the construction of resettlement housing after we obtain the relevant land use rights, assisting the Management Committee in the overall zoning and design of the redeveloped area and facilitating and assisting the Management Committee in future allocation of resettlement housing to parties directed by the Management Committee.

According to the development and allocation agreement (as supplemented by a later supplemental agreement) we entered into with the Management Committee in December 2014, after Phase I is completed, we and the Management Committee will engage a qualified accountant firm to audit the development costs we incurred. Such development costs include all our costs and expenses incurred in connection with our participation in Phase I of Longtian Project and shall therefore include all our related operational costs and administrative expenses. The Management Committee has guaranteed to pay for the delivery of the underlying properties at a consideration equal to the total audited development costs as determined by the accountant firm plus a guaranteed margin in the form of a management fee of 3.8% of such total audited development costs within one month after the audit report is rendered ("**Payment Date**"). Any capital funding provided by the Management Committee to us prior to the Payment Date will be set-off against the purchase payment that the Management Committee shall pay to us on the Payment Date pursuant to the development and allocation agreement. Our PRC Legal Advisors have advised us that such arrangement is valid and legally binding on both parties. Prior to the Payment Date, the relevant property development costs of the Group attributable to Phase I of Longtian Project would be recorded as property under development in the Group's financial statements as the Group owned the land and the properties built on it. The relevant part of our revenue from Phase I of Longtian Project will be recognized at the audited development costs plus a guaranteed margin of 3.8% of such total audited development costs when the risks and rewards of the resettlement housing are transferred to the end-customers upon delivery of the properties to them.

We will also facilitate and assist in the allocation of all of the resettlement housing to parties as directed by the Management Committee and we are not authorized to sell any of the resettlement housing under Phase I of Longtian Project to any other parties at our discretion. Although the end-customers will be required to enter into pre-sale agreements during the allocation process, no additional proceeds are expected to be generated when we allocate the resettlement housing to the end-customers as the resettlement housing are expected to be provided by us on behalf of the Management Committee free-of-charge to the end-customers as part of the Urban Redevelopment Scheme. In any case, the Management Committee is entitled to receive and retain any proceeds derived from the allocation or sales of the resettlement housing to the end-customers conducted by us on behalf of the Management Committee. In respect of any resettlement housing allocated to or purchased by the end-customers on a pre-sale basis, we shall deliver the completed properties to the end-customers on the terms and within the time frame prescribed in the pre-sale agreements and we shall continue to bear all risks associated with the properties until they are properly delivered to the end-customers.

If the Management Committee fails to promptly settle the purchase price in accordance with the terms of the development and allocation agreement, any delay of payment is subject to a daily default fine representing 0.1% of the overdue payment. If the Management Committee fails to fully settle the outstanding purchase price for more than 60 days from the original due date (being the last day of a one month period after the audit report is rendered), our Group has the right to unilaterally terminate the development and allocation agreement and shall also have the right to be fully compensated for all economic losses. Termination of the cooperation agreement, the development and allocation agreement or the supplemental agreement in any other circumstances requires mutual agreement by both parties to these agreements.

Participation in the Urban Redevelopment Scheme

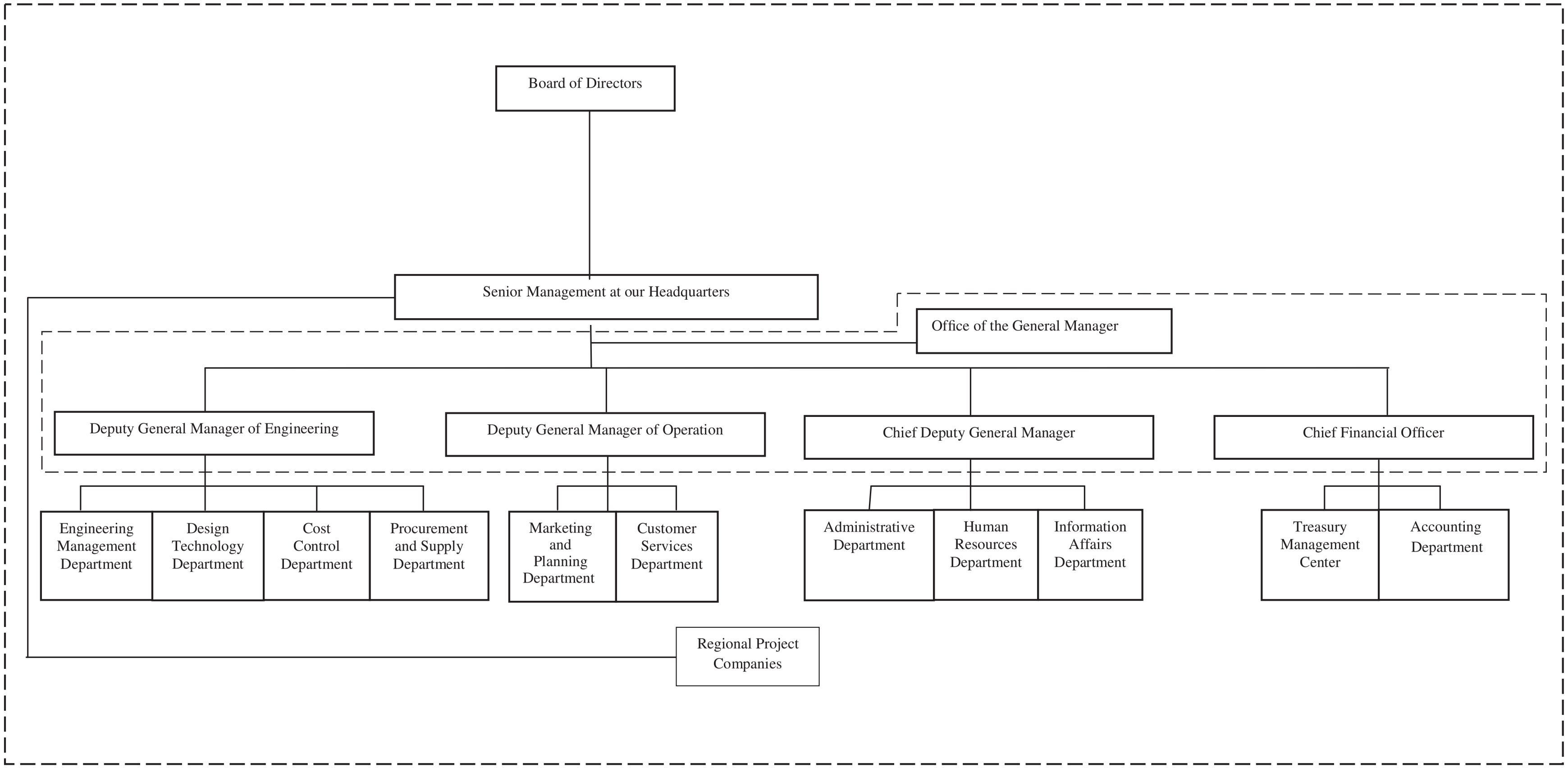
We participate in such Urban Redevelopment Scheme with the intention of participating in the future property development of the relevant land parcels. We believe our involvement in such scheme enables us to (i) gain more insight into the land parcels and their respective areas at preliminary stages, (ii) maintain favorable working relationships with the relevant government or government entities and build up our brand and professional image in related communities, which we believe positions us favorably in subsequent public tender, auction or listing-for-sale processes in those areas and (iii) access land parcels situated in urban areas with significant appreciation potential in a cost-efficient manner.

Our Directors believe that the significantly lower gross profit margin for Phase I of Longtian Project as compared to those of the projects undertaken by our Group during the Track Record Period is attributable to (i) the much lower commercial risk involved for Phase I of Longtian Project where the counter party is the Management Committee; and (ii) the difference in nature of the businesses with Phase I of Longtian Project relating to the sale of resettlement housing as part of the urban redevelopment scheme, whereas the projects undertaken by our Group during the Track Record Period primarily relates to the sale of residential and commercial properties. However, despite its lower gross profit margin, our Directors believe that it is in our interests to participate in Phase I of Longtian Project as our involvement has favorably positioned us to bid for the land use rights in relation to Phases II or III of Longtian Project.

We cannot assure you that we will be successful in securing the land grant contracts or obtaining the relevant land use rights certificates in respect of such Urban Redevelopment Scheme. For the remaining land parcels of Longtian Project, which we currently do not own, we will still be required under the relevant PRC laws and regulations to go through the public tenders, auctions or listings-for-sale process. If we are successful in such process, we will then enter into a land grant contract and pay the relevant land premiums before we are eligible to apply for the land use rights certificates. In the event that we are not successful in such bidding process, we will not be able to secure the land use rights, and as a result, we will not be able to proceed with the development of such land parcels and will not have access to any of the associated GFA for development or for sale. Please see "Risk Factors — Risks Relating to Our Business — We participate in the Urban Redevelopment Scheme, which is subject to uncertainties and delays."

OUR PROPERTY DEVELOPMENT MANAGEMENT

The following chart sets forth the management and reporting structure of our headquarters and our project companies:



We have adopted a two-tier management system comprising our Board and senior management to oversee our property development at our headquarters level and senior management at the regional project company level. We have established detailed procedures and policies setting out clear reporting lines and responsibilities with a view to facilitating efficient communications, prompt decision-making and responsiveness to changing market conditions. We have established various departments at our headquarters in Jinzhong to oversee and coordinate different aspects of our operations. Our headquarters and our regional project companies work closely together in developing a property development project. While our Directors and senior management closely monitor and oversee all property development projects, we delegate responsibilities to our local teams so that our business strategies are adapted to the distinctive local subcultures.

In terms of division of responsibilities, our headquarters is responsible for:

- formulating strategies and budgeting;
- city and site selection;
- making decisions on land acquisitions and financing;
- design and product research and development;
- marketing planning;
- cost assessment and procurement;
- establishing corporate-wide operation and information technology systems;
- construction and technical quality control;
- legal compliance of our operations and corporate governance;
- formulating human resources policies;
- formulating accounting policies;
- internal control and internal audit; and
- maintaining investor, public and government relations.

Our regional project companies attend to the day-to-day operations of their respective property development projects. Our regional project companies are responsible for:

- implementing land acquisition decisions;
- obtaining government permits required for project development;

- engineering, construction and project management;
- sales and marketing; and
- providing after-sales services to customers and managing customer relations.

OUR PROPERTY DEVELOPMENT PROCESS

We apply our standardized property development process across our entire value chain of business operations. The following diagram summarizes our standardized property development process:

SITE SELECTION AND LAND ACQUISITION

- conduct market research and collect comprehensive information
- prepare feasibility studies for review and approval
- acquire land through public tender, auction or listing-for-sale

⇩

PROJECT PLANNING AND DESIGN

- engage selected third-party design firms
- fine-tune concepts and designs for each individual project to maximize the value of the land

⇩

PROCUREMENT, PROJECT CONSTRUCTION AND QUALITY CONTROL

- select general construction contractors through a tender process
- develop policies and procedures for selection, management and evaluation of contractors and suppliers
- maintain quality control by way of close supervision and on-site inspections

⇩

SALES AND MARKETING

- comply with pre-sale statutory requirements
- develop pre-sale, sales, pricing and promotional plans and procedures

⇩

DELIVERY AND AFTER-SALES SERVICES

- notify our customers of delivery of properties
- provide after-sales customer services including mortgage and registration assistance and handling complaints

City and Site Selection and Land Acquisition

The marketing and planning department at our headquarters is responsible for market research and collecting comprehensive information of the local markets for the purpose of assessing and evaluating the potential of the target cities and the development sites and the optimal positioning of the products to be developed in such cities and sites.

We assess the potential of the local markets and the target development sites by taking into account a number of factors, including:

- competitive environment, local demographics, purchasing power and expected growth of the area in which the land parcel is located;
- customer preferences and demands;
- location, transportation access, availability of infrastructure support and other regional resources of the land parcel;
- land premium, estimated development costs and time and expected investment returns; and
- local urban planning policies and regulations for the relevant site and the neighboring area.

We have adopted a disciplined approach to our land acquisitions. We formulate an in-depth feasibility study based on the market research report prepared by the external professional consultant engaged by us. The feasibility study generally includes general regional or city analysis, property market analysis, project and product positioning, project planning and design, marketing strategy, construction schedule and financial projection, and is subject to the approval of our Board, which assesses the costs, potential return, capital requirements and other resources requirements of the proposed project against our available resources and its compatibility with our strategic direction.

We generally refrain from acquiring land in the secondary market. During the Track Record Period, substantially all of the land parcels for our property developments were acquired directly from the PRC Government through the bidding process in public tenders, auctions or listings-for-sale for land use rights held by local governments in accordance with the relevant PRC laws and regulations. Land parcels granted through such methods are generally free of title or planning issues or other legal disputes, which could otherwise prolong our development cycle and incur additional costs. As we believe that acquiring land parcels at competitive prices is critical to our development strategy, we will employ acquisition strategies that will best meet this goal.

Project Planning and Design

We engage third-party professional design firms to formulate detailed project designs and construction plans while we actively fine-tune the concepts and designs for each individual project in order to maximize the value of the land. We generally select design firms through a tender by invitation process. During our selection of design firms, we would consider a number of factors including our past cooperation experience, their proposed design concepts, track record, prices quoted and estimated design cycle. Our design technology department at our headquarters works closely with the design firms we engaged to transform the design into a detailed design proposal for approval by the relevant PRC Government authorities. During the Track Record Period, we had engaged four design firms, all of which are Independent Third Parties, and have maintained stable business relationships ranging from one to eight years with them.

Pre-Construction

To comply with relevant PRC laws and regulations, prior to the commencement of construction work, we must first obtain the development rights to the relevant land parcel and the necessary permits and certificates, which include the construction land planning permit, the construction work planning permit and the construction work commencement permit (which will only be issued after the land use rights certificate, the construction land planning permit and the construction work planning permit are obtained). During the Track Record Period, save as disclosed under "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents", we did not experience any significant delays in obtaining the aforesaid certificates and permits. Our PRC Legal Advisors have advised us that as of the Latest Practicable Date, we had obtained the necessary certificates and permits as required by PRC laws and regulations for all of our projects and project phases under development.

Contractors and Procurement

Appointment of General Construction Contractors

We outsource construction work of all our property development projects to qualified third-party general construction contractors. Such construction works include, among other things, foundation digging, general construction and installation of equipment. The general construction contractors of our property developments are selected through a tender by invitation process.

The tender process is managed by the tendering committee, headed by the president of the Company and comprising the deputy general manager of engineering, the heads of the engineering management department, cost control department, accounting department, procurement and supply department and administrative department at our headquarters and the respective regional project companies. We engage a qualified third-party tendering agency, which is primarily responsible for assisting us in organizing the open tender process. We conduct due diligence procedures on our contractors, such as inspecting their credentials and qualification and paying site visits of their offices and property projects, and only those contractors who have passed such due diligence procedures are invited to participate in the tender. In selecting the winning bid, we typically consider the contractor's professional qualifications, technical capabilities, industry reputation, track record and prices tendered. During the Track Record Period, we had engaged eight general construction contractors, all of which are Independent Third Parties, and have maintained stable business relationships ranging from two to nine years with them.

We enter into a general construction contract with each of our general construction contractors, pursuant to which the general contractor provides warranties in respect of the quality and construction completion schedules and will be liable for any delay in the construction and bear the costs of rectifying any construction defects. We pay our general contractors in stages in accordance with the payment schedules set forth in our general construction contracts. The percentage of each stage payment varies from case to case. Our general contractor normally receives 85% of the total payment by the time the project is completed. At closing and settlement, we will settle 95% of the total payment and retain the remaining 5% as retention money for a period of two to five years, for any losses we may incur as a result of not meeting contractually or statutorily specified quality standards. The unused portion of the retention money will normally be returned to the contractors in installments over a period of five years. In addition, under circumstances where the construction schedules are delayed for more than the period of time as stipulated in the general construction contracts, we will also be entitled to a pre-determined amount as a penalty and, in some cases, we will have the right to terminate the contracts.

During the Track Record Period, we did not experience any incident where the retention amount was less than the amount we had to pay to correct construction work defects. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date, save as disclosed under "— Delivery and After-sales Services — Delivery of Completed Properties," we were not subject to any material penalty, claim, or direct loss resulting from unsatisfactory work performed by our contractors or from construction delays.

We generally do not carry insurance against personal injuries that may occur during the construction of our properties. The construction contractors are responsible for quality and safety control during the course of the construction and are required to maintain accident insurance for their construction workers according to PRC laws and regulations. We are not responsible for any labor issues that our contractors may experience.

Procurement

Our general construction contractors are responsible for procuring most of the construction materials for our property development projects. We typically designate the brands and specifications of key construction materials our contractors are responsible for procuring as part of our construction contracts, and identify a number of suppliers from whom such materials should be purchased to ensure quality of these construction materials. We are generally able to lock in prices of the construction materials that our contractors are responsible for procuring, which to avoid incurring unexpected costs due to price fluctuations. However, for those construction materials of which we designate a particular brand, specification or supplier, the contractors bear the risk of price fluctuation within a specified range of 3% to 5%. If prices fluctuate beyond the specified range, we will be responsible for the price increase or enjoy the benefit of price decrease. We conduct regular on-site inspection of construction materials procured by our contractors so as to monitor the quality and inventory level of such materials.

Although purchasing costs of steel and concrete are accounted for as part of the construction contractor fees, we are generally responsible for directly procuring steel and cement to be supplied to our general construction contractors pursuant to our general construction contracts. We generally lock in the purchase prices of steel and concrete in the general construction contracts and therefore, we bear the risks arising from price fluctuations of steel and concrete.

We also purchase certain specialized construction materials and equipment, namely, elevators, doors and windows, directly from designated reputable and reliable third-party suppliers, who in certain circumstances install such materials and equipment for us. We inspect all equipment and materials delivered to us to ensure compliance with the contractual specifications before accepting the materials and approving payment. In December 2012, we entered into a strategic cooperation agreement with an international and reputable elevator manufacturer for the purchase of elevators. Pursuant to this agreement, such supplier has agreed to offer us with more favorable terms on our purchases. Such agreement is subject to amendment every three years and may be terminated by a one month prior written notice by either party. The agreement does not provide any minimum purchase requirement and the parties agree to enter into separate agreements at a later stage to determine the detailed terms of the purchases. Our PRC Legal Advisors have confirmed that the strategic cooperation agreement is valid and legally binding on both parties. We source most of the doors and windows for the properties we develop from our wholly-owned subsidiary, Chenxing Door & Window, which is mainly engaged in manufacturing doors and windows that are only sold to our Group.

Upon completion of each property development project, we conduct an evaluation of our suppliers to decide whether to continue procuring construction materials from them. Our construction materials are primarily purchased from suppliers in the PRC. During the Track Record Period, we did not experience any shortage or delay in the supply of construction materials that had had a material adverse effect on our business operations.

Project Management

Time Control

We emphasize operating efficiency and project execution capability. For each project, we formulate a detailed schedule which specifies the timeframe in which each milestone needs to be achieved during the project development process. Our respective regional project company is responsible for formulating an overall development timeline for review and approval by our senior management. The engineering management department at our headquarters is responsible for monitoring the progress of major milestones, such as the commencement of construction and pre-sale process and the completion of construction. We generally monitor the daily progress of the construction processes and focus our review on the inspection of major construction related milestones to avoid unnecessary delays in the construction process. Monthly work progress meetings are held where our regional project companies report the development process of each project and project phase to the deputy general manager of engineering. Such project schedule management enables us to monitor the pace of each project development and to identify any potential delays in a timely manner. Once a potential delay is identified, we aim to implement remedial measures to shorten the time frame for future milestones to ensure that the overall project timeline will not be compromised or to reduce the impact of such delay. In addition, we generally provide a detailed project construction timeline to our construction contractors and together with the construction supervision companies, closely monitor that to ensure such timeline is met.

Quality Control and Construction Supervision

We require our contractors to comply with the relevant PRC laws and regulations relating to construction quality as well as our internal quality control standards and specifications. Our regional project companies assign engineers on-site to monitor the construction progress and conduct regular inspections and reviews to ensure the quality and safety of construction work. We engage certified third-party construction supervision companies to regularly monitor on-site progress and report quality and safety control conditions of the respective projects and project phases on a monthly basis. The engineering management department at our headquarters maintains close contact with our regional project companies and conduct both regular and random site inspections to ensure that construction plans and rectification works are conducted in a timely and effectively manner. In addition, our regional project companies inspect each unit of our completed property development to ensure it is in satisfactory condition before delivery to our customer.

During the Track Record Period, we did not encounter any material quality control problems nor receive any material complaints about the quality of our projects.

Cost Control

We have established a centralized and standardized procedure to establish budgets for our projects, including the assessment of different cost components. For a typical project, our respective regional project company prepares a master budget for review and approval by our senior management.

We implement our budget control system and monitor the development costs for each project or project phase on a regular basis, including construction costs and marketing expenses, in order to maximize our profitability and ensure compliance with our master budget. Our cost control department at our headquarters records and monitors construction and supplier contracts we have entered into. It reviews and ensures that the relevant contracted amount and payment schedule is in accordance with those set forth in our master budget. Our accounting department at our headquarters reviews and verifies the actual costs incurred in detail and compare such costs with the master budget and with similar expenses incurred at our other projects on a regular basis. In the event that the master budget for a project needs to be revised, approval from our senior management must be obtained.

Sales and Marketing

Pricing

Prior to the pre-sale of each project, our marketing and planning department at our headquarters establishes the overall marketing budget and target ASPs based on the original feasibility study conducted for the project. Marketing budget plans and target prices are then reviewed and modified from time to time by our marketing and planning department on an as-needed basis, based on market conditions and actual pre-sale of each project, as approved by our senior management.

We price our properties primarily based on the estimated total costs, target profit and the prices of comparable properties in the same area, while also taking into account recent prevailing market price trends. Our sales and marketing team closely monitors and analyzes the pricing strategies and promotion campaigns of other competing properties and propose adjustments to our marketing and pricing strategies as appropriate.

Due to the highly competitive and evolving nature of the property industry in China, we constantly monitor the changing market conditions and adjust the sales prices of our projects as appropriate. Price adjustment, whether upwards or downwards, is usually proposed by the regional project company, which will then be carefully reviewed and approved by our senior management.

Sales and Marketing

We had a dedicated sales and marketing team with 22 employees at the headquarters and regional project company level as of the Latest Practicable Date. Our sales and marketing team provides valuable input throughout the property development process including site selection, product positioning, budget planning and project design, to ensure our property development projects are well-positioned, meet customers' expectations and are appropriately and profitably priced.

We relied on Beijing Chen Xing for most of our sales and marketing activities in 2012 and 2013. Beijing Chen Xing was our wholly-owned subsidiary before we disposed of its entire equity interest to an Independent Third Party in November 2014 as part of our Reorganization. Please see "History and Development." We retained Independent Third Party real estate sales agencies for the sales and marketing of some of our projects in 2012 and 2013 in Mianyang and all of our projects since 2014. Such sales agencies are responsible for, among other things, conducting market research, advising on pricing, devising sales plans and marketing strategies and implementing the actual sales. During the Track Record Period, we engaged four third-party sales agencies in total. We have business relationship with them from nine months to more than two years.

We engage such sales agencies on a project-by-project basis. If engaged, we typically enter into an exclusive sales agency agreement for that particular project. We normally require our sales agencies to obtain our prior consent for providing sales agency services to any additional property development of the same type and level within three kilometers of any of our projects that are subject to the agency agreement. We require the sales agencies to provide us with weekly reports and have meetings with us on a weekly basis to report to us the sales plans and progress. We require the sales agencies to form a sales team consisting of personnel of different roles according to our project requirements and to focus on certain customers, such as first-time home buyers, where appropriate. If the performance of the sales agency is not satisfactory, we may request for replacement of the team. The sales agency will assign sales personnel on-site to liaise with our customers and will gather feedback from our customers for analysis and provide sales recommendation to us. The sales agency will enter into letter of intent for purchase of properties with the customers and will then arrange the customers to enter into formal pre-sale or sale agreements with us. The sales agencies are required to comply with our sales targets, which vary across our projects, and we may be entitled to terminate the agreement if the sales agency fails to meet such target for a certain period as provided in some of our sales agency agreement.

The sales agencies are remunerated through agency commissions ranging from 1% and 3% based on the contracted sales amount, which is in line with industry practice, and is usually settled on a monthly basis. We have detailed guidelines which we require our sales agencies to comply with and our sales agencies must adopt our target prices for our properties. We do not allow the sales agencies to offer any discounts to the customers without our approval. To ensure due compliance, our sales team regularly performs routine checks on the performance of our sales agencies. If we identify noncompliance with our guidelines and any material breach of the sales agency agreements, we will terminate the sales agency agreement with the relevant sales agency. During the Track Record Period, we did not identify any material breach by any sales agency and we terminated one sales agency agreement due to the sales agency's unsatisfactory performance.

For the years ended December 31, 2012, 2013 and 2014, the recognized contracted sales generated by these third-party sales agencies amounted to nil, RMB140.8 million and RMB1,085.4 million, respectively, and the total agency fees incurred by us in respect of the agency services amounted to approximately nil, RMB1.5 million and RMB10.9 million, respectively. Our internal sales and marketing team approves the overall sales and marketing planning and monitors such agencies' sales and marketing activities to ensure that our marketing strategies and plans are implemented and our products are well-positioned and properly presented.

To target our customers, which include first-time home buyers, we implement traditional marketing methods, including advertisements through newspapers, magazines, outdoor billboards, brochures, television and Internet. We also hold promotional and sales events at our property development project premises. Customers of some of our property development projects are entitled to enjoy discounts or free car parking spaces.

Pre-sales

In line with market practice in the PRC, we normally commence pre-sales of our property development projects before completion of construction. Relevant PRC laws and regulations require us to obtain a pre-sale permit before the commencement of pre-sales. Before we commence pre-sales, we will complete and stage selected demonstration units and display areas in order to provide visual presentations to our potential customers, particularly first-time home buyers, as to the quality of our products and how these products suit their requirements. Our pre-sales typically comprises multiple phases in accordance with our marketing strategies and plans. For some of our projects, we may utilize bulk sales arrangements in our pre-sales, where we target a very limited group of specific customers, typically corporate or government entities, which may sign bulk sale letters of intent with us. The letters of intent, entered into between our Group and the participating entity, set out the principal terms of the bulk sales arrangement, including the maximum number and type of properties available for bulk sales to eligible staff of the participating entity, eligibility conditions, prices, discounts offered, sales procedures, deposits and payment terms. The participating entity then identifies interested purchasers within the entity and the individual purchasers will enter into pre-sale agreements with us. Our pre-sale agreements are prepared in accordance with applicable PRC laws and regulations, which require us to provide warranties on the quality of properties we develop or sell to our customers for periods no shorter than that of the quality warranties we receive from our construction contractors under the relevant construction contracts, being generally two to five years. Please see "Risk Factors — Risks Relating to Our Business — We rely on external contractors and suppliers to deliver our projects on time and up to our specified quality standards" for further details regarding the associated risks.

Relevant PRC laws and regulations require property developers to fulfill certain conditions, including but not limited to payment of the land grant premium in full and obtaining the relevant land use rights certificate, construction land planning permit, construction work planning permit, construction work commencement permit and pre-sale permit before the commencement of pre-sales. For further details of the laws and regulations governing pre-sales, please see "Regulations."

Commencement of pre-sale before obtaining the pre-sale permit

During the Track Record Period, we engaged in certain non-compliant pre-sales activities for the Southern District of Phase I of Yosemite Valley Town — Taiyuan and Phase IV of Xin Xing International Cultural Town. We received deposits from and entered into pre-sale agreements with customers from three bulk-sales participating entities with respect to certain properties of the Southern District of Phase I of Yosemite Valley Town — Taiyuan (the "**Early Pre-sale Agreements of Phase I Yosemite**") and two bulk-sales participating entities with respect to certain properties of Phase IV of Xin Xing International Cultural Town (the "**Early Pre-sale Agreements of Phase IV Xin Xing**"), before we obtained the relevant required pre-sale permits.

For the Southern District of Phase I of Yosemite Valley Town — Taiyuan, our revenues from these pre-sales made before we received the pre-sales permit were nil, nil and RMB203.4 million for the years ended December 31, 2012, 2013 and 2014, respectively, which represented nil, nil and 24.6% of our total revenues for the same periods. The total GFA of the relevant properties were nil, nil and 47,209 sq. m. for the year ended December 31, 2012, 2013 and 2014, respectively, which accounted for nil, nil and 25.2% of our total GFA delivered by us for the years, respectively. For Phase IV of Xin Xing International Cultural Town, our revenues from these pre-sales made before we received the pre-sales permit were nil, nil and RMB131.0 million for the years ended December 31, 2012, 2013 and 2014, respectively, which represented nil, nil and 15.9% of our total revenues for the same periods. The total GFA of the relevant properties were nil, nil and 33,268 sq. m. for the year ended December 31, 2012, 2013 and 2014, respectively, which accounted for nil, nil and 17.8% of our total GFA delivered by us for these years, respectively. We did not recognize any non-compliant revenue or deliver any non-compliant GFA for any of our properties in the years ended December 31, 2012 and 2013. See "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliances Incidents — Commencement of pre-sale before obtaining the pre-sale permit."

After we had received the relevant required pre-sale permits for Phase IV of Xin Xing International Cultural Town and Phase I of Yosemite Valley Town — Taiyuan in January 2013 and November 2013, respectively, we entered into a separate pre-sale agreement with each customer to the Early Pre-sale Agreements of Phase I Yosemite and the Early Pre-sale Agreements of Phase IV Xin Xing as rectification actions for the relevant sales and transfers of properties thereunder to be valid. For the other properties of the Southern District of Phase I of Yosemite Valley Town — Taiyuan and Phase IV of Xin Xing International Cultural Town, customary with market practice, after receipt of these pre-sale permits, we have continued our pre-sales bulk sales at these properties. In accordance with the relevant PRC laws and regulations, we intend to continue to engage in pre-sale bulk sales as a part of our sales and marketing strategy for our properties overall. All our pre-sale bulk sales since November 2013 have been in compliance with the relevant PRC laws and regulations and we will obtain the relevant required pre-sale permits before we commence pre-sale bulk sales.

As of the Latest Practicable Date, we had not been subject to any penalty due to our early pre-sales, and after receiving the relevant pre-sales permits, our bulk sales at these properties have been made in accordance with relevant PRC laws and regulations. As a result of the foregoing, our PRC Legal Advisors have advised us that our risk of being imposed any penalty by the relevant authorities for such non-compliance incident is remote. In addition, we have established enhanced internal control measures to ensure that the sales agencies we engage will not commence pre-sales before obtaining the relevant pre-sale permit in the future.

Cancelled contracted sales are sales transactions cancelled after the signing of pre-sale agreements but before the delivery of completed properties. So far as our Directors are aware, we did not experience any material cancelled contracted sales during the Track Record Period and as of the Latest Practicable Date.

During the Track Record Period, save as disclosed in "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents", we did not experience any significant delays in obtaining the required certificates and permits for the pre-sale of our properties. We had obtained all relevant permits, certificates and approvals under the applicable PRC laws and regulations for commencing pre-sales of those properties that we were pre-selling as of the Latest Practicable Date.

Payment Arrangements

We typically request our customers to pay a non-refundable good faith deposit before entering into the sale or pre-sale agreement. The good faith deposit will be forfeited if the customer decides not to sign the formal sale or pre-sale agreement. The good faith deposit will be deducted from the purchase price if the customer later opts to purchase the property.

Our customer normally purchase our property either by one lump sum payment or by mortgage financing. Customers choosing to settle the purchase price by one lump sum payment will be required to fully settle the purchase price shortly after the execution of the sale or pre-sale agreement. Customers choosing to settle the purchase price by mortgage financing shall, according to the terms stipulated in the relevant sale or pre-sale agreement, normally pay a down payment of no less than 30% of the purchase price upon the execution of the sale or pre-sale agreement in accordance with the applicable PRC laws and regulations, depending on the type and GFA of the property and whether it is their first mortgage. The remainder of the purchase price will normally be paid by the mortgagee bank within three months depending on the approval process of relevant mortgagee banks. Under the relevant PRC laws and regulations, our customers may obtain mortgage loans with a repayment period of up to 30 years. In addition, these customers must pay to us the outstanding balance of the purchase price that is not covered by the mortgagee banks.

In line with market practice in the PRC, we have arrangements with various banks for the provision of mortgage financing and where required, provide our customers with guarantees as security for mortgage loans. We believe this service facilitates the decision-making process of first-time home buyers and is helpful in our efforts to attract more of these target customers. The terms of such guarantee typically last until the mortgage documents have been filed with the relevant authorities and the mortgage registration certificate (抵押登記證明) or certificate of proof of mortgagee (他項權證) is issued to the mortgagee bank. As a guarantor, if the purchaser defaults in payment, we are obligated to repay all outstanding debt owed by the purchaser to the mortgagee bank under the loan, after which the mortgagee bank will assign its rights under the loan and the mortgage to us and we will have full recourse to the property. In addition, such purchaser will be liable for default penalty as stipulated in our typical sale or pre-sale agreement. We do not conduct credit checks on our customers but rely on credit checks conducted by relevant banks.

During the Track Record Period and up to the Latest Practicable Date, we encountered two incidents of default by purchasers for whom we had guaranteed their mortgage loans, which involved an aggregated default payment plus accrued interest of RMB512,662. We repaid all outstanding debt to the mortgagee bank and had full recourse to the properties.

As of December 31, 2014, our outstanding guarantees in respect of the mortgages for certain purchasers of our properties amounted to RMB518.5 million. During the Track Record Period and up to the Latest Practicable Date, we did not encounter any customer default that had a material adverse effect on our financial condition and results of operations.

Delivery and After-sales Services

Delivery of Completed Properties

We endeavor to deliver completed properties to our customers on a timely basis and within the time frame prescribed in the sale or pre-sale agreements. We closely monitor the progress of construction work of our projects under development. If we fail to deliver the completed properties within the stipulated timeframe due to our default, we will be liable to pay 0.005% of the purchase price on a daily basis as penalty in accordance with the terms of the relevant sale or pre-sale agreements. If our delay exceeds 90 days, the relevant purchaser may have the right to repudiate the sale or pre-sale agreement in addition to claiming for a penalty of 0.5% of the purchase price. As of the Latest Practicable Date, there had been no repudiation of sale or pre-sale agreement by our purchasers. Under current PRC laws and regulations, we are required to pass the completion and acceptance and inspection before delivering properties to our customers. After a property development project has passed the requisite completion and acceptance inspections, we are required to notify and make arrangements with our customers in respect of the inspection and delivery of properties. Under our typical sale or pre-sale agreements, customers failing to accept delivery of properties shall be deemed to have accepted delivery of our properties. We also undertake under our sale and pre-sale agreements to deliver individual building ownership certificates for our properties within a specified timeframe from the date of the completion certificate. We may also be liable for damages, typically ranging from 0.005% to 0.05% of the purchase price, for delay in the delivery of individual building ownership certificates.

We have in the past experienced delays in the delivery of properties to our customers. The general construction contractor that we engaged delayed in completion of a portion of Yosemite Valley Town — Mianyang, causing delays in the delivery of properties to purchasers, which resulted in our payment of damages of approximately RMB1.5 million. Please see "Risk Factors — Risks Relating to Our Business — We may not be able to complete our property development projects according to our budget or schedule, or at all, which may lead to loss of or delay in recognizing revenues, lower returns and claims from customers." Save as disclosed above, we did not experience any significant delays in the completion of our property development projects or delivery of relevant title documents after sale during the Track Record Period.

During the Track Record Period, we had received reports from purchasers regarding defects in properties delivered, and such defects had been rectified by the relevant contractors in accordance with their warranty provisions of the relevant contracts. Our Directors confirm that we were not liable to pay any compensation in connection with material defects in properties delivered.

In addition, our Directors confirm that none of the properties delivered to the purchasers after relevant recognition of revenue was returned to us due to our default during the Track Record Period.

After-sales Services

Our customer services department at our headquarters is responsible for our after-sales customer services and handling customers' complaints. We are also responsible for supervising the repair and ongoing maintenance of the properties we have developed. In addition, our customer service team also collects and analyzes customer data to identify the latest market trends and conducts customer satisfaction surveys to improve our projects' market positioning, design, marketing strategies and quality of services. Our customers may also join our Chenxing Club (辰興會) to obtain first-hand information regarding us and our property development projects. Chenxing Club members are able to enjoy discounts when they purchase properties from us. The membership program also provides our customers with reward points redeemable for free gifts, vouchers for purchase of our properties or use in our local merchant partners as well as payment of property management fees. In addition, we organize complimentary seminars and other events for our members. We believe this membership program enables us to establish better relationships with customers, build customer loyalty, foster brand awareness, solicit timely customer feedback and also to handle customer complaints. We intend to organize more diversified events to promote neighborhood relations and foster communications with and solicit feedback from our customers in the near future.

Property Management

Upon the completion of our properties and until the property owners have established an owners' committee, we appoint professional property management companies to manage the properties we develop in accordance with the relevant property management laws and regulations to provide pre-delivery property management services. During the Track Record Period, all of the pre-delivery services for our projects in Shanxi Province were provided by Shanxi Wanjia, a connected person of our Group by virtue of Mr. Bai's daughter holding 66.67% of the equity interest, except for Northern District of Phase I of Yosemite Valley Town — Taiyuan. Please see "Connected Transactions" for more details. During the Track Record Period, the pre-delivery services for our projects in Sichuan Province were provided by an Independent Third Party property management company with whom we worked with for more than three years. Prior to our delivery of properties to purchasers, we typically enter into a pre-delivery property management services agreement with the respective property management company, which generally provides services including security, property maintenance, gardening and other ancillary services. The management fee is determined with reference to the prevailing market rates set by the relevant government authorities and is calculated based on the GFA of the units. The management fee is usually settled on a monthly, quarterly or annually basis upon receipt of the invoice issued by the property management company. Property owners are responsible for the payment of their own management fees, while we are responsible for the payment of management fees for units that are completed but not yet sold or delivered. We do not assume any obligation for payment of management fee after we have handed over the properties to our purchasers.

Following the delivery of the properties to our customers, these services remain contractually or legally provided to the customers under the existing property management services agreement. However, our customers are able thereafter to select their own property management companies. Under the relevant PRC regulations, property owners have the right to engage or dismiss a property management company with the consent of owners of more than two-thirds of the units which, in the aggregate, account for more than two thirds of the non-communal GFA in a property development. If the existing property management company is removed, then the relevant group of owners will sign a new property management services agreement, which we will not be a party to. As of the Latest Practicable Date, the property management companies we engaged for providing pre-delivery property management services had not been dismissed by property owners from the management of any properties we developed. As such, we are still a party to the relevant property management services agreements at our properties.

In April 2014, we established our own property management company which provided property management services for Northern District of Phase I of Yosemite Valley Town — Taiyuan. We believe providing property management services to the owners of properties we developed through our own property management company will enhance property value for our customers and improve our brand recognition and reputation.

INVESTMENT PROPERTIES

In addition to our property developments for sale, we also selectively retain the ownership of certain self-developed commercial properties to generate stable and recurring income. As of March 31, 2015, we had investment properties with a total GFA of 19,213 sq.m., comprising a total GFA of 8,603 sq.m. of retail outlets in Grand International Mall & Apartments and a total GFA of 10,610 sq.m. of retail outlets in East Lake Mall. For the years ended December 31, 2012, 2013 and 2014 and the three months ended March 31, 2015, our investment properties generated rental income of RMB4.9 million, RMB5.3 million, RMB5.7 million and RMB0.2 million, respectively.

Our rents are typically determined based on the prevailing market rates. The rent payable by our retail tenant is normally a fixed monthly rate. We usually require our tenants to pay a fixed amount of security deposits and to make full prepayment of the rents. Our tenants are responsible for utility charges and property management fees. With our consent, our tenants may renew their leases by giving us two months' notice before expiration of the lease term. If our tenants breach the relevant lease agreements, we are entitled to deduct or retain the security deposits they have paid or terminate the lease agreements and retake the premises.

As of the Latest Practicable Date, we had obtained the land use rights certificates and building ownership certificates for all of our investment properties. The table below sets forth a summary of information on our investment properties as of March 31, 2015:

Project	Types of Properties	Total GFA Held for Investment	Effective leased GFA	Occupancy Rate	Land Use Rights Certificate Expiry Date	Total Rental Income For the Year Ended December 31,			Total Rental Income For the Three Months Ended March 31,	Range of Lease Term	Attributable Capital Value	Reference to Property Valuation Report
						2012	2013	2014	2015			
		(sq.m.)	*(sq.m.)*	*(%)*			*(RMB million)*		*(RMB million)*		*(RMB million)*	*(Project No.)*
Grand International Mall & Apartments	Retail outlets	8,603	5,060	57.5%	April 2039	2.7	3.2	4.0	0.2	1 year	57	13
East Lake Mall	Retail outlets	10,610	9,584	100%	April 2039	2.2	2.1	1.7	0	1-2 years	70	14

PROPERTIES USED BY US

Our corporate headquarters are located in 131 West Yingbin Road, Yuci District, Jinzhong. In addition, we also maintain offices in Jinzhong and Shanghai. Such offices are located in properties we lease from, and are owned by Independent Third Parties, or are located on our own properties. We do not anticipate any difficulty in renewing such lease or leasing replacement premises, and we have the land use rights certificates and building ownership certificates for our self-owned properties used by us. As of December 31, 2014, these properties primarily included:

Property	GFA	Occupancy Status	Lease Term	Current Usage
	(sq.m.)			
18 Anning Street, Yuci District, Jinzhong	1,799	Self-owned	N/A	Office
131 West Yingbin Road, Yuci District, Jinzhong	10,708	Self-owned	N/A	Office
Dongshuncheng Street, Yuci District, Jinzhong	1,199	Vacant	N/A	—

For further information, please see "Appendix III — Property Valuation."

OTHER BUSINESS OPERATIONS OF JINZHONG DEVELOPMENT

Jinzhong Development was established in February 2013 by a company wholly owned and controlled by the Management Committee to develop social security housing (保障性住房) in Economic Technology Development District, Jinzhong, and primarily focuses on obtaining the relevant approvals and clearance for commencement of construction from the responsible governmental authorities, managing construction progress, overseeing quality control and conducting completion inspections. Pursuant to a notice issued by the Bureau of Housing and Urban-rural Development of Economic Technology Development District of Jinzhong in March 2013 and the "State-owned Construction Land Allocation Decision" (國有建設用地劃撥決定書), reviewed by the Ministry of Land and Resources of the PRC and issued by Jinzhong Economic Technology District Branch of the Shanxi Province State-owned Land Resources Bureau (山西省國土資源廳晉中經濟技術開發區土地分局) (the "**Land Resources Bureau**") in August 2013, Jinzhong Development was entrusted to develop social security housing and ancillary facilities with a total planned GFA of 90,737 sq.m. on the state-owned land parcel allocated to the Land Resources Bureau by the Ministry of Land and Resources of the PRC (國土資源部). The project to develop social security housing for the Management Committee is non-profit in nature. Following the completion of our subscription of 51% of the equity interest in Jinzhong Development in August 2014, Jinzhong Development has continued to carry out the development of social security housing with a view to maintain the on-going relationship with the Management Committee. The Land Resources Bureau holds the relevant land use rights certificates and building ownership certificates while we do not own the land parcel or the social security housing and ancillary facilities built on it. The Management Committee is fully responsible for the payment of all development costs, administrative expenses and other related expenses and has transferred to us RMB67.3 million as development costs and related expenses for construction of the social security housing, of which RMB52.1 million has been paid to the suppliers, and the remaining RMB15.2 million was recognized as advances from government as at December 31, 2014. Please see "Financial Information — Selected Statements of Financial Position Items — Other Payables, Deposits Received and Accruals" for details of the recognition of the construction fund from government for the development of the social security housing during the Track Record Period. Our role in the project is limited to assisting with the construction of the social security housing and we are not required to incur any development costs, administrative expenses and other related expenses. Apart from the construction fund we receive from the government to cover the relevant development costs, administrative expenses and other related expenses for our construction of the social security housing, we do not receive any service fees or income for our services. Therefore, we do not recognize any revenue derived from developing the social security housing or incur any related costs and expenses. After completion of the construction of the social security housing, which is currently expected to be completed at the end of 2015, the Management Committee will be responsible for allocation of the housing to eligible parties.

PROJECT FINANCING

During the Track Record Period, we financed our property development projects primarily through proceeds from pre-sales and sales of our properties and bank borrowings. As of March 31, 2015, our total outstanding bank borrowings amounted to RMB900.0 million, which are primarily provided by major commercial banks in the PRC. Please see "Financial Information — Indebtedness and Contingent Liabilities" for further details of our indebtedness and borrowings.

According to the guidelines issued by the CBRC, domestic PRC bank loans may not be granted to projects which have not obtained the relevant land use rights certificate, construction land planning permit, construction work commencement permit and construction work planning permit. Furthermore, the "Notice on Adjusting Capital Ratio of Fixed Asset Investment Projects" (《關於調整固定資產投資項目資本金比例的通知》) stipulates that no less than 20% or 30% of the total investment of certain property development projects must come from a property developer's own capital for the property development project.

Our ability to raise capital for our property development projects is affected by economic and regulatory measures introduced by the PRC Government to stabilize the property market in the PRC. In particular, any decisions to raise the reserve ratio by the PBOC will limit the amount available to commercial banks for lending, and limit our ability to obtain financing from commercial banks. Please see "Risk Factors — Risks Relating to Our Business — We may not have adequate financing to fund our future land acquisitions and property developments, and such capital resources may not be available on commercially reasonable terms, or at all" for more details.

During the Track Record Period and up to the Latest Practicable Date, we did not experience any defaults on any material provisions (including any cross-default provisions) of our bank loans. None of our lenders had, in the past, been entitled to accelerate repayment of our outstanding indebtedness as a result of such cross-default provisions.

Following the Global Offering, we plan to further develop and diversify our financing channels, which may include debt or equity securities offerings. We believe that these additional sources of financing will strengthen our financial capability and enable us to consider a wider range of favorable land acquisition opportunities as they arise.

SUPPLIERS AND CUSTOMERS

For the years ended December 31, 2012, 2013 and 2014, our five largest suppliers, which comprised Independent Third Party general construction contractors and a construction materials supplier, accounted for 42.3%, 46.8% and 27.2% of our total purchases, respectively, and our single largest supplier accounted for 17.4%, 12.5% and 15.2% of our total purchases for the same period. The length of our business relationships with our five largest suppliers during the Track Record Period ranged from two years to nine years.

We primarily target customers who are looking to purchase their first home or seeking to upgrade their living environment. For the years ended December 31, 2012, 2013 and 2014, our five largest customers accounted for 8.6%, 12.5% and 0.6% of our revenue, respectively, and our single largest customer accounted for 2.8%, 8.0% and 0.2% of our revenue for the same period. Our five largest customers during the Track Record Period included various individuals and a corporation for the purchase of our properties. Each of our five largest customers during the Track Record Period was an Independent Third Party.

To the best of the knowledge of our Directors, none of our Directors, their respective close associates or any shareholder who owns more than 5% of our issued share capital as of the Latest Practicable Date, had any interest in any of our five largest suppliers and customers aforementioned.

AWARDS AND RECOGNITIONS

Over the past years, we have received various awards and recognitions from various industry associations and public entities. The table below sets out certain of the awards we received in respect of our property development operations:

Date	Award/Recognition	Awarding Body
Corporate Level Awards		
February 2014...............	Top 10 Private Enterprise in Jinzhong City (晉中市十大民營企業)	The People's Government of Jinzhong City (晉中市人民政府)
March 2013...................	Rank 279th among "Top 500 Property Developers in China" (中國房地產開發企業500強)	China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心)

Date	Award/Recognition	Awarding Body
June 2012	Top 10 Real Estate Developer in Western China (中國房地產開發企業西部10強)	China Real Estate Research Association (中國房地產研究會), China Real Estate Industry Association (中國房地產業協會) and China Real Estate Appraisal Center (中國房地產測評中心)
March 2012	Rank 372th among "Top 500 Property Developer in China" (中國房地產開發企業500強)	China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心)
March 2011	Rank 355th among "Top 500 Property Developer in China" (中國房地產開發企業500強)	China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心)
March 2009	2007-2008 China Real Estate Honorable Enterprise (中國房地產誠信企業)	China Real Estate Industry Association (中國房地產業協會)
Project Level Awards		
December 2011	Yosemite Valley Town — Mianyang awarded "China Famous Real Estate" (中國名盤)	China International Real Estate & Architectural Technology Fair (中國國際房地產與建築科技展覽會)
October 2011	Yosemite Valley Town — Mianyang awarded "National Excellent Model Project" (全國優秀示範小區創建項目)	Residential Project Guidance Working Committee of China Civil Engineering Society (中國土木工程學會住宅工程指導工作委員會)
October 2010	Xin Xing International Cultural Town awarded "Guangsha Prize" (廣廈獎)	China Real Estate Industry Association (中國房地產業協會) and The Ministry of Housing and Urban-Rural Development of the People's Republic of China (中華人民共和國住房和城鄉建設部)

Date	Award/Recognition	Awarding Body
December 2009	Xin Xing International Cultural Town awarded "China Famous Real Estate" (中國名盤)	China International Real Estate & Architectural Technology Fair (中國國際房地產與建築科技展覽會)
August 2007	Mandarin Gardens — Taigu awarded "China Scenery Courtyard Residential Community" (中國景觀庭院住宅社區)	China Construction Cultural Center of the Ministry of Housing and Urban-Rural Development of the People's Republic of China (建設部中國建築文化中心)
March 2007....................	Xin Xing International Cultural Town awarded "China Livable and Cultural Classic Real Estate" (中國人居文華精典樓盤)	China Construction Cultural Center of the Ministry of Housing and Urban-Rural Development of the People's Republic of China (建設部中國建築文化中心)
October 2006	Riverside Gardens — Heshun awarded "China Landscape Culture Model Real Estate" (中國山水文化典型樓盤)	China Construction Cultural Center of the Ministry of Housing and Urban-Rural Development of the People's Republic of China (建設部中國建築文化中心)
December 2005	Grand International Mall & Apartments awarded "China City Landmark Real Estate" (中國城市標誌性樓盤)	China Construction Cultural Center of the Ministry of Housing and Urban-Rural Development of the People's Republic of China (建設部中國建築文化中心)
December 2005	Xin Xing International Cultural Town awarded "China Best Education Themed Cultural Community" (中國最佳教育主題文化社區)	China Construction Cultural Center of the Ministry of Housing and Urban-Rural Development of the People's Republic of China (建設部中國建築文化中心)
December 2005	Riverside Gardens — Zuoquan awarded "China Best Scenery Model Real Estate" (中國最佳景觀典型樓盤)	China Construction Cultural Center of the Ministry of Housing and Urban-Rural Development of the People's Republic of China (建設部中國建築文化中心)

COMPETITION

The property market in Shanxi and Sichuan Provinces and elsewhere in the PRC is highly fragmented and competitive. Our existing and potential competitors include both major national and regional property developers with expansive operations in the cities or markets in which we operate as well as local property developers. We believe that the major competitive factors in the residential property development industry include land acquisition, geographic location, management expertise, financial resources, access to transportation infrastructure, size of land bank, product quality, brand recognition by customers, customer services and support, pricing and design quality. Many of our competitors, including top-tier domestic developers, may have greater financial and other capital resources, experience, marketing and other capabilities and/or name recognition than us. Certain local competitors may have extensive local knowledge and business relationships and/or a longer operating track record in the relevant local markets than we do. We cannot assure you that we will be able to continue competing effectively in our industry. Please see "Risk Factors — Risks Relating to Our Industry in the PRC — The PRC property market industry is highly competitive."

Moreover, the PRC Government has implemented a series of policies to control the growth and curtail the overheating of, and foreign investment in, the PRC property sector. We believe major entry barriers into the PRC property development industry include a potential entrant's limited knowledge of local property market conditions and limited brand recognition in these markets. Despite these competitive factors, we believe that the PRC property industry still has significant growth potential. We believe our standardized development process, prudent project selection strategy and financial discipline, coupled with high quality property products in select locations, we have demonstrated and developed our business operations in spite of market changes and competition. Furthermore, given our brand recognition and strong execution capabilities, we believe we can react promptly to the challenges in the PRC property market. We endeavor to further strengthen our leading position in Shanxi Province while selectively entering other cities and provinces in China.

REAL ESTATE-RELATED AUSTERITY MEASURES IMPLEMENTED BY THE PRC GOVERNMENT

Over the past few years, the PRC Government has introduced a number of policies to control the growth and curtail the overheating of, and the foreign investment in, the PRC property sector by increasing minimum down payment requirements for residential properties and controlling bank lending to non-first time home buyers or developers who hold idle land. In February 2013, the PRC Government further promulgated the "Notice on Further Regulation and Control of Real Estate Market" (《關於繼續做好房地產市場調控工作的通知》), introducing six policy measures to control the real estate market, including: (i) improving the accountability system for stabilization of property prices; (ii) strictly controlling the purchase of property for speculative purpose; (iii) increasing the supply of ordinary residential properties and the land supply for residential properties; (iv) accelerating the planning and construction of subsidized property development projects; (v) tightening market regulations and forecast management; and (vi) accelerating the establishment and optimization of the long-term mechanisms for the healthy development of the real estate market. Please see "Regulations" for further details.

Our Directors believe that while the introduction of austerity measures may have affected demand from speculative buyers or property investors, the impact on demand from our target customers, being first-time home buyers or customers with a need to upgrade their living environment, has been minimal. Notwithstanding PRC austerity measures and policies in recent years, we have remained profitable during the Track Record Period and recorded net income of RMB20.9 million, RMB14.1 million and RMB106.4 million for the years ended December 31, 2012, 2013 and 2014, respectively.

Recently, a number of PRC cities have loosened certain measures on stabilizing housing price and home purchase restrictions. For example, the relevant local authority in Taiyuan issued the "Opinion on Adjustment on Real Estate-Related Austerity Measures for the Healthy Development of Property Market" (《關於調整我市住房限購政策促進省城房地產市場健康發展的意見》) in August 2014, which removed the requirement on property purchasers to provide relevant proof of property ownership for property registration which, in turn, has loosened property purchase limits in Taiyuan.

However, we cannot assure you that we can maintain our profitability in the future or that further measures or policies introduced by the PRC Government will not affect our business, results of operations and financial condition. Please see "Risk Factors — Risks Relating to Our Industry in the PRC — The PRC property market is heavily regulated and subject to frequent introduction of new regulations which may adversely affect property developers."

RISK MANAGEMENT

We recognize that risk management is crucial to the success of any property developer in the PRC. Key operational risks that we face include changes in general market conditions and the regulatory environment in the PRC property market, availability of suitable land sites for developments at commercially reasonable prices, local economic environment, availability of financing to support our developments and growth, ability to complete our development projects on time and with sound quality, competition from other property developers and our ability to promote and sell our properties in a timely fashion. Please see "Risk Factors."

In addition, we also face various market risks. In particular, we are exposed to interest rate, foreign exchange, credit and liquidity risks that arise in the ordinary course of our business. Please see "Financial Information — Quantitative and Qualitative Disclosure of Market Risks" for a discussion of these market risks.

In order to meet these challenges, we have established the following structures and measures to manage our risks:

- Our Board is responsible for and has general oversight of the management and conduct of the business of our Group, and is in charge of the overall risk control of our Group. Any significant business decision involving material risks are reviewed, analyzed and approved at the board level to ensure a thorough examination of the associated risks at our highest corporate governance body. Please see "Directors and Senior Management" for details of the experience of members of our Board.

- Our senior management team at our headquarters is in charge of the daily business operations and risk monitoring of our Group, and is responsible for the supervision of the respective fields of operations on a daily basis as well as the supervision and approval of any material business decisions of our project companies. We have established procedures and policies setting out clear reporting lines and responsibilities with a view to facilitating efficient communications among our headquarters and our project companies. We have also developed a standardized property development process that governs each step of our property development activities. Our financial and accounting matters are directly controlled and reviewed at our headquarters to ensure consistency and accuracy. Our cost control department and procurement and supply department at our headquarters centralize major procurement and construction contracts management functions and our treasury management center monitors financing contracts to control risks associated with such contracts. Our administrative department at our headquarters is responsible for ensuring regulatory and contractual compliance.

- Our city and site selection decisions are made by our Board. Our marketing and planning department at our headquarters is in charge of formulating feasibility studies for development plans and investment strategies, which takes into account and involves the participation of the accounting department, treasury management center, engineering management department, design technology department and cost control department at our headquarters, as well as the assistance of external professional consultants if we deem necessary.

- For certain operational and market risks, control measures are adopted at an operational level. For example, we minimize major construction risks by conducting due diligence procedures on our general construction contractors before their appointment and imposing strict contractual requirements, while adhering to regular quality control measures overseen by us and third-party construction supervision companies.

- We have adopted various internal policies and procedures for our individual employees in respect of different aspects of the property development process based on our operational needs. We also provide both in-house and external training to our employees in order to enhance their knowledge of our corporate culture, with a focus on integrity and reliability.

INTELLECTUAL PROPERTY

As of the Latest Practicable Date, we had seven trademarks, including 辰兴发展, and two domain names which were registered in the PRC and the registrant of two registered trademarks in Hong Kong. We have also applied for registration of one trademark in Hong Kong. We believe that we did not suffer from any infringement of our intellectual property rights by any third parties or violate any intellectual property rights of third parties during the Track Record Period. Please see "Appendix V — Statutory and General Information — Further Information about the Business of Our Company" for further details relating to our intellectual property.

INSURANCE

According to applicable PRC laws and regulations, property developers are not required to maintain insurance coverage in respect of their property development operations. We typically require our construction contractors to purchase construction in-progress insurance for our projects under development. We do not maintain insurance in respect of litigation risks, business termination risks, product liability, third-party liability or our important personnel, as such is not required under the applicable PRC laws and regulations. Our Directors consider that our insurance coverage is adequate and in line with the industry norm. However, we may incur losses beyond the limits, or outside the coverage, of our insurance policies. In addition, there are certain losses for which insurance is not available on commercially reasonable terms, such as losses suffered due to earthquake, war, civil unrest and certain other events of force majeure. We do not carry insurance to cover such losses as consistent with general business and industry practices. Please see "Risk Factors — Risks Relating to Our Business — We may not have adequate insurance coverage to cover our potential liability or losses and as a result our business, results of operations and financial condition may be materially and adversely affected."

EMPLOYEES

As of the Latest Practicable Date, we employed a total of 199 direct and full-time employees. All of our employees are located in the PRC. The following table shows a breakdown of our employees and workers dispatched to us by function as of the Latest Practicable Date:

Employee Type	Total Number of Direct Employees	Percentage of Total Direct Employees
Senior management	12	6.0%
Investment and project development	57	28.6%
Design	6	3.0%
Procurement and cost management	7	3.5%
Sales and marketing	22	11.1%
Administrative and human resources	32	16.1%
Finance and accounting	18	9.1%
Others	45	22.6%
Total	**199**	**100.0%**

We believe that our employees are one of our most valuable assets and have contributed to our success. We provide both in-house and external training to our employees to enhance their knowledge of our corporate culture, property development projects, sales techniques and information technology skills, and provide training to individual employees according to their respective job description.

We have a labor union which represents the interests of our employees and works closely with our management on labor-related issues. Since our inception, we have not experienced any significant turnover of staff or any disruption to our business operations due to labor disputes, strikes or other industrial actions. Our Directors believe we have maintained good relationships with our employees. We did not receive any material complaints or claims from employees that affected our business operations during the Track Record Period.

The remuneration package for our employees generally includes base salary, performance-based salary, bonuses and subsidies. As required by applicable PRC laws and regulations, we participate in various employee benefit plans of the municipal and provincial governments, including housing provident funds, pension, medical, maternity, occupational injury and unemployment benefit plans. We are required under the PRC law to make contributions to the employee benefit plans at specified percentages of the salaries, bonuses and qualified allowances of our employees up to a maximum amount specified by the relevant local government authorities. However, we did not make full contributions to the employee benefit plans for our employees in some of our PRC subsidiaries as required under PRC laws and regulations during the Track Record Period. Please see "— Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents" for more details.

ENVIRONMENTAL MATTERS AND OCCUPATIONAL SAFETY

Environmental Matters

We are subject to a number of environmental and safety laws and regulations in the PRC including the PRC Environmental Protection Law (中華人民共和國環境保護法), PRC Prevention and Control of Noise Pollution Law (中華人民共和國環境噪聲污染防治法), PRC Environmental Impact Assessment Law (中華人民共和國環境影響評價法) and Administrative Regulations on Environmental Protection for Development Projects (建設項目環境保護管理條例). Please see "Regulations" for details of these laws and regulations. Pursuant to these laws and regulations, we have engaged independent third-party environmental consultants to conduct environmental impact assessments for all of our property development projects. In accordance with the relevant PRC laws and regulations, we have secured the necessary assessment reports on environmental impact for all of our projects during the Track Record Period and up to the Latest Practicable Date.

Under our standard construction contracts, we require our contractors to strictly comply with relevant environmental and safety laws and regulations. We regularly inspect our construction sites and require our contractors to immediately rectify any default or non-compliance identified. We also provide training to our employees regarding environmental issues.

For the years ended December 31, 2012, 2013 and 2014, we incurred RMB170,000, RMB62,500 and nil, respectively, in compliance costs for applicable environmental laws and regulations. Assuming there are no material changes in the environmental laws and regulations in our industry, we believe our annual environmental compliance cost will primarily depend on the number of projects which are subject to the preparation of the assessment report on environmental impact for the particular period. As of the Latest Practicable Date, we had not encountered any material issues in passing inspections conducted by the relevant environmental authorities upon completion of our property development projects. During the Track Record Period and as of the Latest Practicable Date, we did not incur any fines or penalties for non-compliance with PRC environmental laws and regulations.

Occupational Safety

We are subject to various PRC laws and regulations with respect to occupational, health, safety, insurance and accidents, which include the Labor Law of the PRC (中華人民共和國勞動法), "Labor Contract Law of the PRC" (中華人民共和國勞動合同法), the "Interim Regulations on Collection and Payment of Social Insurance Premiums" (《社會保險費徵繳暫行條例》), the "Regulations on Work-related Injury Insurances" (《工傷保險條例》), the "Regulations on Unemployment Insurance" (《失業保險條例》) and other related regulations, rules and provisions issued by the relevant governmental authorities from time to time. In respect of social responsibilities, in particular health, safety and social insurance, we have entered into labor contracts with our employees in accordance with the applicable PRC laws and regulations.

Under PRC laws and regulations, the construction contractor assumes responsibility for the safety of the respective construction site. As such, potential liability that materialize with respect to workers and visitors of our construction sites rests with us. Generally, a general contractor has overall responsibility for a site with subcontractors required to comply with the safety measures adopted by a general contractor. During the Track Record Period, we did not experience any material safety incidents and there were no claims for personal injury or property damages. We did not pay compensation to any employees in respect of claims for personal or property damages.

We provide our employees with health checks and work safety training, and our construction sites are equipped with safety equipment. Our human resources center is responsible for dealing with employees' health and labor safety matters. We did not experience any material employee safety issue during the Track Record Period. Our PRC Legal Advisors have advised that, save as disclosed in " — Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-compliance Incidents", based on the confirmation letters issued by the relevant local government authorities, there was no material violation of applicable PRC labor and safety regulations by us during the Track Record Period. During the Track Record Period, no fines or penalties for non-compliance of PRC labor and safety laws and regulations were imposed on us.

LEGAL PROCEEDINGS, COMPLIANCE AND INTERNAL CONTROL

Legal Proceedings

As a property developer in the PRC, from time to time, we are subject to litigation, arbitration or administrative proceedings, disputes or claims that arise during the ordinary course of our business. During the Track Record Period, we were involved in legal or other disputes with contractors and purchasers. Save as disclosed below, each of these proceedings was, in our view, immaterial in terms of its impact on our business, results of operations and financial condition:

In March 2013, Shanxi Yuci Huayi Section Steel Industrial Co., Ltd. (山西榆次華益型鋼實業有限公司) ("**Shanxi Yuci Huayi**") filed an action in the Jinzhong Intermediate People's Court (the "**Court**") against us (the "**Relevant Lawsuit**"), claiming compensation and damages in an aggregate amount of RMB40.1 million (the "**Aggregate Claimed Amount**") on the ground that we failed to sell residential units and retail outlets at favorable prices agreed in accordance with the resettlement compensation agreement and supplemental agreement we entered into with Shanxi Yuci Huayi in November 2006 (the "**Relevant Event**"). Pending resolution of this matter, funds in the total amount of RMB30.0 million in our bank account has been frozen pursuant to a civil ruling issued by the Court in June 2013.

Shanxi Dingzheng Law Office, our legal advisor to the Relevant Lawsuit (the "**Litigation Counsel**") has advised us on the merits and materiality of the Relevant Lawsuit ("**Litigation Counsel's Advice**") as briefly set out as follows:

- the Court may take into consideration the fact that the Relevant Event was not caused by us as (i) we were not allowed to develop retail outlets on the relevant land parcels due to subsequent adjustment in district planning by the relevant local government authorities in 2008, which is considered a force majeure event that prevented us from performing our contractual obligations; and (ii) as Shanxi Yuci Huayi failed to make a 20% prepayment in accordance with the supplement agreement, in accordance with the "Contract Law of the PRC", we may refuse to perform our contractual obligations if the counterparty fails to perform its contractual obligations.

- even if we are held liable by the Court, the Court is expected to award damages (if any) to Shanxi Yuci Huayi in an amount of less than RMB6 million.

Based on their review of (i) a written legal opinion issued by the Litigation Counsel to us on January 21, 2015 outlining the Litigation Counsel's Advice above, (ii) all relevant legal documents provided by the Company and (iii) interview notes of the due diligence interview on January 28, 2015 with the Litigation Counsel conducted by the Sole Sponsor, together with its PRC legal advisors, our PRC Legal Advisors are of the view that although the outcome of the Relevant Lawsuit cannot be predicted, they are not aware of any matter which contravenes the legal analysis quoted in the Litigation Counsel's Advice.

As of the Latest Practicable Date, the Relevant Lawsuit was still pending. However, we expect that upon the resolution of the Relevant Lawsuit, the estimated total liability will be significantly lower than the Aggregate Claimed Amount, and will not have a material adverse effect on our business, financial condition and results of operations. As a result, we have not made any provision in relation to the Relevant Lawsuit. However, we cannot rule out the possibility that the Court rules that we are liable for the entire or a significant portion of the Aggregate Claimed Amount. Our Controlling Shareholders will enter into a deed of indemnity with us to indemnify us any liabilities suffered by us, directly or indirectly, arising out of or in connection with the Relevant Lawsuit.

Our Directors confirm that, as of the Latest Practicable Date, we had not been involved in any actual or threatened litigation, arbitration or administrative proceedings which have or could be expected to have a material adverse effect on our business, results of operations and financial condition.

Compliance with Relevant Laws and Requirements

Qualifications

The table below sets forth the details of the real property development qualifications obtained by our PRC subsidiaries as of the Latest Practicable Date:

PRC subsidiary	Qualification	Issuance Date	Expiry Date	Classification	Eligibility Under Applicable PRC Rules
Jinzhong Development Zone	Qualification Certificate for Real Estate Development Enterprise in the PRC (中華人民共和國房地產開發企業資質證書)	August 18, 2014	August 17, 2017	Four	Development of projects each with GFA of no more than 250,000 sq.m. as approved by the competent local authorities
Chen Xing	Qualification Certificate for Real Estate Development Enterprise in the PRC (中華人民共和國房地產開發企業資質證書)	November 14, 2014	May 22, 2017	One	No restriction
Chen Xing Sichuan	Interim Qualification Certificate for Real Estate Development Enterprise in the PRC (中華人民共和國房地產開發企業暫定資質證書)	April 21, 2015	March 30, 2018	Two	Development of projects each with GFA of no more than 250,000 sq.m. as approved by the competent local authorities
Chen Xing Property Management	Qualification Certificate for Property Management Enterprise in the PRC (中華人民共和國物業服務企業資質證書)	July 28, 2014	July 27, 2015(1)	Provisional - Three(2)	Provision of property management services for residential projects each with GFA of no more than 200,000 sq.m. and for non-residential projects each with GFA of no more than 50,000 sq.m.

Notes:

(1) Chen Xing Property Management will renew the relevant qualification certificate with a permanent certification before its expiry date in July 2015.

(2) Subject to the "Measures for the Administration of Qualifications of Realty Service Enterprises (2007 Amendment)" (物業服務企業資質管理辦法 (2007修正), the classification level of a newly established property service enterprise is "provisional" in the first year of its establishment. The qualification certificate currently held by Chen Xing Property Management during its first year of establishment will be renewed with a permanent certification upon the expiry of the first-year certificate.

As advised by our PRC Legal Advisors, our PRC subsidiaries have obtained the necessary qualification certificates for our business.

If we fail to maintain our qualification certificates upon expiry, our development plans may be delayed, which could have a material adverse effect on our business and results of operations. Please see "Risk Factors — Risks Relating to Our Business — Failure to obtain, abide by, or material delays in obtaining, requisite certificates, permits, approvals or licenses from the PRC Government may adversely affect our ability in carrying out our property development operations."

Historical Non-compliance Incidents

We set out below details of certain non-compliance incidents during the Track Record Period and up to the Latest Practicable Date. Our Controlling Shareholders will enter into a deed of indemnity with us to indemnify us any claims, losses, costs, expenses, interests, penalties or other liabilities suffered by any member of our Group, directly or indirectly, arising out of or in connection with such non-compliance incidents.

Based on (i) the nature and reasons of the historical non-compliance incidents; (ii) confirmation letters issued by the relevant competent PRC Government authorities; (iii) our PRC Legal Advisors' views set forth below in respect of such non-compliance; and (iv) rectification measures and enhanced internal control measures have been implemented, the Directors and the Sole Sponsor believe that none of legal and compliance matters mentioned below will have any material adverse effect on our business, financial conditions and results of operations.

During the Track Record Period and up to the Latest Practicable Date, save as disclosed in this prospectus, based on the confirmation letters issued by the relevant local government authorities, our PRC Legal Advisors have advised us that we were in compliance in all material respects with PRC legal regulations and requirements applicable to us. In addition, as of the Latest Practicable Date, save as disclosed in this prospectus, no material penalty for non-compliance with any laws or regulations had been imposed on us.

A summary of our certain historical non-compliance incidents is set forth below:

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
1.	**Commencement of construction before obtaining the requisite certificates and permits**			
A.	In December 2013, Jinzhong Development commenced construction of certain portions of Phase I of Longtian Project prior to obtaining the land use rights certificates, construction land planning permits, construction work planning permits and construction work commencement permits from the relevant government authorities.	This non-compliance incident happened before we completed the subscription for 51% of the equity interest in Jinzhong Development in August 2014 and was therefore attributable to the then sole shareholder of Jinzhong Development (who later became the 49% shareholder of Jinzhong Development following the completion of our subscription) without any fault on our part. We were not involved in the business operations of Jinzhong Development until September 2014 and we did not have control of Jinzhong Development until December 2014. We understand that the incident occurred as the then sole shareholder of Jinzhong Development decided to commence construction prior to obtaining the requisite certificates and permits to expedite the construction plan due to the urgency to provide resettlement residential properties to the existing villagers under the Urban Redevelopment Scheme. This was documented by a notice issued by Jinzhong People's Government in March 2014.	According to the relevant PRC laws and regulations, we may be subject to a penalty of up to 10% of the total construction cost incurred for our commencement of construction before obtaining the relevant construction work planning permits and a penalty of up to 2% of the total value of the relevant construction contracts for our commencement of construction before obtaining the relevant construction work commencement permits. We have received all the requisite certificates and permits for the commencement of the construction. In addition, the relevant local construction administrative authority has issued confirmation letters dated January 16, 2015 that no administrative penalties will be imposed in respect of our commencement of construction before obtaining the relevant certificates and permits. Our PRC Legal Advisors have confirmed that such local housing administrative authority is the competent authority to issue the relevant confirmation letter and to impose any penalty on us in respect of such non-compliance incident. As of the Latest Practicable Date, we had not been subject to any penalties imposed by the relevant government authority due to our early construction. As a result of the foregoing, our PRC Legal Advisors have advised us that our risk of being imposed any penalty by such authority which issued the above-mentioned confirmation letter in respect of such non-compliance incident is remote. As such, we have not made any provision in relation to this non-compliance incident.	Following the completion of the subscription for 51% of the equity interest in Jinzhong Development in August 2014, we became aware of certain non-compliant construction activities with respect to Longtian Project in September 2014. While we continued our construction in certain portions of Phase I of Longtian Project, our senior management met in September 2014 to discuss this non-compliance incident. Our senior management decided to vigorously undertake certain measures to rectify this non-compliance, including appointing a departmental manager within our Company's project development department to take charge of the overall rectification actions of this non-compliance and supervise applying for requisite permits and certificates. Pursuant to the land grant contract of Longtian Project, we also paid the requisite land grant fees to the Land Resources Bureau and obtained the relevant land use rights certificates in November 2014 and the relevant construction land planning permits, construction work planning permits and construction work commencement permits in January 2015. We have established enhanced internal control measures to ensure that we will obtain the requisite certificates and permits prior to commencement of construction in the future. Please see "— Internal Control Measures to Ensure Future Compliance."

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
B.	In November 2011, we commenced construction of car parking spaces of Phases IV and V of Xin Xing International Cultural Town prior to obtaining the relevant construction work commencement permits from the relevant government authorities.	This was primarily due to inadvertent oversight of the relevant regulations by the project manager of the respective project company.	According to the relevant PRC laws and regulations, we may be subject to a penalty of up to 2% of the total value of the relevant construction contracts. We have received the relevant construction work commencement permits and the relevant local housing administrative authority has issued a confirmation letter dated January 16, 2015 that no administrative penalties will be imposed in respect of our commencement of construction before obtaining the relevant construction work commencement permits. Our PRC Legal Advisors have confirmed that such local housing administrative authority is the competent authority to issue the relevant confirmation letter and to impose any penalty on us in respect of such non-compliance incident. As of the Latest Practicable Date, we had not been subject to any penalties imposed by the relevant government authority due to our early construction. As a result of the foregoing, our PRC Legal Advisors have advised us that our risk of being imposed any penalty by such authority which issued the above-mentioned confirmation letter in respect of such non-compliance incident is remote. As such, we have not made any provision in relation to this non-compliance incident.	We ceased to conduct these non-compliant construction activities once we became aware of the non-compliances and obtained the relevant construction work commencement permits in April 2014. We have established enhanced internal control measures to ensure that we will obtain the requisite certificates and permits prior to commencement of construction in the future. Please see "— Internal Control Measures to Ensure Future Compliance."

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
2.	**Commencement of pre-sale before obtaining the pre-sale permit**			
A.	We received deposits from and entered into pre-sale agreements with customers from three bulk-sales participating entities with respect to certain properties of the Southern District of Phase I of Yosemite Valley Town — Taiyuan since April 2012 before we obtained the required pre-sale permit in November 2013 (the "**Early Pre-sale Agreements of Phase I Yosemite**"). We recorded non-compliant pre-sales representing a total contracted GFA of 102,255 sq. m and a total contracted sales of approximately RMB423 million for the year ended 31 December 2012, and a total GFA of 35,103 sq. m and a total contracted sales of approximately RMB170 million for the year ended 31 December 2013. The actual cash receipt with respect to the Early Pre-sale Agreements of Phase I Yosemite for the years ended 31 December 2012 and 2013 were approximately RMB355 million and RMB150 million, respectively. However, even if the above amounts of deposits and sale proceeds received from the non-compliance pre-sales during the Track Record Period were excluded from our operating cash flow during the Track Record Period, our Directors believe that we would still have had sufficient operating cash flow after taking into account our ability to obtain further external financing at the relevant time. Assuming that the non-compliance pre-sales did not occur, our Directors estimate that we could have obtained bank borrowings of not less than RMB600 million	This was primarily caused by the lack of legal knowledge of the Group with the misconception that bulk sales are not considered "pre-sale activities" under the relevant PRC laws and regulations, and the lack of timely internal communication causing our Directors to be unaware of the relevant non-compliance at the relevant time.	According to the relevant PRC laws and regulations, we may be ordered to forfeit the advance payments received and imposed penalties of up to 1% of the advance payments received. We have received the relevant pre-sale permit and the relevant local housing administrative authority has issued a confirmation letter dated December 8, 2014 that no administrative penalties will be imposed in respect of our commencement of pre-sale of Southern District of Phase I of Yosemite Valley Town — Taiyuan before obtaining the relevant pre-sale permit. Our PRC Legal Advisors have confirmed that such local housing administrative authority is the competent authority to issue the relevant confirmation letter and to impose any penalty on us in respect of such non-compliance incident. As of the Latest Practicable Date, we had not been subject to any penalty due to our early pre-sale. As a result of the foregoing, our PRC Legal Advisors have advised us that our risk of being imposed any penalty by such authority which issued the above-mentioned confirmation letter in respect of such non-compliance incident is remote. As such, we have not made any provision in relation to this non-compliance incident.	We received the relevant required pre-sale permit in November 2013. We have established enhanced internal control measures to ensure that the sales agencies we engage will not commence pre-sale before obtaining the relevant pre-sale permit in the future. Please see "— Internal Control Measures to Ensure Future Compliance." Our Directors are of the view that these incidents do not constitute material non-compliances of our Group given the following reasons: (i) the non-compliance incidents did not and will not have any material financial impact to our Group: a. the revenue arising from the early pre-sale was recognized in our Group's revenue for 2014 after the relevant GFA of the early pre-sale properties were delivered by our Group in 2014. As such, the non-compliance incidents shall not have impact on our Group's financial performance for the year 2012 and 2013; and b. with respect to year 2014, given that (1) no penalties had ever been imposed on our Group due to its early pre-sale during the Track Record Period and as of the Latest Practicable Date; (2) our Company has obtained confirmation letters from the relevant competent housing administrative authorities (whose competency has been confirmed by our PRC Legal Advisors) that no administrative penalties will be imposed with respect to any of the non-compliance incidents; and (3) the pre-sale agreements with respect to the properties subject to the non-compliance incidents have been superseded by the property sales agreements entered after obtaining the relevant pre-sale permits and the Company's PRC Legal Advisors have confirmed that such property sales agreements are valid and legally binding, our Company is of the view that the non-compliance incidents will not have material impact on the financial performance for the year 2014 and onward. (ii) our Company ceased to enter into any non-compliant pre-sales in December 2013 when we became aware of the relevant non-compliances. Our Company has not had a related incident of non-compliance for more than 18 months. Although the relevant revenue derived from these incidents was recognized by our Group in 2014, they were attributable to the pre-sales entered into with a limited group of specific customers in 2012 and 2013 only. No early pre-sale incidents have been carried out by our Group since November 2013 up to the present, which is already more than 18 months. All of our pre-sale bulk sales since November 2013 have been in compliance with the relevant PRC laws and regulations and we will obtain the relevant required pre-sale permits before we commence pre-sale bulk sales. Our Company further submits that the rectification of these non-compliance issues did not and will not impede or disrupt our operating facilities in any material respect;

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
	by pledging some of our then properties under development, investment properties and self-owned properties to secure bank borrowings. For instance, in November 2013, we entered into a loan agreement with a branch of Industrial and Commercial Bank of China Limited in Jinzhong, Shanxi Province, pursuant to which a loan facility of up to RMB450 million was granted to us. Our Directors believe that we could have obtained the above bank borrowings in early 2012 using the same pledges of properties, to resolve any cash flow or working capital constraints that may have arisen then if the non-compliance pre-sales did not occur. Revenue derived from these pre-sales made before we received the pre-sales permit were nil, nil and RMB203.4 million for the years ended December 31, 2012, 2013 and 2014, respectively, which represented nil, nil and 24.6% of our total revenues for the same periods. The total GFA of the relevant properties were nil, nil and 47,209 sq. m. for the years ended December 31, 2012, 2013 and 2014, respectively, which accounted for nil, nil and 25.2% of our total GFA delivered by us, for the same periods. Due to the terms of certain sales agreements, a portion of our remaining non-compliant pre-sales may be recognized as revenue in 2015, which is estimated to be RMB390.0 million and accounting for approximately 90,149 sq. m. of GFA for that property.			(iii) our Company has taken sufficient measures to rectify these non-compliance and to ensure that similar incidents will not re-occur in the future. Our Company has rectified these non-compliance issues by securing the appropriate permit to ensure legal pre-sales. To ensure future compliance, our Company has implemented the appropriate internal control measures and has also established a direct reporting system between the sales agencies we engage and our Company's marketing and planning department to ensure that the sales agencies will not commence pre-sale before obtaining the relevant pre-sale permit. Our Company's marketing and planning department reports regularly to our Directors on the compliance status of our pre-sales. Moreover, the member of our Group (i.e. Beijing Chen Xing) which was involved in these incidents is no longer a member of our Group and our Company has utilized a third-party sales agency whose activities are closely monitored by our Company; (iv) the non-compliance incidents shall not cast doubt on the integrity of our Directors as these incidents were not due to the dishonesty of our Directors nor were they carried out for fraudulent purpose. Instead, such incidents were caused primarily due to the lack of legal knowledge on the possible consequence of the non-compliance incidents by the relevant personnel of a previous member of our Group (i.e. Beijing Chen Xing, which has been disposed of by our Group in November 2014) which carried out the sale of the aforementioned early pre-sale properties; and (v) the non-compliance incidents did not and will not have any material operational impact to our Group as they are self-contained and did not arise from any systematic failure of our Company's internal control. Having concluded that these incidents are not considered as our Company's material non-compliances and taking into account of the matters stated above, our Directors also take the view that these incidents do not have bearing on the collective experience, qualifications and competence of our Directors as required under Rules 3.08 and 3.09 of the Listing Rules or on our Company's suitability for Listing. Based on the above, the Sole Sponsor is also of the view that these non-compliance incidents do not constitute material non-compliances of the Group and do not have bearing on the collective experience, qualifications and competence of our Directors as required under Rules 3.08 and 3.09 of the Listing Rules or on our Company's suitability for Listing.

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
B.	We received deposits from and entered into pre-sale agreements with customers from two bulk-sales participating entities with respect to certain properties of Phase IV of Xin Xing International Cultural Town in June 2012 before we obtained the required pre-sale permit in January 2013 (the "**Early Pre-sale Agreements of Phase IV Xin Xing**"). We recorded non-compliant pre-sales representing a total contracted GFA of 36,275 sq. m and a total contracted sales of approximately RMB144 million for the year ended 31 December 2012. We did not record any non-compliant pre-sales in the years ended 31 December 2013. The actual cash receipt with respect to the Early Pre-sale Agreements of Phase IV Xin Xing for the year ended 31 December 2012 was approximately RMB130 million. However, even if the above amount of deposits and sale proceeds received from the non-compliance pre-sales during the Track Record Period were excluded from our operating cash flow during the Track Record Period, our Directors believe that we would still have had sufficient operating cash flow after taking into account our ability to obtain further external financing at the relevant time. Assuming that the non-compliance pre-sales did not occur, our Directors estimate that we could have obtained bank borrowings of not less than RMB600 million	This was primarily caused by the lack of legal knowledge of the Group with the misconception that bulk sales are not considered "pre-sale activities" under the relevant PRC laws and regulations, and the lack of timely internal communication causing our Directors to be unaware of the relevant non-compliance at the relevant time.	According to the relevant PRC laws and regulations, we may be ordered to forfeit the advance payments received and imposed penalties of up to 1% of the advance payments received. We have received the relevant pre-sale permit and the relevant local housing administrative authority has issued a confirmation letter dated January 19, 2015 that no administrative penalties will be imposed in respect of our commencement of pre-sale of Phase IV of Xin Xing International Cultural Town before obtaining the relevant pre-sale permit. Our PRC Legal Advisors have confirmed that such local housing administrative authority is the competent authority to issue the relevant confirmation letter and to impose any penalty on us in respect of such non-compliance incident. As of the Latest Practicable Date, we had not been subject to any penalty due to our early pre-sale. As a result of the foregoing, our PRC Legal Advisors have advised us that our risk of being imposed any penalty by such authority which issued the above-mentioned confirmation letter in respect of such non-compliance incident is remote. As such, we have not made any provision in relation to this non-compliance incident.	We received the relevant pre-sale permit in January 2013. We have established enhanced internal control measures to ensure that the sales agencies we engage will not commence pre-sale before obtaining the relevant pre-sale permit in the future. Please see "— Internal Control Measures to Ensure Future Compliance." Our Directors are of the view that these incidents do not constitute material non-compliances of our Group given the following reasons: (i) the non-compliance incidents did not and will not have any material financial impact to our Group: a. the revenue arising from the early pre-sale was recognized in our Group's revenue for 2014 after the relevant GFA of the early pre-sale properties were delivered by our Group in 2014. As such, the non-compliance incidents shall not have impact on our Group's financial performance for the year 2012 and 2013; and b. with respect to year 2014, given that (1) no penalties had ever been imposed on our Group due to its early pre-sale during the Track Record Period and as of the Latest Practicable Date; (2) our Company has obtained confirmation letters from the relevant competent housing administrative authorities (whose competency has been confirmed by our PRC Legal Advisors) that no administrative penalties will be imposed with respect to any of the non-compliance incidents; and (3) the pre-sale agreements with respect to the properties subject to the non-compliance incidents have been superseded by the property sales agreements entered after obtaining the relevant pre-sale permits and the Company's PRC Legal Advisors have confirmed that such property sales agreements are valid and legally binding, our Company is of the view that the non-compliance incidents will not have material impact on the financial performance for the year 2014 and onward. (ii) our Company ceased to enter into any non-compliant pre-sales in December 2013 when we became aware of the relevant non-compliances. Our Company has not had a related incident of non-compliance for more than 18 months. Although the relevant revenue derived from these incidents was recognized by our Group in 2014, they were attributable to the pre-sales entered into with a limited group of specific customers in 2012 and 2013 only. No early pre-sale incidents have been carried out by our Group since November 2013 up to the present, which is already more than 18 months. All of our pre-sale bulk sales since November 2013 have been in compliance with the relevant PRC laws and regulations and we will obtain the relevant required pre-sale permits before we commence pre-sale bulk sales. Our Company further submits that the rectification of these non-compliance issues did not and will not impede or disrupt our operating facilities in any material respect;

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
	by pledging some of our then properties under development, investment properties and self-owned properties to secure bank borrowings. For instance, in November 2013, we entered into a loan agreement with a branch of Industrial and Commercial Bank of China Limited in Jinzhong, Shanxi Province, pursuant to which a loan facility of up to RMB450 million was granted to us. Our Directors believe that we could have obtained the above bank borrowings in early 2012 using the same pledges of properties, to resolve any cash flow or working capital constraints that may have arisen then if the non-compliance pre-sales did not occur. Revenue derived from these pre-sales made before we received the pre-sales permit were nil, nil and RMB131.0 million for the years ended December 31, 2012, 2013 and 2014, respectively, which represented nil, nil and 15.9% of our total revenues for the same periods. The total GFA of the relevant properties were nil, nil and 33,268 sq. m. for the years ended December 31, 2012, 2013 and 2014, respectively, which accounted for nil, nil and 17.8% of total GFA delivered by us for the same periods. Due to the terms of certain sales agreements, a portion of our remaining non-compliant pre-sales may be recognized as revenue in 2015, which is estimated to be RMB12.9 million and accounting for approximately 3,007 sq. m. of GFA for that property.			(iii) our Company has taken sufficient measures to rectify these non-compliance and to ensure that similar incidents will not re-occur in the future. Our Company has rectified these non-compliance issues by securing the appropriate permit to ensure legal pre-sales. To ensure future compliance, our Company has implemented the appropriate internal control measures and has also established a direct reporting system between the sales agencies we engage and our Company's marketing and planning department to ensure that the sales agencies will not commence pre-sale before obtaining the relevant pre-sale permit. Our Company's marketing and planning department reports regularly to our Directors on the compliance status of our pre-sales. Moreover, the member of our Group (i.e. Beijing Chen Xing) which was involved in these incidents is no longer a member of our Group and our Company has utilized a third-party sales agency whose activities are closely monitored by our Company; (iv) the non-compliance incidents shall not cast doubt on the integrity of our Directors as these incidents were not due to the dishonesty of our Directors nor were they carried out for fraudulent purpose. Instead, such incidents were caused primarily due to the lack of legal knowledge on the possible consequence of the non-compliance incidents by the relevant personnel of a previous member of our Group (i.e. Beijing Chen Xing, which has been disposed of by our Group in November 2014) which carried out the sale of the aforementioned early pre-sale properties; and (v) the non-compliance incidents did not and will not have any material operational impact to our Group as they are self-contained and did not arise from any systematic failure of our Company's internal control. Having concluded that these incidents are not considered as our Company's material non-compliances and taking into account of the matters stated above, our Directors also take the view that these incidents do not have bearing on the collective experience, qualifications and competence of our Directors as required under Rules 3.08 and 3.09 of the Listing Rules or on our Company's suitability for Listing. Based on the above, the Sole Sponsor is also of the view that these non-compliance incidents do not constitute material non-compliances of the Group and do not have bearing on the collective experience, qualifications and competence of our Directors as required under Rules 3.08 and 3.09 of the Listing Rules or on our Company's suitability for Listing.

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
3.	**Non-compliance with respect to social security insurance and housing provident fund contributions**			
	Our PRC subsidiaries, namely, Chen Xing, Jinzhong Development, Chen Xing Sichuan, Chen Xing Commercial and Chen Xing Door & Window, did not fully make certain social security insurance and housing provident fund contributions for their employees.	This was primarily due to the inconsistent implementation or interpretation of the PRC laws and regulations by local authorities and lack of understanding by our responsible staff of the relevant PRC laws and regulations.	According to the relevant PRC laws and regulations, we may be ordered to pay the social security insurance and housing provident fund contribution in arrears and be subject to an overdue penalty on delinquent payment of social security insurance contributions calculated at a daily interest rate of 0.2% before July 1, 2011 and at 0.05% on and after July 1, 2011. Chen Xing, Jinzhong Development, Chen Xing Commercial and Chen Xing Door & Window have received written confirmations from the relevant regulatory authorities that they do not have any records of outstanding payments of social security insurance and housing provident fund, nor any penalties imposed by relevant governmental authorities in relation to social security insurance or housing provident fund contributions during the Track Record Period. Our PRC Legal Advisors are of the view that (i) those relevant regulatory authorities are competent authorities to issue the above confirmations and (ii) based on such confirmations the risk that Chen Xing, Jinzhong Development, Chen Xing Commercial and Chen Xing Door & Window will be required to pay any penalties by such authorities thereto is remote. Therefore, we have made provision of the arrears amount of RMB4.3 million in relation to these subsidiaries. As of September 30, 2014, social security insurance and housing provident fund contributions in arrears of Chen Xing Sichuan was RMB1.4 million with overdue penalties of up to approximately RMB567,987 based on our estimates. Therefore, we have made a provision for such arrears amount and estimated overdue penalties of Chen Xing Sichuan in full. As of the Latest Practicable Date, we had not been ordered by any government authorities to make contributions previously unpaid nor are we aware of any employee complaints or demands for payment of previously unpaid contributions.	Each of Chen Xing, Jinzhong Development, Chen Xing Commercial, Chen Xing Door & Window and Chen Xing Sichuan has received a written confirmation from the relevant regulatory authority in March 2015 that each of them does not have any records of outstanding payments of social security insurance and housing provident fund, and the relevant regulatory authority will not request them to make any overdue contributions. Our PRC Legal Advisors are of the view that those relevant regulatory authorities are competent authorities to issue the above confirmations. We have fully complied with and will continue to comply with the relevant rules and regulations under the instruction of competent local governmental authorities in respect of the contribution for social insurance and housing provident fund for our employees that have accrued since 1 January 2015. We have established enhanced internal control measures to ensure compliance. Please see "— Internal Control Measures to Ensure Future Compliance."

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
4.	**Inter-company loans**			
	Chen Xing made interest-free advances to its subsidiary, Chen Xing Sichuan, with a maximum balance of RMB333.8 million during the Track Record Period.	This was primarily due to lack of understanding by our senior management and Directors in respect of the restrictions on inter-company loans under the General Provisions of Loans (《貸款通則》). These advances were made from Chen Xing's cash generated from operations to Chen Xing Sichuan to satisfy its cash requirements.	Pursuant to General Provisions of Loans, any illegal proceeds received by the lender from the borrower may be forfeited by the PBOC and the lender may be subject to a fine of one to five times of such illegal proceeds. Given that Chen Xing provided advances to Chen Xing Sichuan on an interest-free basis, no income was accrued or received by our Company in respect of such advances. Given that no illegal income was accrued or received by our Company, our PRC Legal Advisors have advised us that the risk that we will be imposed any penalty, including interest or any other penalty, by the relevant government authorities is remote. Having considered the above opinion of our PRC Legal Advisors, our Directors believe that there is no basis for PBOC to impose a fine on us and it is unlikely that any penalty would be imposed by PBOC in respect of the above non-compliance and therefore consider that it is not necessary for our Company to obtain confirmations from PBOC or other competent government authorities on this issue. During the Track Record period and up to the Latest Practicable Date, our Group did not provide or receive any other inter-company loans.	As of December 31, 2014, the outstanding balance of such advances was RMB273.8 million. We ceased to incur any new advance from January 1, 2015 and we have fully settled such balance in April 2015. In addition, we have implemented enhanced internal control measures to ensure that we will not incur non-compliant inter-company loans in the future. Please see "— Internal Control Measures to Ensure Future Compliance."

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
5.	**Failure to complete mandatory annual enterprise inspection**			
	Shanxi Chen Xing and Chen Xing (Taiyuan City) did not complete the mandatory annual enterprise inspection within the timeframe required by the relevant PRC regulations.	This was primarily due to inadvertent oversight of the requirement by our responsible staff at the respective subsidiary/branch in view of the lack of substantive business operations of Shanxi Chen Xing and Chen Xing (Taiyuan City).	The business licenses of Shanxi Chen Xing and Chen Xing (Taiyuan City) were revoked by the relevant local authorities due to its failure to complete the annual enterprise inspection on time. We had not been imposed any fine or other penalty in respect of such failure to complete mandatory annual enterprise inspection. As Shanxi Chen Xing and Chen Xing (Taiyuan City) did not have any substantive business operations, such revocation did not have any material operational or financial impact on us.	The amended Administrative Measures on Enterprise Annual Inspection (《中華人民共和國公司登記管理條例》), which became effective in February 2014, removed the requirement to conduct annual enterprise inspection. In addition, Shanxi Chen Xing was de-registered on December 4, 2014 and Chen Xing (Taiyuan City) was de-registered on January 15, 2015.

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
6.	**Commencement of construction before submitting the requisite fire prevention design filings**			
	We commenced construction of Stage II of Riverside Gardens — Heshun and Phase V of Xin Xing International Cultural Town before submitting the requisite fire prevention design filings.	Primarily due to inadvertent oversight of the relevant requirement by our responsible staff at the respective project company.	In September 2013, we were imposed a fine of RMB5,000 by the relevant local fire prevention authority for our commencement of construction of Phase V of Xin Xing International Cultural Town before submitting the requisite fire prevention design filings. We have fully settled the fine. With respect to Stage II of Riverside Gardens - Heshun, whose construction is completed, we have received approval for the fire prevention design and obtained the fire prevention design completion registration in September 2014. With respect to Phase V of Xin Xing International Cultural Town, whose construction has not yet been completed as of the Latest Practicable Date, we have submitted the fire prevention design filings in August 2014. The relevant local fire prevention authority has issued a confirmation letter dated January 13, 2015 that we have rectified the non-compliances with respect to fire prevention design filings for both Stage II of Riverside Gardens — Heshun and Phase V of Xin Xing International Cultural Town. Our PRC Legal Advisors have confirmed that such local fire prevention authority is the competent authority to issue the relevant confirmation letter. As a result of the foregoing, our PRC Legal Advisors have advised us that the risk that we will be subject to any additional administrative penalty for such non-compliance incidents is remote. As such, we have not made any provision in relation to this non-compliance incidents.	We have fully settled the fine and submitted the relevant fire prevention design filings for Stage II of Riverside Gardens — Heshun and Phase V of Xin Xing International Cultural Town. We have established enhanced internal control measures to ensure that we will submit the fire prevention design filings prior to commencement of construction in the future. Please see "— Internal Control Measures to Ensure Future Compliance."

No.	Non-compliance Incident	Reason(s), identity and position of the person(s) involved	Legal consequences, potential maximum penalties and provisions made	Rectification actions as well as enhanced internal control measures taken and status
7.	**Failure to register some of our lease agreements**			
	As of the Latest Practicable Date, we failed to register three of the lease agreements we entered into as the lessee.	The registration of these lease agreements, of which we are lessees, requires additional steps to be taken by the respective lessors, including submission of certain documentation to the relevant authorities, which may be beyond our control.	Our PRC Legal Advisors have advised us that the lack of registration will not affect the validity and enforceability of these lease agreements. However, the relevant government authorities may impose a fine of up to RMB10,000 for each unregistered lease agreement. As of the Latest Practicable Date, we had not received any rectification order or been subject to any fine in respect of our non-registration of lease agreements. In consideration of the foregoing and the rectification actions we have taken, we have not made any provision in this regard.	We are actively liaising with the respective lessors to take all necessary actions to complete the registration of all such leases. We have established enhanced internal control measures to ensure compliance with respect to registration of our lease agreements in the future. Please see "— Internal Control Measures to Ensure Future Compliance."

INTERNAL CONTROL MEASURES TO ENSURE FUTURE COMPLIANCE

In order to ensure future compliance with applicable laws and regulations and related policies in different operational aspects, we have adopted a written internal control policy, including the following remedial actions since January 2015:

(i) our Directors have attended trainings conducted by our Hong Kong legal advisor on the ongoing obligations, duties and responsibilities of directors of publicly listed companies under the Companies Ordinance, the SFO and the Listing Rules and the Directors are fully aware of their duties and responsibilities as directors of a listed company in Hong Kong;

(ii) we have appointed TC Capital Asia Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules to ensure that, among other things, we are properly guided and advised as to compliance with the Listing Rules and all other applicable laws, rules, codes and guidelines;

(iii) we have established an audit committee which comprises three independent non-executive Directors. The audit committee has also adopted its terms of reference which set out clearly its duties and obligations for ensuring compliance with the relevant regulatory requirements. In particular, the audit committee is empowered under its terms of reference to review any arrangement which may raise concerns about possible improprieties in financial reporting, internal control or other matters; and

(iv) we have established a centralized contract management system to record all our operational and financing agreements and designated the general manager to review all of our agreements entered into on a monthly basis to ensure they comply with relevant regulations and our policies.

We continue to strengthen our internal control system and prevent the re-occurrence of our historical non-compliance incidents by taking the following measures:

(i) a customized training session for our Directors and members of the senior management was held in May 2015 to enhance their knowledge on the applicable PRC laws and regulations. The training session was conducted by our PRC Legal Advisors and it covered topics such as (i) relevant PRC laws and regulations relating to our industry; (ii) corporate governance; (iii) responsibilities and obligations of the management; and (iv) foreign exchange matters. We will, when required, engage external legal advisors to provide legal advice and will continue to provide training to the Directors and members of the senior management in respect of any change in PRC property development laws and regulations applicable to our Group and to focus on the measures taken in relation to the continuous improvement on legal compliance matters from time to time;

(ii) we will provide regular trainings on our internal policies with respect to project management to the Directors, senior management, regional general managers and other key personnel of our Group; and

(iii) we will conduct regular internal control reviews to ensure that the governmental regulations and related policies in different operational aspects are fully complied with.

Having participated in the above actions and trainings, our Directors are fully aware of their ongoing obligations, duties and responsibilities as directors of a listed company in Hong Kong, the relevant legal and regulatory requirements applicable to them and the Group and the establishment and maintenance of a robust internal control system that includes measures to ensure effective internal communications within the Group. Our Directors will continue to receive trainings and take measures to ensure that the above objectives will continue to be observed in the future.

In order to prevent re-occurrence of our historical non-compliance incidents in the future and further strengthen our internal control system, we have taken the following additional measures to improve our corporate governance and internal control:

Non-compliance Incident	Internal control measures	Time of implementation of internal control measures
Commencement of construction before obtaining the requisite certificates and permits **Commencement of construction before submitting the requisite fire prevention design filings**	We have designated the engineering management department at our headquarters to supervise project companies on a weekly basis and ensure that we have obtained all required certificates, permits and other regulatory approvals and all regulatory procedures have been completed before the commencement of construction. To achieve this, we have adopted a written policy requiring all project companies to submit an internal commencement of construction works approval application to our engineering management department via our internal electronic management platform, together with a copy of the relevant certificates, permits and filings, for our senior management's approval. We are responsible for obtaining the requisite land use rights certificates, requisite construction permits and to submit the requisite fire prevention design filing. Our senior management will not approve the application without having received a copy of the relevant certificates, permits and filings. To monitor compliance, compliance with this policy is included as an item in the quarterly, as well as unannounced, inspections by our engineering management department on the development activities of our project companies; it is also included as a factor in the performance assessment of the individual managers of our project companies. In addition, the engineering management department will keep records of regulatory documents of our project companies and remind the project companies to have them renewed before expiry. Furthermore, our project companies will keep communication with relevant regulatory authorities to understand recent updates on the requirements of application or renewal of relevant certificates permits and approvals.	November 2014

Non-compliance Incident	Internal control measures	Time of implementation of internal control measures
Commencement of pre-sale before obtaining the pre-sale permit	We have designated the marketing and planning department at our headquarters to monitor the sales and marketing activities of the sales agencies we engage and ensure that we have obtained the relevant pre-sale permits before commencement of pre-sale. To achieve this, we have adopted a written policy requiring all sales agencies we engage to seek permission to commence pre-sale from our marketing and planning department at our headquarters, which will submit a commencement of pre-sale approval application via our internal electronic management platform, together with a copy of the relevant pre-sale permit, for our senior management's approval. Our marketing and planning department reports regularly to our Directors on the compliance status of our pre-sales. We are responsible for obtaining the requisite pre-sale permits. Our senior management will not approve any sales activities without having received a copy of the relevant pre-sale permit. We have also included in our agreements with sales agencies a provision to require the agencies to sell properties only after the marketing and planning department at our headquarters has informed them that the relevant pre-sale permit has been obtained.	November 2014
Non-compliance with respect to social security insurance and housing provident fund contributions	We have adopted internal rules requiring each subsidiary to strictly comply with social security insurance and housing provident fund contribution regulations and pay full statutory employee benefits for all of its employees. Specifically, the accounting department of each subsidiary will conduct the following actions to implement such internal rules on a monthly basis: (i) compare the number of employees contributing to the relevant funds with the records from the human resources department prior to each contribution; and (ii) withhold the employees' contribution amount from their salary and contribute to the relevant funds directly. To monitor compliance, our accounting department at our headquarters will review the employment benefit contribution records as part of the internal control review and audit of our Group on a bi-annual basis.	January 2015
Inter-company loans	We have adopted a written policy prohibiting providing advances directly to any subsidiary, related party or independent third party or receiving advances directly from non-financial institutions. To implement this policy, all advance requests will originate from the finance departments of our project companies to the general managers of the project companies for review and approval; the general managers, in turn, will submit the requests to our headquarters level for further approval. All cash advance requests need to be approved by our CFO and general manager at our headquarters. We have designated staff members in the treasury management center at our headquarters to review all such advance requests from the project companies according to this policy on a quarterly basis to ensure that the only permissible advances from non-financial institutions will be conducted in the form of entrust loans, which are permitted under PRC laws and regulations. To monitor compliance, our treasury management center will also include the compliance with this policy as part of the annual internal control review and audit of our Group.	January 2015

Non-compliance Incident	Internal control measures	Time of implementation of internal control measures
Failure to register some of our lease agreements	We have adopted a written policy requiring registration of our lease agreement within 10 days after execution. In addition, before execution of a lease agreement, our relevant subsidiary must obtain from the relevant lessor or lessee information and documents for completing the lease registration procedure and submit such information and documents with the lease agreement for the marketing and planning department at our headquarters and our senior management's approval. We require the head of each of our subsidiaries report monthly to the marketing and planning department at our headquarters the number of leases entered into and the relevant registration status and will follow up with the relevant lessor or lessee if a lease agreement has not been timely registered.	November 2014

Mr. G. H. Bai, an executive Director who is responsible for legal affairs of our Group, shall be responsible for overseeing the implementation of the above measures with the assistance of Mr. Wang Binzhou. Based on (i) the due diligence enquiries conducted by the Sole Sponsor in relation to the remedial actions; (ii) the Sole Sponsor's discussions with Baker Tilly Hong Kong Risk Assurance Limited ("**Baker Tilly**"), the internal control consultant, and the PRC Legal Advisor, respectively; (iii) the review of the historical non-compliance incidents set out in this prospectus, and the internal control related documents, information and confirmation provided by us; (iv) the remedial actions adopted or to be adopted by us as set out in this prospectus; and (v) our Directors' views as set out in this prospectus, nothing has come to the attention of the Sole Sponsor that would cause it to believe that our remedial actions on internal control deficiencies are inadequate and insufficient. Please see "Directors and Senior Management" for more details of Mr. G. H. Bai and Mr. Wang Binzhou.

We engaged Baker Tilly on September 23, 2014 to review the effectiveness of internal controls associated with major business processes of our Group, identify deficiencies and improvement opportunities, furnish recommendations on remedial actions from September 23, 2014 to October 17, 2014 and review the implementation status of these remedial actions from November 24, 2014 to December 5, 2014 and from January 22, 2015 to January 30, 2015. The above remedial actions are consistent with those recommended by Baker Tilly in addressing some key findings of its review on our internal controls. Baker Tilly is part of Baker Tilly Hong Kong which is an independent affiliate firm of Baker Tilly International in Hong Kong. Baker Tilly is engaged in providing risk management, internal control and corporate governance advisory services to the listed companies and the listing candidates in Hong Kong.

Based on the findings, recommendations and testing results of the work performed by Baker Tilly, it is considered that such remedial actions are adequate and effective.

Having taken into account the following matters, our Directors are of the view that Mr. G. H. Bai and Mr. Wang Binzhou are competent in overseeing the legal affairs of the Group:

(i) Mr. Wang Binzhou obtained the qualification of Legal Advisor (法律顧問) granted by Department of Personnel of Shanxi Province (山西省人事廳) in December 2002 and he has been qualified to practice law in the PRC since March 2004;

(ii) Mr. Wang Binzhou had worked for Shanxi Shenghe Law Offices (山西聖合律師事務所) from May 2007 to March 2009 as a qualified PRC lawyer, responsible for handling various cases in relation to civil and criminal legal actions;

(iii) Mr. Wang Binzhou's familiarity with the operations and affairs of the Group due to his long and continuing tenure with the Group and his legal background and qualification allow him to provide valuable assistance to Mr. G. H. Bai in overseeing the legal affairs of the Group. Further, Mr. Wang Binzhou has closely worked with our internal control consultant, Baker Tilly, in its review of the effectiveness of internal control system of our Group and also in the review and implementation of remedial actions in connection with the deficiencies, improvement opportunities as well as the non-compliance incidents identified;

(iv) Mr. Wang Binzhou acted as the Deputy General Manager in Administration since February 2012 and his primary responsibility was to oversee the Group's administrative affairs, human resources, information management and liaison with outside parties when the non-compliance incidents listed in the section headed "Legal Proceedings, Compliance and Internal Control — Compliance with Relevant Laws and Requirements — Historical Non-Compliance Incidents" of the "Business" section of this prospectus occurred. During the Track Record Period, our Group did not have a designated officer to supervise the compliance affairs of the Group. Although Mr. Wang Binzhou has assisted in providing certain legal support to the Group during the Track Record Period (for instance, reviewing contracts with outside parties from legal perspective and reviewing certain internal control procedures and policies), his primary responsibility did not cover the monitoring of the Group's compliance affairs or the implementation of the internal control policies by relevant companies within the Group. Given Mr. Wang Binzhou's legal qualification and experience, the Board is of the view that he should play more role in assisting Mr. G.H. Bai in overseeing the legal and compliance affairs of the Group after Listing;

(v) Mr. G. H. Bai and Mr. Wang Binzhou have attended the training provided by the Hong Kong legal advisor to the Company on duties and responsibilities of directors of a listed company in Hong Kong, focusing on the relevant requirements under the Listing Rules; and

(vi) Mr. G. H. Bai and Mr. Wang Binzhou will attend the training provided by the external legal advisors engaged by us in respect of PRC laws and regulations applicable to our Group from time to time.

We have strengthened the internal control measures to prevent the re-occurrence of the non-compliances after the Listing by engaging Jingtian & Gongcheng as our external legal advisor to assist Mr. G. H. Bai and Mr. Wang Binzhou to handle legal affairs of our Group. As such, our Directors and the Sole Sponsor believe that the enhanced internal control measures together with the remedial actions that have been or will be adopted by us prior to the Listing as set out in this prospectus are adequate and effective in preventing the re-occurrence of similar non-compliances in the future after the Listing.

After considering the above remedial actions taken by our Group and our business nature and operation scale, our Directors and the Sole Sponsor are satisfied that our internal control system is adequate and effective for our current operation environment and consider that the non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules and our suitability for listing under Rule 8.04 of the Listing Rules.

Having considered the above remedial actions taken by us and our business nature and operation scale, the Sole Sponsor concurred with our Directors' view that the non-compliance incidents do not have any material impact on the suitability of our Directors under Rules 3.08 and 3.09 of the Listing Rules and our suitability for listing under Rule 8.04 of the Listing Rules.

As of the Latest Practicable Date, save that the audit committee is to be established shortly before the Listing, the above internal control measures had been implemented as planned.

BACKGROUND OF OUR CONTROLLING SHAREHOLDERS

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any options that may be granted under the Share Option Scheme, White Dynasty BVI will hold 57.82% of our issued Shares. Accordingly, White Dynasty BVI is one of our Controlling Shareholders. As of the Latest Practicable Date, White Dynasty BVI is legally and wholly-owned by White Empire BVI. The principal business of White Dynasty BVI is investment holding. For more details of White Dynasty BVI and White Empire BVI, please refer to the section headed "Reorganization — (1) Incorporation of our Controlling Shareholders, offshore intermediate holding companies and our Company" of this prospectus.

On November 13, 2014, to facilitate the family arrangement, Mr. Bai as the settlor established the Family Trust for the benefit of the beneficiaries including Mr. G. H. Bai and any person or class to be appointed by White Empire BVI (as trustee) from time to time. Mr. Bai is the father of Mr. G. H. Bai. For the background of Mr. Bai and Mr. G. H. Bai, who are both our executive Directors, please refer to the section headed "Directors and Senior Management" of this prospectus. On March 18, 2015, White Empire BVI (as trustee) further designated Mrs. Bai as another beneficiary of the Family Trust. Mrs. Bai is the spouse of Mr. Bai.

Since January 1, 2011 or the incorporation date of each companies of the Group (whichever is later), Mr. Bai and Mr. G. H. Bai have adopted a consensus approach to reach decisions on a unanimous basis in making decisions in their capacities as shareholders of our Group. Pursuant to which, they shall act collectively and uniformly from time to time in the exercise of all forms of right as a shareholder (including voting right at general meetings) of any companies of our Group on, among other aspects, declaration of dividends, approval on annual budgetary plans and financial statements, and appointment of auditors ("**Acting-in-Concert Arrangement**").

On February 10, 2015, each of Mr. Bai and Mr. G. H. Bai entered into an acting in concert declaration (the "**Acting-in-Concert Declaration**") to confirm the existence of the Acting-in-Concert Arrangement described above. They further declared that they shall maintain the Acting-in-concert Arrangement unless and until they mutually agree otherwise in writing.

As such, White Dynasty BVI, White Empire BVI, Mr. Bai, Mrs. Bai and Mr. G. H. Bai will together be entitled to directly or indirectly exercise or control the exercise of 30% or more of the voting rights at the general meeting of our Company immediately following completion of the Global Offering and the Capitalization Issue but taking no account of any options that may be granted under the Share Option Scheme. Accordingly, White Dynasty BVI, White Empire BVI, Mr. Bai, Mrs. Bai and Mr. G. H. Bai are considered as our Controlling Shareholders immediately following the Global Offering.

INTEREST OF OUR CONTROLLING SHAREHOLDERS IN OTHER BUSINESSES

Except for Shanxi Wanjia which is as disclosed below, none of our Controlling Shareholders, our Directors nor any of their respective associates had interests in any other companies as of the Latest Practicable Date that may, directly or indirectly, compete with the business of our Group and would require disclosure under Rule 8.10 of the Listing Rules.

Shanxi Wanjia

An associate of our Controlling Shareholders has interests in property management business carried by Shanxi Wanjia which competes or is likely to compete, whether directly or indirectly, with our business.

Shanxi Wanjia was a company established in the PRC with limited liability on December 21, 2010 and Shanxi Wanjia is principally engaged in the business of property management. The operation of Shanxi Wanjia and/or Ms. Bai Lihua's investment in Shanxi Wanjia were not funded by our Group and/or our Controlling Shareholders. A summary of the relevant financial information of Shanxi Wanjia according to the unaudited management accounts prepared in accordance with PRC accounting standards is set forth below:

	For the year ended December 31, 2012	For the year ended December 31, 2013	For the year ended December 31, 2014
	(RMB)	*(RMB)*	*(RMB)*
Total Revenue	2,188,000	4,455,000	4,733,000
Total Net Profits	68,200	70,100	75,200

As of the Latest Practicable Date, Shanxi Wanjia was owned as to 66.67% by Bai Lihua (being (i) the daughter of Mr. Bai (our chairman and one of our executive Directors); (ii) the younger sister of Mr. G. H. Bai (one of our executive Directors); (iii) the niece of Mr. W. K. Bai (our chief executive officer and one of our executive Directors); and (iv) the cousin of Bai Aijing (our chief financial officer)) and as to 33.33% by Wang Weiming, an Independent Third Party. Since Bai Lihua is (i) the daughter of Mr. Bai and Mrs. Bai; and (ii) younger sister of Mr. G. H. Bai, Bai Lihua is considered as an associate of Mr. Bai, Mrs. Bai and Mr. G. H. Bai. As Mr. Bai, Mrs. Bai and Mr. G. H. Bai are considered as our Controlling Shareholders, Bai Lihua, an associate of the Controlling Shareholders, are considered to have interests in property management business carried out by Shanxi Wanjia.

Property Management Services Agreement (Yosemite Valley)

Shanxi Wanjia was awarded the tender on February 5, 2013 and on February 28, 2013, Chen Xing entered into a property management services agreement (the "**Property Management Services Agreement (Yosemite Valley)**") with Shanxi Wanjia, pursuant to which Shanxi Wanjia agreed to provide property management services such as security, property maintenance, gardening and other ancillary services which are reasonably expected of a typical property management company, to the owners of Yosemite Valley Town — Taiyuan (龍城優山美郡), effective from March 1, 2013 until the day on which owner committee re-elects or re-appoints the property management company.

The Property Management Services Agreement (Yosemite Valley) was entered into in the ordinary and usual course of the Group's business and the terms thereof were on normal commercial terms. For the property management services provided or to be provided by Shanxi Wanjia to the owners of Yosemite Valley Town - Taiyuan, Shanxi Wanjia shall charge a service fee to the owners of Yosemite Valley Town-Taiyuan, which was or will be based on the building area of the property in accordance with the relevant fees published by the relevant PRC Government authority.

We have not incurred any property management services expenses under the Property Management Services Agreement (Yosemite Valley) for the years ended December 31, 2012, 2013 and 2014. There is no consideration paid or to be payable by our Group under the Management Services Agreement (Yosemite Valley) and as such, the related transactions under the Management Services Agreement (Yosemite Valley) will fall within the de minimis transactions under Rule 14A.76 of the Listing Rules. Our Directors estimate that there will not be any property management services to be incurred under the Property Management Services Agreement (Yosemite Valley) in the foreseeable future as the service fee is charged to the owners of Yosemite Valley.

Property Management Services Agreement (Xin Xing Cultural Town)

On September 5, 2014, Chen Xing entered into a property management services agreement (the "**Property Management Services Agreement (Xin Xing Cultural Town)**") with Shanxi Wanjia, pursuant to which Shanxi Wanjia agreed to provide property management services such as security, property maintenance, gardening and other ancillary services which are reasonably expected of a typical property management company, to owners of Xin Xing International Cultural Town (新興國際文教城), effective from September 20, 2014 until the day on which owner committee re-elects or re-appoints the property management company.

The Property Management Services Agreement (Xin Xing Cultural Town) was entered into in the ordinary and usual course of the Group's business and the terms thereof were on normal commercial terms. For the property management services provided or to be provided by Shanxi Wanjia to the owners of Xin Xing International Cultural Town, Shanxi Wanjia shall charge a service fee to the owners of Xin Xing International Cultural Town, which was or will be based on the building area of the property in accordance with the relevant fees published by the relevant PRC Government authority.

We have not incurred any property management services expenses under the Property Management Services Agreement (Xin Xing Cultural Town) for the years ended December 31, 2012, 2013 and 2014. There is no consideration paid or to be payable by our Group under the Management Services Agreement (Xin Ying Cultural Town) and as such, the related transactions under the Management Services Agreement (Xin Ying Cultural Town) will fall within the de minimis transaction under Rule 14A.76 of the Listing Rules. Our Directors estimate that there will not be any property management services to be incurred under the Property Management Services Agreement (Xin Xing Cultural Town) in the foreseeable future as the service fee is charged to owners of Xin Xing Cultural Town instead of Chen Xing.

Management Services Agreement (Xin Xing Cultural Town)

On January 2, 2014, Chen Xing entered into a management services agreement (the "**Management Services Agreement (Xin Xing Cultural Town**") with Shanxi Wanjia, pursuant to which Shanxi Wanjia agreed to provide services such as security, cleaning and hospitality services for the Group's sales team in relation to Xin Xing Cultural Town, effective from January 2, 2014 to December 31, 2014.

The Management Services Agreement (Xin Xing Cultural Town) was entered into in the ordinary and usual course of the Group's business and the terms thereof were on normal commercial terms. For the management services provided by Shanxi Wanjia, Shanxi Wanjia charged a management services fee (including tax) based on actual amount of salaries paid by Shanxi Wanjia to the staffs providing the services. For the year ended December 31, 2014, the total amount paid by our Group to Shanxi Wanjia pursuant to the Management Services Agreement (Xin Xing Cultural Town) amounted to RMB241,973.72.

Connected Transaction

We have also entered into the Management Services Agreement with Shanxi Wanjia as more particularly disclosed in the section headed "Connected Transactions — continuing connected transactions which are exempt from reporting, announcement and independent Shareholders' approval requirements" of this prospectus.

Apart from above, to the best knowledge and belief of our Controlling Shareholders and Directors, as of the Latest Practicable Date, none of our Controlling Shareholders, Directors had any interest in any business which competes or is likely to compete, whether directly or indirectly, with our business.

Delineation of business

Our Directors are of the view that there will not be any direct and/or indirect competition between the business of our Group and the business of Shanxi Wanjia on the following basis:

(a) our Group is principally engaged in the development of properties in various cities including Jinzhong and Taiyuan, Shanxi Province and Mianyang, Sichuan Province, while Shanxi Wanjia is principally engaged in providing property management services which are not part of our core business;

(b) Shanxi Wanjia maintains its own operational, managerial and financial personnel independent of our Group; and

(c) the expenses incurred on the provision of property management services by Shanxi Wanjia to us against our Group's aggregate revenue amounted to not more than 0.1% during the Track Record Period and is expected to remain at such trivial level in the future based on our Directors' contemplation of the prevailing business environment.

Our Group established Chen Xing Property Management as its own property management company in April 2014. As advised by our PRC Legal Advisors, under the applicable laws and regulations in the PRC, property management companies shall have been in operation for certain period before obtaining the higher level license to render property management services on large-scale residential projects. Whilst Chen Xing Property Management is only at its initial development stage and yet to obtain the necessary certificate and/or qualification to provide property management services on large-scale residential projects, our Directors confirmed that it shall replace Shanxi Wanjia in the provision of such services to the owners of the property of our projects once the requisite certificate and/or qualification has been obtained.

Our Directors considered that it was not necessary to include Shanxi Wanjia in our Group on the following grounds:

- First, our Directors appreciate that property development and property management constitutes two complementary operations of our Group. Hence, it is in the interests of our Group in the long run to maintain our own property management team for the purpose of achieving managerial seamlessness and branding synergy as well as sales effectiveness;

- Second, our Directors consider that Chen Xing Property Management would replace Shanxi Wanjia in the provisions of property management services to the owners of the property of our projects once the requisite certificate and/or qualification has been obtained; and

- Third, each of the Group and Shanxi Wanjia has its own management teams at both executive and operational levels. Although Shanxi Wanjia is owned as to 66.67% by Bai Lihua (the daughter of Mr. Bai), the operation of Shanxi Wanjia is managed independently by Bai Lihua and neither our Group nor our Directors can influence the decision-making of the management of Shanxi Wanjia. In addition, the Group and Shanxi Wanjia do not have common directors. Given the difference in the ownership composition and management of Shanxi Wanjia and our Group and Shanxi Wanjia has its own client base of property management services, our Directors decided to run its own property management business with the establishment of Chen Xing Property Management.

In addition, to ensure that competition will not exist in the future, our Controlling Shareholders have entered into the Deed of Non-Competition in favor of our Company to the effect that each of them will not, and will procure that each of their respective associates (other than members of our Group), controlled persons and controlled companies not to directly or indirectly participate, acquire or hold any right or interest, provide any support to, financial or otherwise be interested, involved or engaged in or concerned with any business that directly or indirectly competes with the Restricted Business (as defined below). For further details regarding the Deed of Non-Competition, please refer to the sub-section headed "— Deed of Non-Competition" in this prospectus. As such, our Directors are of the view that the property management services provided by Shanxi Wanjia are separate and distinct from our core business and that there is a clear delineation between the property management services provided by Shanxi Wanjia and our core business, as a result of which, none of the property management services provided by Shanxi Wanjia would compete, or is expected to compete, directly or indirectly, with our core business of property development.

INDEPENDENCE FROM OUR CONTROLLING SHAREHOLDERS

Having taken into account the following factors, our Directors are satisfied that our Group can carry on its business independently of our Controlling Shareholders and their respective associates subsequent to the Listing:

Management independence

Our Group's management and operational decisions are made by our Board and a team of senior management. Our Board consists of eight members, with five executive Directors and three independent non-executive Directors, of which only two executive Directors are the Controlling Shareholders.

Each of the Directors is aware of his fiduciary duties as a Director of our Company which requires, among other things, that he acts for the benefit and in the best interests of our Company and does not allow any conflict between his duties as a Director and his personal interests. In the event that there is a potential conflict of interests arising out of any transaction to be entered into between our Group and the Directors or their respective associates, the interested Director(s) shall abstain from voting at the relevant Board meetings in respect of such transactions and shall not be counted in the quorum. Further, the independent non-executive Directors will bring independent judgment to the decision-making process of our Board.

The independent non-executive Directors have been appointed in compliance with the requirements under the Listing Rules to ensure that the decisions of the Board will be made only after due consideration of independent and impartial opinions. The Directors believe that the presence of independent non-executive Directors provides a balance of views and opinions. Further, the Board acts collectively by majority decisions in accordance with the Articles and the laws, and no single Director is supposed to have any decision-making power unless otherwise authorized by the Board.

In addition, the Group has adopted certain corporate governance measures for conflict situation in order to safeguard the interests of the Shareholders as a whole, details of which are set out in the sub-section headed ''— Corporate governance measures''. Having considered the above factors, the Directors are satisfied that they are able to perform their roles in the Company independently; and the Directors are of the view that the Group is capable of managing the business independently from Mr. Bai and Mr. G. H. Bai and their respective close associates after the Listing.

Operational independence

The Group has an independent work force to carry out the design, construction, sales and marketing and accounting functions and has not shared its operation team with the Controlling Shareholders and their respective close associates. The Group has independent access to its suppliers and customers. The Group has also implemented internal controls to facilitate the effective operations of its business. Other than the transactions disclosed in this section and the section headed "Connected transactions" of this prospectus, there was no business transaction between the Group on one hand and the Controlling Shareholders and/or their respective close associates on the other hand during the Track Record Period. Therefore, the Directors consider that the Group's operations do not rely on the Controlling Shareholders and/or any of their respective close associates.

Financial independence

During the Track Record Period and up to the Latest Practicable Date, we had employed a sufficient number of financial accounting personnel to operate our own finance department, had established our own financial accounting system independent of our Controlling Shareholders, had our own bank account and an independent treasury function for cash receipts and payments, as well as made our own tax registrations with the relevant regulatory authorities.

Our Directors are also of the view that our Group does not unduly rely on the advances from or security in respect of bank borrowings supported by corporate / personal guarantees of our Controlling Shareholders and related parties for its business operations. An amount of RMB8.69 million due from a director, an amount of RMB184.4 million due to directors, an amount of RMB3.12 million due to a related party as of December 31, 2014 as disclosed in the breakdown of our net current assets in the section headed "Financial Information — Liquidity and Capital Resources — Net Current assets" and all financial arrangements between our Group and our Controlling Shareholders and/or their respective close associates, including outstanding advances and balances to or from our Controlling Shareholders and/or their respective close associates, have been repaid, released or settled. Further, none of our borrowings from banks and other financial institutions were in any form or to any extent secured or guaranteed by operations of or properties owned by our Controlling Shareholders and, as confirmed by our Directors, we do not have any intention to seek our Controlling Shareholders to provide such securities or guarantees in favor of our borrowings in the foreseeable future. As such, our Directors believe that our Group is capable of obtaining financing from external sources without reliance on our Controlling Shareholders and could therefore operate independently from the financial perspective.

DEED OF NON-COMPETITION

To better safeguard our Group from any potential competition, each of Controlling Shareholders has entered into the Deed of Non-Competition in favor of our Company (for itself and as trustee for its subsidiaries) pursuant to which each of our Controlling Shareholders has, amongst other matters, irrevocably and unconditionally undertaken with our Company on a joint and several basis that at any time during the Relevant Period (as defined below), each of our Controlling Shareholders shall, and shall procure that their respective associates and/or companies controlled by them (other than our Group) shall:-

(i) not, directly or indirectly, be interested, involved or engaged in or acquire or hold any right or interest (in each case whether as a shareholder, partner, agent or otherwise, and whether for profit, reward or otherwise) in any business which competes or is likely to compete directly or indirectly with the core business currently engaged or possibly in the future to be engaged by our Group (including property development) in Hong Kong, the PRC and any other country or jurisdiction to which our Group provides such products or services and/or in which any member of our Group carries on business mentioned above from time to time (the "**Restricted Business**");

(ii) not take any direct or indirect action which constitutes an interference with or a disruption to the business activities of our Group including, but not limited to, solicitation of any existing or the existing customers, suppliers or employee of our Group for employment by them or their associates (excluding our Group);

(iii) not, without the consent from our Company, make use of any information pertaining to the business of our Group which may have come to their knowledge in the capacity as our Controlling Shareholders for any purpose of engaging, investing or participating in any Restricted Business;

(iv) if there is any project or new business opportunity that relates to the Restricted Business (the "**Business Opportunity**") available to any of our Controlling Shareholders or their associates (other than members of our Group):-

a. direct such Business Opportunity to our Group with requisite information to enable our Group to evaluate the merits of the same;

b. who plans to participate or engage in such Business Opportunity, shall give our Company a first right of refusal to participate or engage therein and shall not participate or engage in those activities unless with the principal terms thereof disclosed to and prior written consent obtained from our Company;

c. not pursue such Business Opportunity until our Group has confirmed its rejection to pursue, involve or engage in the same because of commercial reasons, any of our decisions on which will have to be approved by our independent non-executive Directors (at the exclusion of those with beneficial interests in such Business Opportunity), taking into account the prevailing business and financial resources of our Group, the financial resources required for such Business Opportunity and, where necessary, any expert opinion on the commercial viability of the same;

d. on the condition that our Group rejects to pursue such Business Opportunity pursuant to sub-paragraph (iv)c. above, that the principal terms on which the relevant Controlling Shareholder and/or its/his associates pursues such Business Opportunity are substantially the same as or not more favorable than those disclosed to our Company and that the terms of such pursuance, whether directly or indirectly, shall be disclosed to our Company and the Directors as soon as practicable.

(v) keep our Board informed of any matter of potential conflicts of interests between each of our Controlling Shareholders (including its/his associates) and our Group, in particular a transaction between any of our Controlling Shareholders (including its/his associates) and our Group; and

(vi) provide as soon as practicable upon our Company's request to the Directors (including the independent non-executive Directors):-

a. a written confirmation on an annual basis in respect of compliance by it/him with the terms of the Deed of Non-Competition; and

b. all information necessary for the review and enforcement of the undertakings contained in the Deed of Non-Competition by the independent non-executive Directors with regard to such compliance.

The Deed of Non-Competition is conditional on (i) the Listing Division granting listing of, and permission to deal in, all our Shares in issue and to be issued under the Global Offering and our Shares which may be issued upon the exercise of options that may be granted under the Share Option Scheme; and (ii) the obligations of the Underwriter(s) under the Underwriting Agreements becoming unconditional (including, if relevant as a result of the waiver of any condition(s) by the Underwriter(s)) and that the Underwriting Agreements not being terminated in accordance with its terms or otherwise.

For the above purpose, the "**Relevant Period**" means the period commencing from the Listing Date and shall expire on the earliest of the following dates on which:-

(i) our Controlling Shareholders and their associates (individually or taken as a whole) ceases to own an aggregate of 30% of the then issued share capital of our Company, directly or indirectly, or cease to be the controlling shareholders for the purpose of the Listing Rules and do not have power to control our Board;

(ii) our Shares cease to be listed on the Stock Exchange; and

(iii) our Company becomes wholly-owned by any of the Controlling Shareholders and/or their respective associates.

CORPORATE GOVERNANCE MEASURES

In order to properly manage any potential or actual conflict of interests between us and our Controlling Shareholders in relation to compliance and enforcement of the Deed of Non-Competition, we have adopted the following corporate governance measures:-

(i) our independent non-executive Directors shall review, at least on an annual basis, compliance and enforcement of the terms of the Deed of Non-Competition to be complied with by our Controlling Shareholders;

(ii) we will disclose any decisions on matters reviewed and approved by our independent non-executive Directors relating to compliance and enforcement of the Deed of Non-Competition (including but not limited to the decision as to whether or not to pursue any Business Opportunity referred to under sub-paragraph (iv)c. of "— Deed of Non-Competition" above) by our Controlling Shareholders pursuant to sub-paragraph either through our annual report or by way of announcement;

(iii) we will disclose in the corporate governance report of our annual report on how the terms of the Deed of Non-Competition have been complied with and enforced; and

(iv) in the event that any of our Directors and/or their respective associates has material interest in any matter to be deliberated by our Board in relation to compliance and enforcement of the Deed of Non-Competition, he/she may not vote on the resolutions of the Board approving that matter and shall not be counted towards the quorum for the voting pursuant to the applicable provisions in the Articles of Association.

Our Directors consider that the above corporate governance measures are sufficient to manage any potential conflict of interests between our Controlling Shareholders / their respective associates and our Group, and to protect the interests of our Shareholders, in particular the minority Shareholders.

Our Directors confirm that the following transactions, which will continue after Listing, will constitute continuing connected transactions for our Company under Chapter 14A of the Listing Rules.

Continuing connected transactions which are exempt from the reporting, announcement and independent shareholders' approval requirements

Management Services Agreement

On January 2, 2014, Chen Xing entered into a management services agreement (the "**Management Services Agreement**") with Shanxi Wanjia, pursuant to which Shanxi Wanjia agreed to provide management services for unsold rooms in relation to the property projects developed by Chen Xing, effective from January 2, 2014 to December 31, 2016.

The Management Services Agreement was entered into in the ordinary and usual course of the Group's business and the terms thereof were on normal commercial terms. For the management services provided by Shanxi Wanjia, Shanxi Wanjia charged a management services fee for rooms that are not sold and the rate shall not be more than RMB1.00 per square meter per month. The Management Services Agreement only covers the unsold properties held by our Group.

For the years ended December 31, 2014, the total amount paid by our Group to Shanxi Wanjia pursuant to the Management Services Agreement amounted to RMB121,984.61. Our Directors estimate that the maximum annual value of the management services fee to be provided by Shanxi Wanjia under the Management Services Agreement for each of the two years ending December 31, 2015 and 2016 will not exceed RMB300,000 and RMB200,000, respectively. The above annual caps for each of two years ending December 31, 2016 was determined with reference to the total building area of unsold rooms.

Listing Rules Implication

Shanxi Wanjia is a company established in the PRC with limited liability and is owed as to 66.67% by Bai Lihua (being (i) the daughter of Mr. Bai (our chairman and one of our executive Directors); (ii) the younger sister of Mr. G. H. Bai (one of our executive Directors); (iii) the niece of Mr. W. K. Bai (our chief executive officer and one of our executive Directors); and (iv) the cousin of Bai Aijing (our chief financial officer)) and as to 33.33% by Wang Weiming, an Independent Third Party. As such, Shanxi Wanjia is considered a connected person of our Company for the purpose of the Listing Rules and the transactions contemplated under the Management Services Agreement will constitute continuing connected transactions of our Company under Chapter 14A of the Listing Rules upon Listing.

Since each of the applicable percentage ratios for the transactions contemplated under the Management Services Agreement is on an annual basis less than 0.1%, the transactions contemplated under the Management Services Agreement are exempted from the reporting, annual review, announcement and independent shareholders' approval requirements applicable under Chapter 14A of the Listing Rules.

DIRECTORS' CONFIRMATION

Our Directors, including the independent non-executive Directors, consider that the above continuing connected transactions are conducted on normal commercial terms and are fair and reasonable and in the interests of our Company and our Shareholders as a whole and are in the ordinary and usual course of our business.

DIRECTORS

Our Board consists of eight Directors, including five executive Directors and three independent non-executive Directors. All our executive Directors have entered into service contracts with our Group, particulars of which are set out in the section headed "Appendix V — Further Information about Directors and Shareholders — Particulars of Directors' service contracts" to this prospectus.

Certain information of our Directors is set out as follows:-

Name	Age	Date of joining our Group	Present position / title	Date of appointment to the Board	Roles and responsibilities	Relationship with other Directors and senior management members
Mr. Bai Xuankui (白選奎)	62	December 21, 2004	• Executive Director • Chairman	February 5, 2015	Chairman of our Nomination Committee; responsible for the management of the Board, overall strategic planning, business development and corporate governance functions	Mr. Bai is (i) the elder brother of Mr. W. K. Bai; (ii) the father of Mr. G. H. Bai; and (iii) the uncle of Bai Aijing
Mr. Bai Wukui (白武魁)	51	December 21, 2004	• Executive Director • Chief executive officer	February 5, 2015	Responsible for strategic planning and execution, corporate governance functions as well as day-to-day business management	Mr. W. K. Bai is (i) the younger brother of Mr. Bai; (ii) the uncle of Mr. G. H. Bai; and (iii) the uncle of Bai Aijing
Mr. Bai Guohua (白國華)	38	December 21, 2004	• Executive Director	November 12, 2014	Responsible for strategic planning and execution, internal control, public relations and corporate investment functions	Mr. G. H. Bai is (i) the son of Mr. Bai; (ii) the nephew of Mr. W. K. Bai; and (iii) the cousin of Bai Aijing
Mr. Dong Shiguang (董世光)	57	September 1, 2006	• Executive Director	February 5, 2015	Responsible for strategic planning and project operation management	NA
Mr. Zhang Yongcheng (張永成)	59	December 21, 2004	• Executive Director	February 5, 2015	Responsible for strategic planning, corporate administration as well as project and quality management	NA
Mr. Gu Jiong (顧炯)	42	June 12, 2015	• Independent non-executive Director	June 12, 2015	Chairman of our Audit Committee and members of our Nomination Committee and Remuneration Committee; responsible for supervising and providing independent judgment to our Board	NA

Name	Age	Date of joining our Group	Present position / title	Date of appointment to the Board	Roles and responsibilities	Relationship with other Directors and senior management members
Mr. Tian Hua (田華)	51	June 12, 2015	• Independent non-executive Director	June 12, 2015	Chairman of our Remuneration Committee and member of our Audit Committee; responsible for supervising and providing independent judgment to our Board	NA
Mr. Qiu Yongqing (裘永清)	49	June 12, 2015	• Independent non-executive Director	June 12, 2015	Members of our Audit Committee and Nomination Committee; responsible for supervising and providing independent judgment to our Board	NA

Executive Director and Chairman

Mr. Bai Xuankui (白選奎), Mr. Bai aged 62, is one of the founders of our Group, our executive Director as well as Chairman. He was appointed as our Director on February 5, 2015. He is also the chairman of the Nomination Committee of our Group. He is responsible for management of our Board, overall strategic planning, business development and corporate governance functions of the Group.

Mr. Bai founded Chen Xing, being the principal operating subsidiary of our Group in December 2004 and since then served the position of, and was still as of the Latest Practicable Date, the director and the chairman of Chen Xing.

Mr. Bai obtained the postgraduate certificate in master of business administration (工商管理碩士研究生文憑) issued by Tianjin University of Finance & Economics (天津財經學院), the PRC in November 2000. In December 2008, he obtained the qualification as Senior Engineer from Shanxi Township Enterprise Engineering Series Senior Technical Position Evaluation Committee (山西鄉鎮企業工程系列高級技術職務評審委員會). He had substantial experiences in entrepreneurship, corporate management and strategic business planning.

Mr. Bai joined Xinxing Construction Ltd. (新興建築公司) in April 1983 ("**Xinxing Construction**") as Assistant Manager and later promoted to Manager with effect from December 1989, responsible for the company's overall operation and management. He then resigned from Xinxing Construction in May 1992 before moving to Yuci City Enterprise Management Bureau (榆次市城區企業管理局) as Deputy Director in July 1993, responsible for management the stated-owned and collective enterprises in Yuci City. In April 1998, he was appointed by Standing Committee of People's Congress of Yuci City as Commissioner of Yuci City Industrial Economic Commission (榆次市工業經濟委員會) until November 2001, responsible for liaising and solving the economic problems within Yuci City and providing suggested solutions for the problems. In December 2001, he joined Jinzhong City Yuci Region Federation of Industry & Commerce (晉中市榆次區工商業聯合會) as the Chairman, responsible for promoting trading affairs and cooperation, until October 2010. Mr. Bai was also appointed as the Vice Chairman of Jinzhong City Federation of Industry & Commerce (晉中市工商業聯合會), responsible for promoting trade affairs and cooperation, in June 2007 and he served at that position until January 2015.

Other executive Directors

Mr. Bai Wukui (白武魁), Mr. W. K. Bai, aged 51, is our executive Director and chief executive officer of our Group. He is responsible for our strategic planning and execution, corporate governance functions as well as day-to-day business management of the Group.

Mr. W. K. Bai obtained a professional certificate in Civil Engineering Specialty (long distance learning) (工民建專業文憑(函授)) issued by Shanxi Radio & TV University (山西廣播電視大學), the PRC in July 1990 and later obtained the postgraduate certificate in master of business administration (工商管理碩士研究生文憑) issued by Tianjin University of Finance & Economics (天津財經學院), the PRC in November 2000. He obtained the qualification as Engineer from Shanxi Province Engineering Series Intermediate Professional Technical Position Evaluation Committee (山西省工程系列中級專業技術職務評審委員會) and Jinzhong Township (Privately-owned) Enterprise Engineering Series Intermediate Technical Position Evaluation Committee (晉中鄉鎮(民營)企業工程系列中級技術職務評審委員會) in February 2001 and December 2008, respectively. In February 2010, he obtained the qualification as Senior Engineer from Shanxi Township Enterprise Engineering Series Senior Technical Position Evaluation Committee (山西鄉鎮企業工程系列高級技術職務評審委員會).

Mr. W. K. Bai has accumulated over 15 years of experience in the property development industry. He joined Yuci Xinxing Real Estate Development Co., Ltd. (榆次新興房屋開發有限公司) ("**Yuci Xinxing Real Estate**") in January 1997 as director and chief executive officer, responsible for company's development strategy, business plan, financial accounting, administrative and other matters until August 2007. Since December 2004, he has worked in Chen Xing as general manager, responsible for implementation of resolutions of the board and overall management and operation of the company and has been appointed as director in November 2007, responsible for participation in board meetings and involved in major decisions including execution of loans, guarantees and other material contracts by Chen Xing, and still assumed the above positions as of the Latest Practicable Date. He was appointed as Director on February 5, 2015 and re-designated as executive Director on June 12, 2015. He is one of the founders of our Group.

Mr. W. K. Bai also was appointed as the Standing member of China Real Estate Association (中國房地產協會) with effect from March 2010) until March 2014.

Mr. Bai Guohua (白國華), Mr. G. H. Bai, aged 38, is our executive Director. He is responsible for strategic planning and execution, internal control, public relations and corporate investment functions of the Group.

Mr. G. H. Bai obtained a professional certificate in law (法學專業文憑) issued by Shanxi Politics and Law Institute for Administration (山西政法管理幹部學院), the PRC in July 1998. He then undertook and completed an undergraduate degree in law from Shanxi University (山西大學), the PRC, in June 2001. Mr. G. H. Bai further his studies and is taking an Executive Master of Business Administration Degree from Arizona State University, the United States.

Mr. G. H. Bai joined Chen Xing in December 2004 and since then has served the position of Associate Administration Manager (from December 2004 to March 2012) responsible for administration, human resources, information management and liaison with outside parties, Secretary of the board (from November 2007 to December 2014) responsible for liaising the daily operations of the office of the board, organizing the shareholders' meeting and board meetings and Assistant General Manager (from March 2012 to present) responsible for assisting the general manager to implement and execute policies and strategy, operation, financial and other matters of the company. He was appointed as our Director on November 3, 2014 and was re-designated as an executive Director on June 12, 2015 and still assumed that position as of the Latest Practicable Date.

Mr. Dong Shiguang (董世光), Mr. Dong, aged 57, is our executive Director. He is responsible for strategic planning and project operation management.

Mr. Dong obtained the qualification as Engineer granted by Shanxi Province Engineering Series Intermediate Professional Technical Position Evaluation Committee (山西省工程系列中級專業技術職務評審委員會) in December 2000 and then later as a Senior Engineer granted by Shanxi Township Enterprise Engineering Series Senior Technical Position Evaluation Committee (山西鄉鎮企業工程系列高級技術職務評審委員會) in February 2010.

Mr. Dong had accumulated over 15 years of experiences in the property development industry. Mr. Dong had worked with Yuci Xinxing Real Estate as project manager from January 1997 to June 2002, responsible for monitoring the progress, quality and other coordination works of certain construction projects of the company, and then as manager of engineering department from June 2002 to September 2006, responsible for monitoring the progress, quality, technology, procurement, bidding and other works of overall construction projects of the company. After the merger of Yuci Xinxing Real Estate with Chen Xing in December 2005, Mr. Dong worked at Chen Xing as manager from September 2006 to March 2007, responsible for monitoring the progress, quality, technology, procurement, bidding and other works of overall construction projects of the company. He also served as the manager of Chen Xing (Heshun) from September 2006 to March 2007, responsible for monitoring the construction, administration, sales, customer service in relation to the project. He later served as the manager of Chen Xing (Taigu) from March 2007, responsible for monitoring the construction, administration, sales, customer service in relation to the project, and the manager of Chen Xing (Kai Fa) from March 2012, responsible for monitoring the construction, administration, sales, customer service in relation to the project and still assumed the above positions as of the Latest Practicable Date. From December 2007 to March 2012, he also served as the executive director of Chen Xing Sichuan, responsible for monitoring the construction, administration, sales, customer service in relation to the project. He was also appointed as a director of Chen Xing in November 2007 and still assumed that position as of the Latest Practicable Date. He was appointed as our Director on February 5, 2015 and was re-designated as executive Director on June 12, 2015 and still assumed that position as of the Latest Practicable Date.

A lawsuit was filed by 安縣農村信用合作聯社黃土分社 (An County Rural Credit Cooperative Association Huang Tu Branch), the plaintiff, on June 5, 2013 against Mr. Dong, Chen Xing Sichuan and another alleging, among others, that Li Rong, the borrower, had failed to repay a loan, in the alleged sum of RMB3,000,000 and interest and that Mr. Dong, who had allegedly acted as the guarantor of the loan, shall be responsible for the repayment of the amount thereof. To the best knowledge, information and belief of the Directors, there is no relationship between Mr. Dong and Li Rong. People's Court of An County of Sichuan Province (the "**Court**") issued the Civil Execution Order [2013] An Mian Bao No. 51 (2013) (安民保字第51號) to approve the application of the plaintiff for freezing of, among others, the bank deposits of the defendants including Mr. Dong (the "**Preservation Action**"). As such, the bank deposits in the sum of RMB814,000 of Mr. Dong were being frozen. Subsequently, Mr. Dong applied for disputing the fact that the signature on the loan agreement did not belong to him and was fake. In November 2013, the Court engaged an expert to verify the signature on the loan agreement and according to the Mian Wei Si Expert Opinion ([2013] 綿維司[2013]文鑒字第23號文書司法鑒定意見書), it concluded that the signature on the loan agreement did not belong to Mr. Dong. On December 12, 2013, the Court released the Preservation Action against Mr. Dong. The Court then issued the Civil Judgment [2013] An Mian No. 848 (2013)安民民初字第848號 and handed down the judgment, under which the Court accepted the application of the plaintiff to withdraw Mr. Dong and Chen Xing Sichuan as defendants. Mr. Dong then filed a lawsuit against the plaintiff in the abovementioned lawsuit and claimed for economic loss of RMB141,021 as a result of the Preservation Action. On September 11, 2014, the Court issued the Civil Judgment [2014] An Mian No. 1414 (2014) (安民初字第1414號) and handed down the judgment, under which the plaintiff should pay Mr. Dong in the sum of RMB30,809 for the economic loss within 30 days.

Mr. Zhang Yongcheng (張永成), Mr. Zhang, aged 59, is our executive Director. He is responsible for strategic planning, corporate administration as well as project and quality management.

Mr. Zhang had over 15 years of experiences in the property development industry. He joined Yuci Xinxing Real Estate as project manager from January 1997 to December 2004, responsible for monitoring the progress, quality and other coordination works of certain construction projects of the company. After the merger of Yuci Xinxing Real Estate with Chen Xing in December 2005, Mr. Zhang worked at Chen Xing as project manager from December 2004 to October 2008, responsible for monitoring the progress, quality and other coordination works of certain construction projects of the company and then served as manager of Chen Xing (Kai Fa) from October 2008 to February 2013, responsible for monitoring the construction, administration, sales, customer service in relation to the project of the Company. From February 2012 to present, he served as Landscape Manager of Chen Xing, responsible for managing and monitoring the landscaping and decoration works of each project. He was appointed as our Director on February 5, 2015 and was re-designated as executive Director on June 12, 2015 and still assumed that position as of the Latest Practicable Date.

Independent non-executive Directors

Mr. Gu Jiong (顧炯), Mr. Gu, aged 42, is our independent non-executive Director. He is responsible for supervising and providing independent judgment to our Board. He was appointed as Director on June 12, 2015. He is also the chairman of the Audit Committee and members of the Nomination Committee and the Remuneration Committee of our Group.

Mr. Gu obtained a bachelor degree in financial management from Fudan University (復旦大學), the PRC in July 1995. He had been a non-practicing member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since April 2004.

From July 1995 to April 2004, Mr. Gu had worked for Ernst & Young's Shanghai office and was the senior manager of the audit department when he left the firm. He subsequently joined UT Starcom Inc. (stock code: UTSI), whose shares are listed on Nasdaq and is a global telecom infrastructure provider specialized in the provision of packet optical transport and broadband access products to network operators, from April 2004 to December 2009. Mr. Gu then served as the chief financial officer in BesTV New Media Co., Ltd. (stock code: 600637), whose shares are listed on Shanghai Stock Exchange and principally engaged in the provision of technical services, content services and marketing services for television terminals, computer terminals and mobile terminals through a media source platforms, from January 2010 to September 2013. Mr. Gu has been the chief financial officer of CMC Capital Partners (華人文化基金), an investment fund specialized in media and entertainment investments in China and globally, from September 2013 and still assumed that position as of the Latest Practicable Date.

Mr. Tian Hua (田華), Mr. Tian, aged 51, is our independent non-executive Director. He is responsible for supervising and providing independent judgment to our Board. He was appointed as Director on June 12, 2015. He is also the chairman of the Remuneration Committee and a member of the Audit Committee.

Mr. Tian obtained a professional certificate in accountancy issued by Shanxi Finance & Taxation College (山西財政稅務專科學校), the PRC in July 2001. He has been a practicing member of The Chinese Institute of Certified Public Accountants (中國註冊會計師協會) since May 1999. He has substantial experience in public accounting.

Mr. Tian joined Shanxi Zhongyu Certified Public Accountants (山西中宇會計事務所) in August 1998 as Chief Accountant until December 2008. In December 2008, he worked for Shanxi He Pu Hua Certified Public Accountants (山西禾譜華會計事務所) as Accountant and still assumed that position as of the Latest Practicable Date.

Mr. Qiu Yongqing (裘永清), Mr. Qiu, aged 49, is our independent non-executive Director. He is responsible for supervising and providing independent judgment to our Board. He was appointed as our Director on June 12, 2015. He is also members of the Audit Committee and the Nomination Committee.

Mr. Qiu obtained a certificate in engineering issued by Shanxi Radio & TV University (山西廣播電視大學), the PRC in July 1989. He then undertook and completed a two year course in business administration from School of Management of Xian Jiaotong University (西安交通大學管理學院) in July 2000. He also completed a one-year course on Modern Economic and Management from School of Social Science (人文社會科學學院) of Tsinghua University (清華大學), the PRC in November 2004 and a one-year course on training of leadership from the Vocational Management Training Centre (職業經理訓練中心) of Tsinghua University (清華大學), the PRC in November 2006. He further his studies and completed Master of Business Administration Degree from Arizona State University, the United State, in May 2011. In April 2013, Mr. Qiu obtained the qualification of Senior Economist granted by Department of Human Resources and Social Security of Shanxi Province (山西省人力資源和社會保障廳).

Mr. Qiu was appointed as chairman of Shanxi Jintai Venture Capital Co., Ltd. (山西金泰創業投資有限公司) in April 2004, vice-chairman and Chief Manager of Shanxi Small & Medium Enterprises Financing Guarantee Co., Ltd. (山西中小企業發展融資擔保有限公司) in May 2012 and still assumed the above positions as of the Latest Practicable Date. Mr. Qiu was also appointed as member of the Jinzhong City's Committee of Chinese People's Political Consultative Conference (晉中市政協委員) in April 2005, senior expert jointly appointed by Shanxi and Jinzhong Municipal Committee (山西省及晉中市委) in December 2011, vice chairman of Taiyuan Professional Manager Association (太原職業經理人協會) in March 2014.

Other disclosure pursuant to Rule 13.51(2) of the Listing Rules

Save as disclosed above, each of our Directors confirms with respect to him that he (i) did not hold other positions in our Company or members of our Group as of the Latest Practicable Date; (ii) had no other relationship with any Directors, senior management or substantial or Controlling Shareholders of our Company as of the Latest Practicable Date; (iii) did not hold any other directorships in the three years prior to the Latest Practicable Date in any public companies of which the securities are listed on any securities market in Hong Kong and/or overseas; and (iv) there are no other matters concerning our Directors' appointment that need to be brought to the attention of our Shareholders and the Stock Exchange or shall be disclosed pursuant to Rule 13.51(2) of the Listing Rules. As of the Latest Practicable Date, save as the interests of Mr. Bai, Mr. W. K. Bai, Mr. G. H. Bai, Mr. Dong and Mr. Zhang in the Shares which are disclosed in the section headed "Appendix V Statutory and General Information — Further Information about Directors and Shareholders — 12. Directors — (c) Interest and short positions of Directors and chief executive in the Shares, underlying Shares or debentures of our Company and our associated corporation following the Global Offering" in this prospectus, each of our Directors did not have any interest in the Shares within the meaning of Part XV of the SFO.

SENIOR MANAGEMENT

The following table sets out certain information relating to members of our senior management team:-

Name	Age	Position	Date of appointment to the Company	Role and responsibilities	Relationship with other Directors and senior management members
Mr. Jiao Wuli	53	Deputy General Manager of Engineering	January 2011	Responsible for project design, procurement, bidding and construction budget and quality management	—
Mr. Wang Binzhou.........	37	Deputy General Manager of Administration	February 2012	Responsible for administration, human resources, legal, information management and external communications	—
Mr. Bai Aijing	37	Chief Financial Officer	January 2013	Responsible for preparing financial budget, capital budget planning, financing planning and budget management	Mr. Bai Aijing is the nephew of Mr. Bai and Mr. W. K. Bai; and is the cousin of Mr. G. H. Bai
Mr. Zhao Haijun...........	39	Deputy General Manager of Operation	February 2009	Responsible for overall operation and management, market research, feasibility report and sales and marketing planning	—

Mr. Jiao Wuli (焦悟理), Mr. Jiao, aged 53, is the Deputy General Manager of Engineering of our Group, responsible for project design, purchasing, bidding and construction budget and quality management.

Mr. Jiao obtained the professional certificate in Civil Engineering Specialty (工業與民用建築專業文憑) from 太原工業學院(Taiyuan Institute of Technology), the PRC in December 1981. He obtained the qualification as 高級工程師 (Senior Engineer*) granted by Shanxi Construction Profession Senior Engineer Technical Position Evaluation Committee (山西省建設工程專業高級工程師技術職務評審委員會) in April 2004.

Before joining our Group, Mr. Jiao had worked for Shanxi Third Construction Engineering Co., Ltd. (山西省第三建築工程公司) as technical deputy director from February 1990 to January 1994 and deputy manager and chief engineer from January 1994 to March 1996, responsible for overall technical work. In March 1996, he joined Shanxi Construction Engineering (Group) Corporation (山西省建築工程(集團)總公司) ("**Shanxi Construction Engineering**") and worked at its Wuhan Branch as deputy manager and deputy chief engineer, responsible for overall technical works. After he resigned from Shanxi Construction Engineering, in 2007, he joined Chen Xing Sichuan as Deputy General Manager of Engineering, responsible for managing the design, procurement, bidding, construction cost of every project in the company in March 2008. He was then promoted to Deputy General Manager of Engineering of Chen Xing, responsible for managing the design, procurement, bidding, construction cost of every project in the company in January 2011 and still assumed the position as of the Latest Practicable Date.

Mr. Wang Binzhou (王斌周), Mr. Wang, aged 37, is the Deputy General Manager of Administration of our Group, responsible for administration, human resources, legal, information management and external communications.

Mr. Wang undertook and completed the Bachelor degree in law from Tianjin School of Commerce (天津商學院), the PRC in July 1998 and then Master degree in law from Tsinghua University (清華大學), the PRC in July 2008. In December 2002, Mr. Wang obtained the qualification of Legal Advisor (法律顧問) granted by Department of Personnel of Shanxi Province (山西省人事廳) and he was then qualified to practice law in the PRC in March 2004.

Before joining our Group, Mr. Wang had worked for Shanxi Shenghe Law Offices (山西聖合律師事務所) from May 2007 to March 2009 as lawyer, responsible for handling various cases in relation to civil and criminal legal actions. Mr. Wang joined Chen Xing in March 2009 and since then he served the position of General Counsel, responsible for internal legal matters, contract review, compliance review and liaise with external counsel from March 2009 to January 2010, Administrative Officer of the board, responsible for assisting the secretary of the board to organize shareholders' meeting and board meeting and Secretary of Chairman, responsible for assisting the chairman to implement various resolutions, drafting various documents in relation to the board and supervise the management of the company in daily operations from January 2010 to February 2012. He was promoted to Deputy General Manager in Administration, responsible for administration, human resources, information management and liaison with outside parties in February 2012 and still assumed the position as of the Latest Practicable Date.

Mr. Bai Aijing (白皚晶), Mr. Bai Aijing, aged 37, is the Chief Financial Officer of our Group, responsible for preparing financial budget, capital budget planning, securities planning and budget management.

Mr. Bai Aijing obtained the professional certificate of enterprise management from 北京冶金幹部學院(Beijing Metallurgy Cadre College), the PRC in July 1998. He then obtained the certificate of accounting professional granted by Finance Commission of Yuci Region (榆次區財政局) in March 2011.

Mr. Bai Aijing joined Chen Xing in March 2004 and since then he served the position of Accounting Officer, responsible for cost control, tax payment and other accounting work from March 2004 to March 2011 and officer of Asset Management Centre, responsible for cash receipts, bank settlement, currency calculation and asset coordination from March 2011 to January 2013. He was later promoted to Chief Finance Officer, responsible for preparation of financial budgets, capital budget plan, funding scheme and cost management in January 2013 and still assumed the position as of the Latest Practicable Date.

Mr. Zhao Haijun (趙海軍), Mr. Zhao, aged 39, is the Deputy General Manager of Operation of our Group, responsible for overall operation and management, market research, feasibility report and sales and marketing planning.

Mr. Zhao obtained the professional certificate of Project Cost and Management, which is an online learning course, issued by Harbin Institute of Technology (哈爾濱工業大學), the PRC in July 2010. He obtained the qualification as Engineer granted by Jinzhong Township (Private) Enterprise Engineering Series Intermediate Technical Position Evaluation Committee (晉中鄉鎮(民營)企業工程系列中級技術職務評審委員會) in December 2008. He then obtained the qualification as a Registered Real Estate Appraiser granted by Finance Commission of Shanxi Province (山西省財務局) in April 2005.

Mr. Zhao had worked for Yuci Xinxing Real Estate as Marketing Specialist, responsible for marketing, product promotion and customer services from August 1996 to May 1998, Marketing Supervisor, responsible for managing the marketing campaign including marketing research, promotion and advertising, from May 1998 to September 2002 and Marketing Manager, responsible for overall marketing campaign including marketing research, advertisement design, sales and promotion programs from September 2002 to December 2005. After the merger of Yuci Xinxing Real Estate with Chen Xing in December 2005, Mr. Zhao worked for Chen Xing and since then he served the position of Marketing Manager, responsible for overall marketing campaign including marketing research, advertisement design, sales and promotion programs from December 2005 to February 2009. He was later promoted to Deputy General Manager of Operation, responsible for overall operation and management including marketing research, project feasibility report, formulating marketing and promotional programs in February 2009 and still assumed the position as of the Latest Practicable Date.

COMPANY SECRETARY

Ms. Ng Wing Shan (吳詠珊), Ms. Ng is the company secretary of our Company. She was appointed as company secretary of our Company on February 6, 2015.

Ms. Ng is an associate member of The Hong Kong Institute of Charted Secretaries and The Institute of Chartered Secretaries and Administrators in the United Kingdom.

Ms. Ng is an Assistant Vice President of SW Corporate Services Group Limited and her major responsibility is assisting listed companies in professional company secretarial work. She has over 10 years of professional experience in the company secretarial field.

BOARD COMMITTEES

Audit committee

We have established the Audit Committee with written terms of reference in compliance with Rule 3.21 of the Listing Rules as well as the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the same pursuant to a resolution of our Directors passed on June 12, 2015.

The Audit Committee comprises three members, namely Mr. Gu Jiong, Mr. Tian Hua and Mr. Qiu Yongqing, all of whom are independent non-executive Directors. The chairman of our Audit Committee is Mr. Gu Jiong.

The primary responsibilities of the Audit Committee include, among others, (i) providing an independent view of the effectiveness of the financial reporting process, internal control, compliance and risk management systems of our Group, overseeing the audit process and performing other duties and responsibilities as assigned by our Board; (ii) developing and reviewing our policies and practices on corporate governance with legal and regulatory requirements and requirements under the Listing Rules; and (iii) developing, reviewing and monitoring the code of conduct applicable to our Directors and employees.

Remuneration Committee

We have established the Remuneration Committee with written terms of reference in compliance with Rule 3.25 of the Listing Rules as well as the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the same pursuant to a resolution of our Directors passed on June 12, 2015.

The Remuneration Committee comprises three members, namely Mr. Tian Hua, Mr. Gu Jiong and Mr. Bai, out of whom Mr. Tian Hua and Mr. Gu Jiong are independent non-executive Directors whilst Mr. Bai is an executive Director. The chairman of our Remuneration Committee is Mr. Tian Hua.

The primary responsibilities of the Remuneration Committee include, among others, (i) making recommendations to the Board on our policy and structure for all remuneration of Directors and senior management and on the establishment of a formal and transparent procedure for developing policies on such remuneration; (ii) reviewing and approving the management's remuneration proposals with reference to our Board's corporate goals and objectives; and (iii) making recommendations to our Board on the terms of remuneration packages, bonuses and other compensation payable to our Directors and senior management.

Nomination Committee

We have established the Nomination Committee with written terms of reference in compliance with Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the same pursuant to a resolution of our Directors passed on June 12, 2015.

The Nomination Committee comprises three members, namely Mr. Bai, Mr. Qiu Yongqing and Mr. Gu Jiong, out of whom Mr. Bai is an executive Director while Mr. Qiu Yongqing and Mr. Gu Jiong are independent non-executive Directors. The chairman of our Nomination Committee is Mr. Bai.

The primary responsibilities of the Nomination Committee include, among others, (i) making recommendations to our Board regarding candidates to fill vacancies on our Board and/or in senior management; (ii) reviewing and approving our management's remuneration proposals and ensure none of our Directors determine their own remuneration; and (iii) overseeing the process for evaluating the performance of the Board.

CORPORATE GOVERNANCE

The terms of reference of our Board with respect to its corporate governance functions include, among others, (i) developing and reviewing our Company's policies and practices on corporate governance and making recommendations to our Board; (ii) reviewing and monitoring the training and continuing professional development of Directors and members of senior management; (iii) reviewing and monitoring our Company's policies and practices on compliance with legal and regulatory requirements; (iv) developing, reviewing and monitoring the code of conduct and compliance manual (if any) applicable to our Directors and employees; and (v) reviewing our Company's compliance with the code and disclosure requirements as set out in the corporate governance report.

The Directors recognize the importance of incorporating elements of good corporate governance in management and internal control procedures so as to achieve effective accountability. Our Company has established the Audit Committee in compliance with Rule 3.21 of the Listing Rules as well as the Corporate Governance Code and Corporate Governance Report set out in Appendix 14 to the Listing Rules. Besides, our Company has adopted a system of corporate governance.

Further, our Company is committed to the view that the Board should include a balanced composition of executive and independent non-executive Directors so that there is a strong element of independency on the Board, which facilitates the effective exercise of independent judgments in the course of decision-making. Our Company is also committed to the view that the independent non-executive Directors should be of sufficient number, caliber and experience for their views to carry weight, and that they should be free of any business or other relationship which could have interfered or potentially interfere in any material manner with the exercise of their independent judgment.

DIRECTORS' REMUNERATION

The aggregate amount of emoluments, allowances, benefits in kind (including retirement-based contribution) and discretionary bonuses paid by our Group to the five highest paid individuals of our Group (including/excluding the Directors) in respect of the three years respectively ended December 31, 2012, 2013 and 2014 were approximately RMB1,734,000, RMB2,053,000 and RMB2,024,000, respectively.

The executive Directors are also employees of our Company and receive, in their capacity as employees of our Company, compensation in the form of salaries and other allowances and benefits in kind. Our Company reimburses our Directors for expenses which are necessarily and reasonably incurred for providing services to our Company or executing their functions in relation to the operations of our Company.

The aggregate amount of emoluments paid, and benefits in kind granted by our Group to the Directors, in their respective capacity as directors, in respect of the three years respectively ended December 31, 2012, 2013 and 2014 were approximately RMB1,390,000, RMB1,633,000 and RMB1,467,000, respectively. For details, please refer to Note 8 of the Accountants' Report set out in Appendix I to this prospectus. None of the Directors, in their position as directors of members of our Group (except as independent non-executive Directors), had received emoluments or benefits in kind from us during the Track Record Period.

During the Track Record Period, no remuneration was paid by our Group to, or receivable by, our Directors or the five largest-paid individuals (i) as an inducement to join or upon joining our Group or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group. In addition, none of our Directors has waived any emoluments.

Save as disclosed above, no other payments have been paid or are payable by our Group to our Directors and the five highest paid individuals during the Track Record Period.

SHARE OPTION SCHEME

We have conditionally adopted a Share Option Scheme pursuant to which eligible participants may be granted options to subscribe for Shares as recognition and acknowledgement, in the form of incentives or rewards, of their contributions made to our Group and any entity in which any member of our Group holds any equity interests. Our Directors believe that the implementation of the Share Option Scheme, which will be effected in accordance with Chapter 17 of the Listing Rules and other relevant rules and regulations, enables our Group to, not just motivate those eligible participants under the said scheme to optimize their performance efficiency for the benefit of us, but also recruit and retain high caliber executives and employees in pursuance of our long-term growth and development. The principal terms of the Share Option Scheme are summarized under "Appendix V — Other Information — Share Option Scheme" to this prospectus.

COMPLIANCE ADVISOR

We have appointed TC Capital Asia Limited as our compliance advisor pursuant to Rule 3A.19 of the Listing Rules. Pursuant to Rule 3A.23 of the Listing Rules, the compliance advisor will advise us, among others, on the following matters:-

(1) the publication of any regulatory announcement, circular or financial report;

(2) where a transaction, which might constitute a notifiable or connected transaction, is contemplated, including share issues and share repurchases;

(3) where our Company proposes 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

(4) where the Stock Exchange makes an inquiry of us regarding unusual movements in the price, trading volume of our Shares or any other matters under Rule 13.10 of the Listing Rules.

The term of appointment of our compliance advisor shall commence on the Listing Date and expire on the date of dispatch of our annual report in respect of our financial results for the first full financial year commencing after the Listing Date and such appointment shall be subject to extension by mutual agreement.

SUBSTANTIAL SHAREHOLDERS

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

(a) Interest in the Shares

Name of Shareholder	Nature of interest and capacity	Number of Shares held [1]	Approximate shareholding percentage of our Company after Global Offering and the Capitalization Issue
White Dynasty BVI	Beneficial owner	289,120,000 Shares (L)	57.82%
White Empire BVI[2]	Interest of a controlled corporation	289,120,000 Shares (L)	57.82%
Mr. Bai[3]	Settlor of a discretionary trust	289,120,000 Shares (L)	57.82%
Mr. G. H. Bai[4]	Beneficiary of a discretionary trust	289,120,000 Shares (L)	57.82%
Mrs. Bai[5]	Beneficiary of a discretionary trust	289,120,000 Shares (L)	57.82%
Zhang Lindi[6]	Interest of spouse	289,120,000 Shares (L)	57.82%
White Legend BVI	Beneficial owner	54,120,000 Shares (L)	10.82%
Mr. W. K. Bai[7]	Interest of a controlled corporation	54,120,000 Shares (L)	10.82%
Gan Xuelin[8]	Interest of spouse	54,120,000 Shares (L)	10.82%

Notes:

1. The letters "L" denotes the respective "long position" (as defined under Part XV of the SFO) of the relevant person / entity in such Shares.

2. As of the Latest Practicable Date, White Dynasty BVI was our corporate Controlling Shareholder and was wholly-owned by White Empire BVI. White Empire BVI is taken to be interested in any Shares in which White Dynasty BVI is interested pursuant to the SFO. White Empire BVI is the trustee of the Family Trust, established for the benefit of Mr. G. H. Bai, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai (our chairman and one of our executive Directors) is the settlor of the Family Trust.

3. Given that Mr. Bai is the settlor of the Family Trust, he is therefore deemed to be interest in the Shares held by White Dynasty BVI by virtue of the SFO.

4. Given that Mr. G. H. Bai is the beneficiary of the Family Trust, Mr. G. H. Bai is therefore deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO.

5. Mrs. Bai is the wife of Mr. Bai. Given that Mrs. Bai is the beneficiary of the Family Trust, she is therefore deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO.

6. Zhang Lindi is the wife of Mr. G. H. Bai. Given that Mr. G. H. Bai is deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO, she is therefore deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO.

7. As of the Latest Practicable Date, White Legend BVI was legally and beneficially wholly-owned by Mr. W. K. Bai (one of our executive Directors and chief executive officer). Given that Mr. W. K. Bai holds a controlling interest in White Legend BVI, he is deemed to be interested in the Shares held by White Legend BVI by virtue of the SFO.

8. Gan Xuelin is the wife of Mr. W. K. Bai. Given that Mr. W. K. Bai is deemed to be interested in the Shares held by White Legend BVI by virtue of the SFO, she is therefore deemed to be interested in the Shares held by White Legend BVI by virtue of the SFO.

Further details of interests and short position(s) (if any) of the above persons in the Shares are set out in the paragraph headed “Further Information about Directors and Shareholders” in “Appendix V — Statutory and General Information” to this prospectus.

(b) **Interest in the share capital of other members of our Group**

Name	Relevant Company	Capacity	Approximate percentage of shareholding
Sichuan Changxing (Holdings) Limited	Chen Xing Sichuan	Beneficial owner	16.11%
Jinzhong Kai Fa Region Investment Properties Limited	Jinzhong Development	Beneficial owner	49%

SHARE CAPITAL

		HK$
Authorized share capital		
1,000,000,000	Shares of HK$0.01 each	10,000,000
Issued and to be issued, fully paid or credited as fully paid		
10,000	Shares in issue at the date of this prospectus	100
399,990,000	Shares to be issued pursuant to the Capitalization Issue	3,999,900
100,000,000	Shares to be issued pursuant to the Global Offering	1,000,000
500,000,000	Shares	5,000,000

ASSUMPTIONS

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

RANKING

The Offer Shares and the Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme will rank equally with all of the Shares now in issue or to be issued, and will qualify for all dividends or other distributions declared, made or paid on the Shares in respect of a record date which falls after the date of this prospectus except for the entitlement under Capitalization Issue.

SHARE OPTION SCHEME

Our Company has conditionally adopted the Share Option Scheme. A summary of the principal terms of the Share Option Scheme is set out in the paragraph headed "Other information — 15. Share Option Scheme" in "Appendix V — Statutory and General Information" to this prospectus.

GENERAL MANDATE TO ISSUE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to allot, issue and deal with Shares with a total nominal value of not more than the sum of:-

- 20% of the aggregate nominal value of our share capital in issue immediately following completion of the Global Offering and the Capitalization Issue; and

- the aggregate nominal value of our share capital repurchased by our Company (if any) pursuant to the repurchase mandate (as referred to below).

The allotment and issue of Shares under a rights issue or pursuant to the exercise of any subscription rights, warrants which may be issued by our Company from time to time, scrip dividend scheme or similar arrangement 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 on the exercise of options granted under the Share Option Scheme do not generally require the approval of shareholders of our Company in general meeting and the aggregate nominal amount of Shares which our Directors are authorized to allot and issue pursuant to this mandate will not be compromised by the allotment and issue of such Shares.

This mandate will expire:-

- at the conclusion of our next annual general meeting; or

- on the date by which our next annual general meeting is required by the Articles or any applicable law of the Cayman Islands to be held; or

- when the authority given to our Directors is revoked or varied by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the paragraph headed "Information about our Company" in "Appendix V — Statutory and General Information" to this prospectus.

GENERAL MANDATE TO REPURCHASE SHARES

Conditional on the Global Offering becoming unconditional, our Directors have been granted a general unconditional mandate to exercise all the powers of our Company to repurchase Shares with an aggregate nominal value of not more than 10% of the total nominal value of our share capital in issue immediately following the completion of the Global Offering and the Capitalization Issue. This mandate only relates to repurchases made on the Stock Exchange, or any other stock exchange on which the securities of our Company may be listed (and recognized by the SFC and the Stock Exchange for this purpose), and otherwise in accordance with the rules and regulations of the SFC, the Stock Exchange, the Cayman Islands Companies Law and all other applicable laws. Further information required by the Stock Exchange to be included in this prospectus regarding the repurchase of Shares is set out in the paragraph headed "Information about our Company — 7. Repurchase by our Company of our own securities" in "Appendix V — Statutory and General Information" to this prospectus.

This mandate will expire:-

- at the conclusion of our next annual general meeting; or
- on the date by which our next annual general meeting is required by the Articles or any applicable law of the Cayman Islands to be held; or
- when the authority given to our Directors is revoked or varied by an ordinary resolution of our Shareholders at a general meeting,

whichever is the earliest.

For further details of this general mandate, please refer to the paragraph headed "Information about our Company" in "Appendix V — Statutory and General Information" to this prospectus.

CIRCUMSTANCES UNDER WHICH GENERAL MEETING AND CLASS MEETING ARE REQUIRED

The circumstances under which general meeting and class meeting are required are provided in the Articles of Association. For details, please see the section headed "Appendix IV — Summary of the constitution of the Company and Cayman Islands Company Law" of this prospectus.

You should read the following information in conjunction with our audited consolidated financial statements as of and for the years ended December 31, 2012, 2013 and 2014 included in the Accountants' Report in Appendix I to this prospectus.

Our audited consolidated financial statements have been prepared in accordance with HKFRSs, which may differ in material aspects from generally accepted accounting principles in other jurisdictions.

The following discussion and analysis contain forward-looking statements about events that involve risks and uncertainties. Our actual results may differ from those anticipated in these forward-looking statements as a result of a number of factors, including those set forth in "Risk Factors" and elsewhere in this prospectus.

OVERVIEW

We are one of the leading property developers in Shanxi Province, focusing on development projects primarily comprising residential and, to a lesser extent, commercial properties. We commenced our property development operations in Jinzhong, Shanxi Province in 1997. For nearly 20 years, adhering to the principles of "building our brand through good faith to enhance our earnings" ("以誠信創品牌，以品牌增效益"), we have implemented a regional development strategy of utilizing Jinzhong as our home base, with expansion into Taiyuan. We have also successfully expanded our footprint to Mianyang, Sichuan Province. In 2013, we ranked 279th among the "Top 500 Property Developers in China" and we ranked first among all property developers based in Shanxi Province, which was jointly selected by the China Real Estate and Housing Research Association (中國房地產研究會), the China Real Estate Industry Association (中國房地產業協會) and the China Real Estate Appraisal Center (中國房地產測評中心).

During the Track Record Period, we derived our revenue primarily from the sale of residential properties. For the years ended December 31, 2012, 2013 and 2014, our revenue was RMB258.5 million, RMB303.2 million and RMB825.9 million, respectively. We anticipate that we will continue to derive our revenue primarily from the sale of residential properties in the coming periods.

BASIS OF PRESENTATION

Pursuant to the Reorganization as more fully explained in the section headed "Reorganization", the Company became the holding company of the companies now comprising the Group on December 24, 2014. As the Reorganization only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the consolidated financial statements during the Track Record Period has been presented as a continuation of the existing company using the pooling of interests method.

Accordingly, 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 of December 31, 2012, 2013 and 2014 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.

KEY FACTORS AFFECTING OUR PERFORMANCE

Our business, results of operations and financial condition are affected by a number of factors, many of which are beyond our control. Some of the key factors include the following:

Economic Growth, Speed of Urbanization and Demand for Properties in the PRC

The economic growth, urbanization and rising standards of living in the PRC have been the main driving forces behind the increasing market demand for properties. The property industry in the PRC is significantly dependent on the PRC's overall economic growth, including the increase in purchasing power of PRC consumers and the resulting demand for quality properties. Developments in the economy and the rate of urbanization have in the past increased the supply of and demand for residential properties and affected pricing trends in the property section in the regions where we operate. The overall economic growth in the PRC and the rate of urbanization will continue to be affected by a number of macroeconomic factors, including changes in the global economy as well as the macroeconomic, fiscal and monetary policies of the PRC Government. If we fail to respond to changes in market conditions in a timely manner, our business, results of operations and financial condition may be adversely affected.

The Regulatory Environment and Measures Affecting the Property Industry in the PRC

Our business, results of operations and financial condition have been, and will continue to be, significantly affected by the regulatory environment in China and by PRC governmental policies and measures on property development and related industries. In recent years, the PRC Government has implemented a series of measures with a view to controlling the growth of the PRC property market. In particular, the PRC Government has taken various restrictive measures to discourage speculation in the property market and to increase the supply of affordable residential properties. From time to time, the PRC Government adjusts or introduces macroeconomic control policies to encourage or restrict development in the private property sector through regulating, among other things, land grants, pre-sales of properties, interest rates and taxation. Measures taken by the PRC Government to control money supply, credit availability and fixed assets also have a direct impact on our business and results of operations. The PRC Government may also introduce initiatives which may affect our access to capital and the means by which we may finance our property development projects.

In recent years, in response to the rising property prices across the country, the PRC Government has announced new policies and adopted new measures to curtail speculation in the property market and imposed more stringent requirements on property developers. The new measures include, among other things, higher minimum down payment requirements, restrictions on purchase of properties and increases in bank lending rates for mortgage financings. We expect PRC regulatory policies and measures in the property industry to continue to impact our business, results of operations and financial condition.

Our Ability to Identify and Acquire Quality Land at Reasonable Costs

Land acquisition costs are one of the major components of our cost of sales for property development. Our business, results of operations and financial condition depend on our ability to identify and acquire quality development land at reasonable costs. We expect that competition among property developers for land that is suitable for property development will continue to intensify, which may in turn drive further increases in land prices. In addition, PRC governmental land supply policies may further intensify competition for land among PRC property developers. For example, the statutory means of public tender, auction and listing-for-sale practice in respect of the grant of state-owned land use rights have contributed to increased competition for suitable land for development and, consequently, increased land acquisition costs. Such increased land acquisition costs will increase our cost of sales and have a negative impact on our gross profit margin. Furthermore, in November 2009, the PRC Government raised the minimum down payment of land premium to 50.0% and required that land premium be fully paid within one year after the signing of a land grant contract, subject to limited exceptions. In March 2010, the MLR further issued the "Notice on Certain Issues on Strengthening Land Supply and Supervision of Real Estate" (《關於加強房地產用地供應和監管有關問題的通知》), which stipulated that the lowest land grant price should not be less than 70% of the benchmark land price in which the granted land is located and the real estate developers' bid deposit should not be less than 20% of the lowest grant price. These and future changes of policy may have a material adverse effect on our cash flows and our ability to acquire suitable land for our growth.

Timing and Length of Property Development

Our results of operations tend to fluctuate from period to period. The number of property developments that a developer can undertake during any particular period is limited by the substantial amount of capital required to fund land acquisitions and to pay construction costs, as well as by the supply of land and other factors. The development of a property project may take several months, or even years, before the commencement of pre-sales, depending on the size and difficulty of the project, and even longer to complete. According to our accounting policy for revenue recognition, although the pre-sale of a property generates positive cash flows for us in the period in which it is made, no revenue is recognized in respect of the sale of a property until its development has been completed and the property has been delivered to the purchaser. Please see "— Critical Accounting Policies and Estimates — Revenue Recognition" for more details. Since the delivery of our properties varies according to our construction timetable, the revenue from sales of properties we can recognize in a particular period may also largely depend on the GFA and timing of delivery of the properties we sell. Delays in construction, regulatory approval and other development processes may also adversely affect the timetable of our projects, which in turn will affect the recognition of our revenue. Due to the foregoing limitations, timing differences and uncertainties, our results of operations have fluctuated in the past and are likely to continue to fluctuate in the future and furthermore, our interim results may not be indicative of our annual results. In order to mitigate these fluctuations, we strategically schedule some of our large-scale projects so they will be at different stages of development during any particular period.

Pre-sales

Pre-sales constitute one of the important sources of our operating cash flows during our project development process. PRC laws and regulations allow us to pre-sell properties before their completion upon satisfaction of certain requirements and require us to use the pre-sale proceeds to finance their development. The amount and timing of cash inflows from pre-sales are affected by a number of factors, including not only our internal schedules but also restrictions on pre-sales imposed by the PRC Government, availability and affordability of mortgage financings for our purchasers, market demand for our properties subject to pre-sale and the number of our properties available for pre-sale. The relevant pre-sale requirements vary from city to city and pre-sale proceeds of a project are required to be used to finance its development. In addition, reduced cash flows from pre-sales of our properties may increase our reliance on external financing, which may increase our costs and adversely affect our results of operations and ability to finance our continuing property developments.

Access to and Cost of Financing

Property development requires substantial capital investments for land acquisition and construction, and it may take several months or even years before positive cash flows can be generated. Bank borrowings have been, and we expect will continue to be, an important source of funding for our property developments. Our access to capital and cost of financing are affected by restrictions imposed from time to time by the PRC Government, including any regulations or measures adopted by the PBOC that restrict bank lending, especially those that restrict the ability of property developers to obtain financing. As commercial banks in the PRC link the interest rates on their loans to benchmark lending rates published by the PBOC, we expect that any increase in the benchmark lending rates will increase our borrowing costs generally. Please see "Risk Factors — Risks Relating to Our Business — Our financing costs are subject to changes in interest rates, and our sales and pre-sales will be affected if mortgage financing becomes more costly or more difficult to obtain." As of December 31, 2012, 2013 and 2014, our total bank borrowings amounted to RMB259.5 million, RMB469.0 million and RMB627.0 million, respectively. The effective interest rates for our bank loans were within the range of 6.76% to 9.96% for the year ended December 31, 2012, 6.76% to 8.10% for the year ended December 31, 2013 and 6.15% to 7.68% for the year ended December 31, 2014. An increase in our finance costs may negatively affect our profitability and results of operations, and the availability of financing may affect our ability to engage in our project development activities, which may adversely affect our results of operations.

The effect of increases in interest rates on our financing costs would not be immediately apparent due to the capitalization of our borrowing costs in our consolidated financial statements. A significant portion of our finance costs are capitalized at the time they are incurred to the extent such costs are directly attributable to land acquisition and property construction. Upon completion of a property project and once the related properties have been delivered to purchasers, the capitalized interest expenses on these properties will be recognized in the cost of sales in our consolidated statements of comprehensive income. In addition, any increases in interest rates will affect the costs of mortgage financing to potential purchasers of our properties, which in turn may affect demand for our properties.

Product Mix

We derive substantially all of our revenue from sales of our property developments, most of which are residential properties. We price our properties by taking into account various factors, including prevailing local market prices and market conditions, the type, location and positioning of the properties as well as our costs of properties sold, including construction costs. Furthermore, the price of properties in different cities can vary significantly as do the related construction and land acquisition costs. Therefore, our results of operations and cash flows may vary from period to period depending on the types, location and total GFA of properties delivered as well as the ASPs of these properties. For example, the relatively low recognized ASP for Stage II of Riverside Gardens — Heshun contributed to a 29.6% decrease in recognized ASP for properties delivered for 2013 as compared with 2012, which in turn contributed to a decrease in gross profit margin to 27.5% for 2013 from 28.8% for 2012. Please see "— Period to Period Comparison of Results of Operations" for detailed discussions on the impact of the changes in total GFA delivered, ASPs, construction costs and other factors on our results of operations.

Construction Costs

Construction costs constitute a substantial portion of our costs of sales and, historically, construction materials costs have been the primary driver of our construction costs. For the years ended December 31, 2012, 2013 and 2014, our construction costs (excluding capitalized interests) were RMB133.0 million, RMB165.8 million and RMB442.1 million, respectively, representing 72.3%, 75.4% and 75.3%, respectively, of our total cost of sales for these periods. Construction costs may fluctuate as a result of changes in the prices of key construction materials such as steel and concrete.

Substantially all of the costs of construction materials have been accounted for as part of the contractor fees upon settlement with the relevant contractors. We did not cap the prices for procurement of most of the construction materials in our construction agreements, and therefore, may bear the risks arising from price fluctuations and may be required to reimburse our contractors for any shortfall. Prolonged increases in the price of construction materials will prompt contractors to change their fee quotes for new contracts, thus increasing our cost of sales and overall project cost. Our profitability may suffer if we cannot pass on any resulting increases in construction costs to our customers. Furthermore, as we typically pre-sell our properties prior to their completion, we may be unable to pass on any increases in costs to our customers if construction costs increase subsequent to such pre-sale. Please see "Risk Factors — Risks Relating to Our Business — Fluctuations in the price of construction materials and labor costs could adversely affect our business and financial performance."

Performance of and the Terms and Conditions of our Arrangements with External Contractors

We engage external construction contractors to provide us with construction services. We also engage external designers to provide property design services for our property development projects. While we work closely with our external contractors and monitor the quality and progress of the construction and design processes, respectively, the external contractors we choose and hire during the process can introduce a performance risk which can have an adverse effect on our results of operations. Please see "Risk Factors — Risks Relating to Our Business — We rely on external contractors and suppliers to deliver our projects on time and up to our specified quality standards" and "Business — Our Property Development Process — Delivery and After-sales Services — Delivery of Completed Properties."

Our construction costs have been affected by rising labor costs in the PRC in recent years, and we expect the trend to continue in the future. Increasing labor costs are reflected in the terms and conditions of our arrangements with external contractors, which may in turn have an adverse effect on our results of operations and financial condition.

LAT

Our property developments are subject to LAT with respect to the appreciated value of the related land and improvements on such land. LAT applies to both domestic and foreign investors in property development in China, and is levied at progressive rates ranging from 30% to 60% of the appreciation of land value. We recorded total LAT expenses of RMB9.6 million, RMB15.8 million and RMB19.8 million for the years ended December 31, 2012, 2013 and 2014, respectively. Provisions for LAT are made upon recognition of revenue. As of the Latest Practicable Date, we had made all prepayments and/or full provisions for LAT in compliance with the relevant LAT laws and regulations in China as interpreted and enforced by the relevant local tax authorities. However, the provision for LAT requires our management to estimate and use a significant amount of judgment. We cannot assure you that the relevant tax authorities will completely agree to the basis on which we have calculated our LAT liabilities for provision purposes, or that such provisions will be sufficient to cover all LAT obligations that tax authorities may ultimately impose on us. Our financial condition and results of operations may be materially and adversely affected if our LAT liabilities as calculated by the relevant tax authorities are substantially higher than our provisions.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have identified below the accounting policies that we believe are the most critical to our consolidated financial statements. Our significant accounting policies and key assumptions concerning the future are set forth in detail in Notes 2 and 3 to the Accountants' Report included as Appendix I to this prospectus. These accounting policies require subjective or complex judgments by our management, often as a result of the need to make estimates about the effect of matters that are inherently uncertain. Certain accounting estimates are particularly sensitive because of their significance to our consolidated financial statements. We continue to evaluate our estimates and associated assumptions and base them on our historical experience and various other factors, including expectation of future events, that we believe are reasonable under the circumstances, the results of which form the basis for making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results typically differ from these estimates. The estimates and assumptions that may have a significant effect on the carrying amounts of assets and liabilities mainly include those related to property development activities.

Government Grants

Government grants are recognized at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognized as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. For the government grant received to support the Group's listing application process, it is recognized as a liability upon receipt and will be recognized as income when all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual installments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue Recognition

Revenue is recognized when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) *Sale of completed properties*

Revenue from the sale of properties is recognized when the risks and rewards of the properties are transferred to the purchasers. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated statement of financial position under current liabilities.

(b) *Property leasing income*

Revenue derived from the leasing of the Group's properties is recognized on a time proportion basis over the lease terms.

(c) *Interest income*

Revenue is recognized on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Properties under Development

Properties under development are intended to be held for sale after completion. On completion, the properties are transferred to completed properties held for sale.

Properties under development are stated at the lower of cost and net realizable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless they will not be realized in one normal operating cycle. Upon completion, the properties are transferred to completed properties held for sale.

Completed Properties Held for Sale

Completed properties held for sale are stated in the statement of financial position at the lower of cost and net realizable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realizable value takes into account the price ultimately expected to be realized, less estimated costs to be incurred in selling the properties.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, namely, assets that necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of those assets. The capitalization of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalized. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Investment Properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognized in profit or loss in the year of the retirement or disposal.

For a transfer from completed properties held for sale to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognized in profit or loss.

We determine whether completed properties held for sales would be transferred to investment properties when, and only when, there is a change in use, evidenced by the following criteria: (a) we have prepared a business plan that reflects the future rental income generated by the property and this is supported with evidence that there is demand for rental space; (b) we can demonstrate that we have the resources, including the necessary financing or capital, to hold and manage an investment property; (c) the change in use is legally permissible; (d) if the property must be further developed for the change in use, developed has commenced and (e) change in use is approved by board resolution.

CERTAIN KEY ITEMS AFFECTING OUR CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

Revenue

Our revenue represents the net invoiced value of properties sold, after allowances for returns and trade discounts. During the Track Record Period, we derive our revenue from sale of properties and, to a lesser extent, property leasing income, net business tax and government surcharges. The table below sets forth our revenue by source for the periods indicated:

	Year Ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Sale of properties	271,316	105.0%	317,052	104.6%	870,856	105.4%
Property leasing income	4,922	1.9%	5,349	1.7%	5,717	0.7%
	276,238	106.9%	322,401	106.3%	876,573	106.1%
Less: Business tax and government surcharges	(17,734)	6.9%	(19,201)	6.3%	(50,685)	6.1%
Total	**258,504**	**100.0%**	**303,200**	**100.0%**	**825,588**	**100.0%**

Sale of Properties

During the Track Record Period, we generated our revenue primarily from developing and selling properties in Jinzhong, Mianyang and Taiyuan. We expect that income from sale of properties will continue to account for substantially all of our revenue in the near future. Our revenue for any given period is dependent upon GFA delivered and the selling prices of the properties we deliver during such period. The GFA delivered for any given period is driven primarily by property development schedules. ASPs are primarily affected by market demand, the type, location and positioning of the properties and our costs of properties sold, including construction costs. Market demand and conditions of the PRC property industry change from period to period and are affected by the overall economy of the PRC, including the purchasing power of consumers in the PRC and the resulting demand for properties. During the Track Record Period, our GFA delivered and ASP and therefore our revenue fluctuated from period to period depending on the types, location and size of the projects, as well as the stage in which our property development projects' development were in. The table below sets forth the total revenue recognized from sale of properties before deduction of business tax and government surcharges, the aggregate GFA delivered and the recognized ASP for the periods and projects indicated:

Project	2012 Revenue		2012 GFA delivered	2012 ASP(1)	2013 Revenue		2013 GFA delivered	2013 ASP(1)	2014 Revenue		2014 GFA delivered	2014 ASP(1)
	RMB'000	*%*	*(sq.m.)*	*(RMB/ sq.m.)*	*RMB'000*	*%*	*(sq.m.)*	*(RMB/ sq.m.)*	*RMB'000*	*%*	*(sq.m.)*	*(RMB/ sq.m.)*
Jinzhong												
Mandarin Gardens—Taigu (太谷文華庭院)	4,146	1.5	1,741	2,381	865	0.3	220	3,941	—	—	—	—
Riverside Gardens—Heshun (和順濱河小區)												
Stage I	1,852	0.7	1,073	1,726	216	0.1	129	1,675	496	0.1	297	1,670
Stage II	—	—	—	—	99,193	31.3	50,955	1,947	277	0.1	136	2,037
Xin Xing International Cultural Town (新興國際文教城)												
Phase II	—	—	—	—	3,108	1.0	1,180	2,634	—	—	—	—
Phase III	15,020	5.4	4,665	3,220	79,640	25.0	25,171	3,164	—	—	—	—
Phase IV	—	—	—	—	—	—	—	—	217,669	24.8	49,907	4,361
SOLO Apartments (尚座公寓)	178	0.1	55	3,236	3,278	1.0	817	4,010	—	—	—	—
Upper East Gardens (上東庭院)												
Phase II	5,025	1.9	1,474	3,409	5,459	1.7	1,709	3,194	—	—	—	—
Grand International Mall & Apartments (君豪國際)	38,900	14.4	9,399	4,139	32,523	10.2	7,727	4,209	—	—	—	—
Taiyuan												
Yosemite Valley Town-Taiyuan (龍城優山美郡)												
Phase I (Southern District)	—	—	—	—	—	—	—	—	472,496	54.5	96,984	4,872
Mianyang												
Elite Gardens (綿陽天禦)	—	—	—	—	47,761	15.1	11,242	4,248	159,485	18.2	35,248	4,525
Yosemite Valley Town—Mianyang (綿陽優山美郡)	206,195	76.0	47,131	4,375	45,009	14.3	9,695	4,642	20,433	2.3	4,726	4,323
Total	**271,316**	**100.0%**	**65,538**	**4,140**	**317,052**	**100.0%**	**108,845**	**2,913**	**870,856**	**100.0%**	**187,298**	**4,649**

Year Ended December 31,

Note:

(1) ASP is calculated as revenue before deduction of business tax and government surcharges divided by GFA delivered.

Consistent with industry practice, we typically enter into pre-sale agreements with purchasers while the properties are still under development but after satisfying the conditions for pre-sale in accordance with PRC laws and regulations. Before the criteria for the recognition of sales of properties are met, deposits and installment payments received from purchasers are included in the consolidated statement of financial position under current liabilities. Please see "— Critical Accounting Policies and Estimates — Revenue Recognition" in this prospectus for more details.

Property Leasing Income

Our property leasing income represents income generated from leasing our investment properties. The table below sets forth a breakdown of our property leasing income generated for the periods indicated before deduction of business tax and government surcharges:

	Year Ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Grand International Mall & Apartments (君豪國際)	2,743	55.7%	3,230	60.4%	4,026	70.4%
East Lake Mall (東湖井)	2,179	44.3%	2,119	39.6%	1,691	29.6%
Total	**4,922**	**100.0%**	**5,349**	**100.0%**	**5,717**	**100.0%**

Business Taxes and Surcharges

Business taxes and surcharges include certain miscellaneous business and other taxes payable by us and our various operating subsidiaries in accordance with local laws and regulations in connection with our business activities. Business taxes are generally levied at 5% of revenue from our property development subsidiaries, while surcharges vary from city to city, usually ranging from 10% to 12% of business tax.

Cost of Sales

Cost of sales represents cost of properties sold, which consists of costs directly associated with revenue from sales of properties recognized during the given period. During the Track Record Period, cost of properties sold included construction costs, land acquisition costs and capitalized borrowing costs. We recognize the cost of properties sold for a given period to the extent that revenue from such properties has been recognized in such period. Prior to their completion, properties under development are included in our consolidated balance sheets carried at the lower of cost and net realizable value.

The following table sets forth information relating to our cost of sales for the periods indicated:

	Year ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Construction costs	133,045	72.3%	165,834	75.4%	442,065	75.2%
Land acquisition costs	47,921	26.0%	33,803	15.4%	119,142	20.3%
Capitalized borrowing costs	3,052	1.7%	20,283	9.2%	26,236	4.5%
Total cost of sales	**184,018**	**100.0%**	**219,920**	**100.0%**	**587,443**	**100.0%**

The following table sets forth an analysis of our cost of sales:

	Year ended December 31,		
	2012	2013	2014
GFA delivered (sq.m.)	65,538	108,845	187,298
Average cost of properties sold per sq.m. delivered (RMB)[(1)]	2,808	2,020	3,136
Average construction costs per sq.m. delivered (RMB)[(2)]	2,030	1,523	2,360
Average land acquisition costs per sq.m. delivered (RMB)[(3)]	731	311	636
Average capitalized borrowing costs per sq.m. delivered (RMB)[(4)]	47	186	140
Average selling price per sq.m. delivered (RMB)[(5)]	4,140	2,913	4,649
Average cost of properties as % of average selling price[(5)]	67.8	69.3	67.5

Notes:

(1) Average cost of properties sold per sq.m. delivered is derived by dividing cost of properties sold by GFA delivered.

(2) Average construction costs per sq.m. delivered is derived by dividing construction costs by GFA delivered.

(3) Average land acquisition costs per sq.m. delivered is derived by dividing land acquisition costs by GFA delivered.

(4) Average capitalized borrowing costs per sq.m. delivered is derived by dividing total capitalized borrowing by GFA delivered.

(5) Average selling price per sq.m. delivered is derived by revenue before deduction of business tax and government surcharges by GFA delivered.

Construction Costs

Construction costs include all of the costs for the design and construction of a project, including payments to third-party contractors and design firms and cost of construction materials. Our construction costs are affected by a number of factors such as changes in construction labor costs and construction materials costs (particularly steel and concrete), type of location of properties, choice of materials to be used, landscaping and investments in ancillary facilities.

Land Acquisition Costs

Land acquisition costs represent costs relating to the acquisition of the rights to occupy, use and develop land, primarily including land grant fees and other land related taxes and government surcharges. Our land acquisition costs are influenced by a number of factors, including location of the underlying property project, regional property market condition, timing of the land acquisition, the project's plot ratio and the designated use of the underlying land. Land acquisition costs are also affected by our method of acquisition and subject to changes in policies and regulations of the PRC Government. During the Track Record Period, our land acquisition costs included demolition and resettlement costs in connection with certain land use rights that we acquired.

Capitalized Borrowing Costs

We capitalize a portion of our cost of bank borrowings (including interest expenses) to the extent that such cost is directly attributable to the development of a particular property project. Fluctuations in the amount and timing of capitalization from period to period may also affect our finance costs.

Gross Profit and Gross Profit Margin

Gross profit represents revenue less cost of sales. Our gross profit for the years ended December 31, 2012, 2013 and 2014 was RMB74.5 million, RMB83.3 million and RMB238.4 million, respectively. Our gross profit margin for the years ended December 31, 2012, 2013 and 2014 was 28.8%, 27.5% and 28.9%, respectively.

Other Income and Gains

The following table sets forth our other income and gains for the periods indicated:

	Year Ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Other income						
Government grants[1]	217	1.4%	—	—	—	—
Bank interest income	561	3.5%	1,318	73.4%	2,338	42.3%
Income from available-for-sale investments	55	0.3%	75	4.2%	2,912	52.7%
Others[2]	121	0.7%	47	2.6%	34	0.6%
	954	5.9%	1,440	80.2%	5,284	95.6%
Gains						
Fair value gains on investment properties	14,252	87.7%	256	14.3%	—	—
Gain on disposal of investment properties	1,042	6.4%	—	—	—	—
Gain on disposal of items of property, plant and equipment	—	—	99	5.5%	—	—
Gain on disposal of subsidiary	—	—	—	—	244	4.4%
	15,294	94.1%	355	19.8%	244	4.4%
Total	**16,248**	**100.0%**	**1,795**	**100.0%**	**5,528**	**100.0%**

Notes:

(1) Primarily consisted of tax refunds and other subsidies related to expense items, which were provided to us and are not subject to any conditions. These are not government grants given to support the Group's Listing application process.

(2) Primarily includes non-refundable good faith deposit forfeited after some customers opted not to purchase our properties before signing the formal sale or pre-sale agreements.

Other Income

Other income consists primarily of bank interest income, which represents interest income on bank deposits.

Gains

Other gains consist primarily of fair value gains on investment properties, gain on disposal of investment properties and gain from disposal of items of property, plant and equipment.

Our investment properties are recorded as non-current assets in our consolidated statements of financial position at fair value as of each balance sheet date as determined by independent valuations. Gains arising from changes in the fair value of our investment properties are accounted for as gains in our consolidated statements of comprehensive income, which may have a material effect on our profits. The valuation of property involves the exercise of professional judgment and requires the use of certain bases and assumptions. The fair value of our investment properties may have been higher or lower if a different set of bases or assumptions is used. In addition, upward revaluation adjustments reflect unrealized capital gains on our investment properties as of the relevant balance sheet dates and do not generate any cash inflow for our operations. The amounts of fair value adjustments have changed, and may continue to change based on property market conditions in China.

For the years ended December 31, 2012, 2013 and 2014, we have recorded a fair value gains on investment properties of RMB14.3 million, RMB256,000 and nil, respectively. The fair value gains on investment properties for the year ended December 31, 2012 and 2013 were related to the appreciation in value of the retail outlets of East Lake Mall and Grand International Mall & Apartments. However, we cannot assure you that similar levels of fair value gains will be recognized in the future.

We have the discretion to dispose of certain investment properties when we believe such disposal will generate more economic return. Once an investment property is disposed of, it is excluded from our investment properties and the difference between the net proceeds and the carry value is accounted for as a gain or loss. The gains on such disposal of investment properties are recognized as other gains and the losses thereon are recognized as other expenses.

Selling and Marketing Expenses

Selling and marketing expenses primarily include marketing and promotion expenses (which include sales commissions in relation to our outsourced marketing activities), selling and marketing staff costs, maintenance expenses and other expenses relating to the sales and marketing of our properties. Our selling and marketing expenses in a given period are affected by the number of new property development projects whose pre-sales were launched in that period.

The following table sets forth a breakdown of our selling and marketing expenses for the periods indicated:

	Year ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Marketing and promotion	10,825	48.7%	7,486	40.3%	23,474	60.7%
Staff costs	5,577	25.1%	5,800	31.2%	5,465	14.1%
Office and travelling	648	2.9%	1,442	7.7%	1,262	3.3%
Others	5,174	23.3%	3,862	20.8%	8,454	21.9%
Total	**22,224**	**100.0%**	**18,590**	**100.0%**	**38,655**	**100.0%**

Administrative Expenses

Administrative expenses primarily include administrative staff costs, land use and real estate tax, stamp duty and other surcharges, depreciation costs, office and travelling expenses and other miscellaneous expenses.

The following table sets forth a breakdown of our administrative expenses for the periods indicated:

	Year ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Staff costs	7,777	33.8%	8,409	35.5%	9,724	26.8%
Depreciation and amortization	2,449	10.7%	3,548	15.0%	3,849	10.6%
Entertainment, rental, office and transportation expense	6,611	28.8%	3,906	16.5%	5,284	14.6%
Tax and surcharge	4,651	20.2%	5,017	21.2%	5,666	15.6%
Professional fee	250	1.1%	1,000	4.2%	375	1.0%
Others	1,256	5.4%	1,790	7.6%	11,403	31.4%
Total	**22,994**	**100.0%**	**23,670**	**100.0%**	**36,301**	**100.0%**

Other Expenses

Other expenses consists primarily of net loss on disposal of property, plant and equipment, loss on disposal of investment properties as well as other miscellaneous expenses. Our other expenses were RMB3,000, RMB753,000 and RMB224,000, respectively, for the years ended December 31, 2012, 2013 and 2014.

Finance Costs

Finance costs primarily consist of interest on bank loans and on related party borrowings, less capitalized interest. Interest on borrowings relating to project development is capitalized to the extent they are directly attributable to a particular project and used to finance the development of that project. Because the development period for a project does not necessarily coincide with the interest payment period of the relevant loan, not all of the interest costs related to a project can be capitalized. As a result, our finance costs fluctuate from period to period depending on the amount of interest costs that are capitalized within the reporting period.

The following table sets forth a breakdown of our finance costs for the periods indicated:

	Year ended December 31,		
	2012	2013	2014
	(RMB in thousands)		
Interest expenses			
Interest on bank loans	26,786	31,506	43,300
Interest on related party borrowings	15,460	17,033	11,317
Total	42,246	48,539	54,617
Less: interest capitalized	(35,763)	(42,786)	(52,456)
Total finance costs	**6,483**	**5,753**	**2,161**

Income Tax Expense

Our income tax expense for a given year or period primarily includes EIT and LAT. Fluctuations in our effective tax rate from period to period are primarily due to changes in our LAT rates. For the years ended December 31, 2012, 2013 and 2014, our effective tax rate (calculated as income tax expense divided by profit before tax) was 46.6%, 61.2% and 35.3%, respectively. As of the Latest Practicable Date, we had paid or made provisions for paying all relevant taxes and did not have any disputes or unresolved issues with the relevant tax authorities.

The following table sets forth a breakdown of our income tax expense for the periods indicated:

	Year ended December 31,		
	2012	2013	2014
	(RMB in thousands)		
Current tax			
Income tax charge	9,901	11,711	85,336
LAT	9,622	15,800	19,833
Deferred tax	(1,351)	(5,295)	(45,123)
Total tax charge for the year/period	**18,172**	**22,216**	**60,046**

EIT

Our subsidiaries are subject to EIT in China. Under the EIT Law and its implementation rules, the statutory tax rate for all of our PRC subsidiaries has been 25.0% since January 1, 2011.

LAT

Under PRC laws and regulations, our PRC subsidiaries that are engaged in the property development business are subject to LAT as determined by the local authorities in the location in which each project is located. All income from the transfer of State-owned land use rights, buildings and their attached facilities in the PRC is subject to LAT at progressive rates ranging from 30.0% to 60.0% of the appreciation value as defined in the relevant tax laws and regulations. Certain exemptions are available for the sale of ordinary residential properties if the appreciation values do not exceed 20.0% of the total deductible items (as defined in the relevant tax laws and regulations). Sales of commercial properties are not eligible for such exemptions. Whether a property qualifies for the ordinary residential property exemption is determined by the local government. Historically, sales of higher end residential properties and commercial properties were generally assessed at higher appreciation values, and were therefore generally subject to higher LAT rates. On December 28, 2006, the SAT issued the "Notice on the Settlement Management of Land Appreciation Tax on Real Estate Enterprises" (《關於房地產開發企業土地增值稅清算管理有關問題的通知》), which provides further clarifications to the settlement of LAT. Local provincial tax authorities can formulate their own implementation rules according to the notice and local situations. On May 12, 2009, the SAT issued the "Regulations of Land Appreciation Tax Settlement Administration" (《土地增值稅清算管理規程》) which further clarifies the special conditions and procedures for the settlement of LAT. We estimate and make provisions for the full amount of applicable LAT in accordance with the requirements set out in the relevant PRC tax laws and regulations. We prepay 1.0% to 5.0% of the sales and pre-sale proceeds each year as required by the local tax authorities in accordance with prevailing market practice which varies by locality and property type. During the years ended December 31, 2012, 2013 and 2014, we incurred LAT expenses of RMB9.6 million, RMB15.8 million and RMB19.8 million, respectively.

Hong Kong Profits Tax

No provision for Hong Kong profits tax has been made during the Track Record Period as we did not generate any assessable profits arising in Hong Kong.

Cayman Islands Tax

Based on tax regulations in the Cayman Islands, we are not subject to Cayman Islands income or capital gains tax because we operate as an exempted company.

BVI Tax

We are not subject to income or capital gains tax in the BVI.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth certain items derived from our consolidated statements of comprehensive income for the periods indicated:

	Year Ended December 31,					
	2012		2013		2014	
	(RMB in thousands except for percentages)					
Revenue	258,504	100.0	303,200	100.0	825,888	100.0
Cost of sales	(184,018)	71.2	(219,920)	72.5	(587,443)	71.1
Gross profit	74,486	28.8	83,280	27.5	238,445	28.9
Other income and gains	16,248	6.3	1,795	0.6	5,528	0.7
Selling and marketing expenses	(22,224)	(8.6)	(18,590)	(6.2)	(38,655)	(4.7)
Administrative expenses	(22,994)	(8.9)	(23,670)	(7.8)	(36,301)	(4.4)
Other expense	(3)	(<0.1)	(753)	(0.2)	(224)	(<0.1)
Finance costs	(6,483)	(2.5)	(5,753)	(1.9)	(2,161)	(0.2)
Share of loss of joint venture	—	—	—	—	(151)	(<0.1)
Profit before tax	39,030	15.1	36,309	12.0	166,481	20.2
Income tax expenses	(18,172)	7.0	(22,216)	7.3	(60,046)	7.3
Profit for the year	20,858	8.1	14,093	4.7	106,435	12.9
Attributable to:						
Owners of the parent	20,858	8.1	14,434	4.8	104,342	12.7
Non-controlling interests	—	—	(341)	(0.1)	2,093	0.2

PERIOD TO PERIOD COMPARISON OF RESULTS OF OPERATIONS

Year Ended December 31, 2014 Compared to Year Ended December 31, 2013

Revenue

Our revenue increased by 172.4% to RMB825.9 million for the year ended December 31, 2014 from RMB303.2 million for the year ended December 31, 2013. This increase was primarily due to an increase in revenue generated from the sale of properties.

Sale of Properties

The following table sets forth a breakdown of our revenue recognized from sale of properties (before deduction of business tax and government surcharges), GFA delivered and recognized ASP, for each listed project or project phase for the year ended December 31, 2013 and 2014, respectively:

	Year Ended December 31,							
	2013				2014			
Project	**Revenue**(1)		**GFA delivered**(1)	**ASP**(1)(2)	**Revenue**(1)		**GFA delivered**(1)	**ASP**(1)(2)
	RMB'000	*%*	*(sq.m.)*	*(RMB/ sq.m.)*	*RMB'000*	*%*	*(sq.m.)*	*(RMB/ sq.m.)*
Jinzhong								
Mandarin Gardens — Taigu (太谷文華庭院)								
Commercial	865	0.3	220	3,941	—	—	—	—
	865	0.3	220	3,941	—	—	—	—
Riverside Gardens—Heshun (和順濱河小區)								
Stage I								
Residential	216	0.1	129	1,675	496	0.1	297	1,670
	216	0.1	129	1,675	496	0.1	297	1,670
Stage II								
Residential	99,193	31.3	50,955	1,947	277	0.1	136	2,037
	99,193	31.3	50,955	1,947	277	0.1	136	2,037
Xin Xing International Cultural Town (新興國際文教城)								
Phase II								
Residential	3,108	1.0	1,180	2,634	—	—	—	—
	3,108	1.0	1,180	2,634	—	—	—	—
Phase III								
Residential	79,640	25.0	25,171	3,164	—	—	—	—
	79,640	25.0	25,171	3,164	—	—	—	—
Phase IV								
Residential	—	—	—	—	217,669	24.8	49,907	4,361
	—	—	—	—	217,669	24.8	49,907	4,361
SOLO Apartments (尚座公寓)								
Commercial	3,278	1.0	817	4,010	—	—	—	—
	3,278	1.0	817	4,010	—	—	—	—
Upper East Gardens (上東庭院)								
Phase II								
Residential	5,459	1.7	1,709	3,194	—	—	—	—
	5,459	1.7	1,709	3,194	—	—	—	—

Project	Year Ended December 31, 2013 Revenue[1]		GFA delivered[1]	ASP[1][2]	2014 Revenue[1]		GFA delivered[1]	ASP[1][2]
	RMB'000	*%*	*(sq.m.)*	*(RMB/ sq.m.)*	*RMB'000*	*%*	*(sq.m.)*	*(RMB/ sq.m.)*
Grand International Mall & Apartments (君豪國際)								
Residential	32,523	10.2	7,727	4,209	—	—	—	—
	32,523	10.2	7,727	4,209	—	—	—	—
Mianyang								
Elite Gardens (綿陽天禦)								
Residential	47,761	15.1	11,242	4,248	159,485	18.2	35,248	4,525
	47,761	15.1	11,242	4,248	159,485	18.2	35,248	4,525
Yosemite Valley Town—Mianyang (綿陽優山美郡)								
Residential	45,009	14.3	9,695	4,642	20,433	2.3	4,726	4,323
	45,009	14.3	9,695	4,642	20,433	2.3	4,726	4,323
Taiyuan								
Yosemite Valley Town — Taiyuan (龍城優山美郡) Phase I (Southern District)								
Residential	—	—	—	—	472,496	54.5	96,984	4,872
	—	—	—	—	472,496	54.5	96,984	4,872
Total	**317,052**	**100.0**	**108,845**	**2,913**	**870,856**	**100.0**	**187,298**	**4,649**

Notes:

(1) Revenue generated from, GFA delivered and ASP of residential portion of the project and project phases above also include car parking spaces sold if applicable.

(2) ASP is calculated as revenue before deduction of business tax and government surcharges divided by GFA delivered.

Revenue generated from sale of properties before deduction of business tax and government surcharges increased by 174.6% from RMB317.1 million for the year ended December 31, 2013 to RMB870.9 million for the year ended December 31, 2014 due to the increase in ASP and increase in GFA delivered.

ASP increased by 60.0% from RMB2,913 per sq.m. for the year ended December 31, 2013 to RMB4,649 per sq.m. for the year ended December 31, 2014, primarily due to the increase in GFA delivered for Phase I of Yosemite Valley Town—Taiyuan and Phase IV of Xin Xing International Cultural Town, the ASP of which was relatively higher than our other properties, which was partially offset by a decrease in GFA delivered of Stage II of Riverside Gardens — Heshun for the year ended December 31, 2014, the ASP of which was relatively lower than our other projects. The total GFA delivered increased by 72.1% from 108,845 sq.m. for the year ended December 31, 2013 to 187,298 sq.m. for the year ended December 31, 2014, primarily due to the completion and delivery of a portion of Phase I of Yosemite Valley Town — Taiyuan, a portion of Phase IV of Xin Xing International Cultural Town and a portion of Elite Gardens for the year ended December 31, 2014.

Property Leasing Income

Property leasing income before deduction of business tax and government surcharges, increased by 7.5% from RMB5.3 million for the year ended December 31, 2013 to RMB5.7 million for the year ended December 31, 2014, primarily due to an increase in property leasing income generated from Grand International Mall & Apartments primarily as a result of increase in GFA leased.

Cost of Sales

Cost of sales increased by 167.1% to RMB587.4 million for the year ended December 31, 2014 from RMB219.9 million for the year ended December 31, 2013. This increase was primarily attributable to increases in average cost of properties sold per sq.m. delivered and an increase in total GFA delivered. Average cost of properties sold per sq.m. delivered increased by 55.2% from RMB2,020.5 per sq.m. for the year ended December 31, 2013 to RMB3,136.4 per sq.m. for the year ended December 31, 2014, primarily due to (i) a significant decreases in revenue attributable to Stage II of Riverside Gardens — Heshun as a percentage of our revenue for the year ended December 31, 2014 as compared with the year ended December 31, 2013 and (ii) the completion and delivery of a portion of Phase IV of Xin Xing International Cultural Town, a portion of Phase I of Yosemite Valley Town—Taiyuan and a portion of Elite Gardens during the year ended December 31, 2014. The average cost of properties sold per sq.m. delivered of Stage II of Riverside Gardens — Heshun was relatively lower and the average cost of properties sold per sq.m. delivered of portions of Phase IV of Xin Xing International Cultural Town, Phase I of Yosemite Valley Town—Taiyuan and Elite Gardens were relatively higher.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 186.2% to RMB238.4 million for the year ended December 31, 2014 from RMB83.3 million for the year ended December 31, 2013. Our gross profit margin increased to 28.9% for the year ended December 31, 2014 from 27.5% for the year ended December 31, 2013, primarily due to the completion and delivery of portions of Phase IV of Xin Xing International Cultural Town and Phase I of Yosemite Valley Town—Taiyuan, which contributed to a significant percentage of our gross profit for the year ended December 31, 2014 and generated relatively higher gross profit margins.

The table below sets forth the gross profit and gross profit margin of the properties we sold for each listed project or project phase for the year ended December 31, 2013 and 2014, respectively:

	Year Ended December 31,			
	2013		2014	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	*(%)*	*(RMB'000)*	*(%)*
Jinzhong				
Mandarin Gardens — Taigu (太谷文華庭院)	331	38.3	—	—
Riverside Gardens—Heshun (和順濱河小區)				
Stage I	70	32.4	226	45.6
Stage II	21,521	21.7	195	70.1
Xin Xing International Cultural Town (新興國際文教城)				
Phase II	1,709	55.0	—	—
Phase III	33,864	41.7	—	—
Phase IV	—	—	80,708	37.1
SOLO Apartments (尚座公寓)	864	26.4	—	—
Upper East Gardens (上東庭院)				
Phase II	2,796	51.2	—	—
Grand International Mall & Apartments (君豪國際)	18,593	57.2	—	—
Taiyuan				
Yosemite Valley Town—Taiyuan (龍城優山美郡)				
Phase I (Southern District)	—	—	162,982	34.5
Mianyang				
Elite Gardens (綿陽天禦)	6,119	12.8	34,672	21.7
Yosemite Valley Town—Mianyang (綿陽優山美郡)	11,265	25.0	4,630	22.6

Other Income and Gains

Other income and gains increased from RMB1.8 million for the year ended December 31, 2013 to RMB5.5 million for the year ended December 31, 2014, primarily due to income of RMB2.9 million from available-for-sale investments during the year ended December 31, 2014.

Selling and Marketing Expenses

Selling and marketing expenses increased by 108.1% to RMB38.7 million for the year ended December 31, 2014 from RMB18.6 million for the year ended December 31, 2013, primarily due to an increase in marketing and promotion expenses, which was attributable to (i) an increase in sales commissions to third-party sales agents primarily as a result of our increased contracted sales of Phase I of Yosemite Valley Town — Taiyuan and Phase V of Xin Xing International Cultural Town and (ii) an increase in advertising and publicity expenses of Northern District of Phase I of Yosemite Valley Town and Phase V of Xin Xing International Cultural Town in connection with the launch of pre-sales for these two phases.

Administrative Expenses

Administrative expenses increased by 53.2% to RMB36.3 million for the year ended December 31, 2014 from RMB23.7 million for the year ended December 31, 2013, primarily attributable to (i) one-off expenses in 2014 as a result of our Listing expenses and related professional fees, which we did not incur in 2013 and (ii) an increase in administrative staff costs as a result of increased administrative staff headcount in line with the expansion of our operations.

Other Expenses

Other expenses decreased to RMB224,000 for the year ended December 31, 2014 from RMB753,000 for the year ended December 31, 2013, primarily due to a one-off loss on disposal of investment properties in 2013, which we did not incur in 2014.

Finance Costs

Finance costs decreased by 62.1% to RMB2.2 million for the year ended December 31, 2014 from RMB5.8 million for the year ended December 31, 2013, due to an increase of RMB9.7 million in interest capitalized and a decrease of RMB5.7 million in interest on related party borrowings, partially offset by an increase of RMB11.8 million in interest on bank loans primarily due to an increase in average bank borrowings outstanding as of December 31, 2013.

Share of Loss of Joint Venture

Share of loss of joint venture was RMB151,000 for the year ended December 31, 2014. This was a one-off loss which did not occur in 2013, and resulted from our interest in Jinzhong Development, which subsequently became a consolidated subsidiary of the Group.

Profit Before Tax

As a result of the foregoing, profit before tax increased by 358.7% to RMB166.5 million for the year ended December 31, 2014 from RMB36.3 million for the year ended December 31, 2013.

Income Tax Expense

Income tax expense increased by 170.3% to RMB60.0 million for the year ended December 31, 2014 from RMB22.2 million for the year ended December 31, 2013, primarily due to an increase in income tax charge which reflected our increased profit before tax, as well as a slight increase in LAT provision. Our effective tax rate decreased from 61.2% for the year ended December 31, 2013 to 36.1% for the year ended December 31, 2014, primarily due to the higher LAT provision rate we made in 2013 in relation to Phase III of Xin Xing International Cultural Town, which included a higher percentage of residential units with a GFA of 144 sq.m. and higher, which were then classified as non-ordinary residential properties for LAT purposes. Sales of such non-ordinary residential properties tend to have higher appreciation values than ordinary residential properties and therefore have been generally subject to higher LAT provision rate. The higher effective tax rate for the year ended December 31, 2013 was also attributable to an increase in expenses not deductible for tax and an increase in tax losses not recognized.

Profit for the Period

As a result of the foregoing, profit for the period increased by 654.6% to RMB106.4 million for the year ended December 31, 2014 from RMB14.1 million for the year ended December 31, 2013.

Year Ended December 31, 2013 Compared to Year Ended December 31, 2012

Revenue

Our revenue increased by 17.3% to RMB303.2 million for 2013 from RMB258.5 million for 2012. This increase was primarily due to an increase in revenue generated from the sale of properties.

Sale of Properties

The following table sets forth a breakdown of our revenue recognized from sale of properties (before deduction of business tax and government surcharges), GFA delivered and recognized ASP, for each listed project or project phase for 2012 and 2013, respectively:

	Year Ended December 31,							
	2012				2013			
Project	Revenue(1)		GFA delivered(1)	ASP(1)(2)	Revenue(1)		GFA delivered(1)	ASP(1)(2)
	RMB'000	*%*	*(sq.m.)*	*(RMB/ sq.m.)*	*RMB'000*	*%*	*(sq.m.)*	*(RMB/ sq.m.)*
Jinzhong								
Mandarin Gardens—Taigu (太谷文華庭院)								
Residential	1,750	0.7	1,185	1,477	—	—	—	—
Commercial	2,396	0.8	556	4,309	865	0.3	220	3,941
	4,146	1.5	1,741	2,381	865	0.3	220	3,941
Riverside Gardens—Heshun (和順濱河小區)								
Stage I								
Residential	1,852	0.7	1,073	1,726	216	0.1	129	1,675
	1,852	0.7	1,073	1,726	216	0.1	129	1,675
Stage II								
Residential	—	—	—	—	99,193	31.3	50,955	1,947
	—	—	—	—	99,193	31.3	50,955	1,947
Xin Xing International Cultural Town (新興國際文教城)								
Phase II								
Residential	—	—	—	—	3,108	1.0	1,180	2,634
	—	—	—	—	3,108	1.0	1,180	2,634
Phase III								
Residential	15,020	5.4	4,665	3,220	79,640	25.0	25,171	3,164
	15,020	5.4	4,665	3,220	79,640	25.0	25,171	3,164

Project	Year Ended December 31,							
	2012				2013			
	Revenue[1]		GFA delivered[1]	ASP[1][2]	Revenue[1]		GFA delivered[1]	ASP[1][2]
	RMB'000	*%*	*(sq.m.)*	*(RMB/ sq.m.)*	*RMB'000*	*%*	*(sq.m.)*	*(RMB/ sq.m.)*
SOLO Apartments (尚座公寓)								
Commercial	178	0.1	55	3,236	3,278	1.0	817	4,010
	178	0.1	55	3,236	3,278	1.0	817	4,010
Upper East Gardens (上東庭院) Phase II								
Residential....................	5,025	1.9	1,474	3,409	5,459	1.7	1,709	3,194
	5,025	1.9	1,474	3,409	5,459	1.7	1,709	3,194
Grand International Mall & Apartments (君豪國際)								
Residential....................	38,900	14.4	9,399	4,139	32,523	10.2	7,727	4,209
	38,900	14.4	9,399	4,139	32,523	10.2	7,727	4,209
Mianyang								
Elite Gardens (綿陽天禦)								
Residential....................	—	—	—	—	47,761	15.1	11,242	4,248
	—	—	—	—	47,761	15.1	11,242	4,248
Yosemite Valley Town—Mianyang (綿陽優山美郡)								
Residential....................	206,195	76.0	47,131	4,375	45,009	14.3	9,695	4,642
	206,195	76.0	47,131	4,375	45,009	14.3	9,695	4,642
Total...............................	**271,316**	**100.0**	**65,538**	**4,140**	**317,052**	**100.0**	**108,845**	**2,913**

Notes:

(1) Revenue generated from, GFA delivered and ASP of residential portion of the project and project phases above also include car parking spaces sold if applicable.

(2) ASP is calculated as revenue before deduction of business tax and government surcharges divided by GFA delivered.

Revenue generated from sale of properties before deduction of business tax and government surcharges increased by 16.9% from RMB271.3 million in 2012 to RMB317.1 million in 2013, primarily due to the increase in GFA delivered, partially offset by a decrease in ASP.

The total GFA delivered increased by 66.1% from 65,538 sq.m. for 2012 to 108,845 sq.m. for 2013, primarily due to the completion and delivery of Stage II of Riverside Gardens—Heshun, a portion of Phase III of Xin Xing International Cultural Town and a portion of Elite Gardens in 2013, partially offset by decrease in sales of Yosemite Valley Town — Mianyang. ASP decreased by 29.6% from RMB4,140 per sq.m. for 2012 to RMB2,913 per sq.m. for 2013, primarily due to (i) the increase in GFA delivered of Stage II of Riverside Gardens—Heshun in 2013, the ASP of which is relatively lower than that of any other project and (ii) a significant decrease in revenue attributable to Yosemite Valley Town — Mianyang as a percentage of our revenue in 2013 as compared with 2012, the ASP of which is relatively higher than most of our other projects.

Property Leasing Income

Property leasing income before deduction of business tax and government surcharges increased by 8.2% from RMB4.9 million in 2012 to RMB5.3 million in 2013, primarily due to an increase in property leasing income generated from Grand International Mall & Apartments primarily as a result of an increase in GFA leased.

Cost of Sales

Cost of sales increased by 19.5% to RMB219.9 million in 2013 from RMB184.0 million in 2012. This increase was primarily attributable to an increase in total GFA delivered from 2012 to 2013, partially offset by decreases in average costs of properties per sq.m. delivered, which was primarily due to the delivery of certain properties of Stage II of Riverside Gardens — Heshun in 2013.

Gross Profit and Gross Profit Margin

As a result of the foregoing, our gross profit increased by 11.8% to RMB83.3 million for 2013 from RMB74.5 million for 2012. Our gross profit margin decreased to 27.5% for 2013 from 28.8% for 2012, primarily due to the delivery of certain properties of Stage II of Riverside Gardens —Heshun in 2013, which generate relatively lower profit margin than that of any other projects, partially offset by an increase in delivery of properties of Phase III of Xin Xing International Cultural Town in 2013, which generate relatively higher profit margin.

The table below sets forth the gross profit and gross profit margin of the properties we sold for each listed project or project phase for 2012 and 2013, respectively:

	Year Ended December 31,			
	2012		2013	
	Gross Profit	Gross Profit Margin	Gross Profit	Gross Profit Margin
	(RMB'000)	(%)	(RMB'000)	(%)
Jinzhong				
Mandarin Gardens—Taigu (太谷文華庭院)	3,122	75.3	331	38.3
Riverside Gardens—Heshun (和順濱河小區)				
Stage I	870	47.0	70	32.4
Stage II	—	—	21,521	21.7
Xin Xing International Cultural Town (新興國際文教城)				
Phase II	—	—	1,709	55.0
Phase III	9,030	60.0	33,864	41.7
SOLO Apartments (尚座公寓)	19	10.7	864	26.4
Upper East Gardens (上東庭院)				
Phase II	2,434	48.4	2,796	51.2
Grand International Mall & Apartments (君豪國際)	19,679	50.6	18,593	57.2
Mianyang				
Elite Gardens (綿陽天禦)	—	—	6,119	12.8
Yosemite Valley Town—Mianyang (綿陽優山美郡)	52,144	25.3	11,265	25.0

Other Income and Gains

Other income and gains decreased significantly from RMB16.2 million in 2012 to RMB1.8 million in 2013, primarily attributable to a decrease in fair value gains on investment properties from RMB14.3 million in 2012 to RMB256,000 in 2013, primarily due to a slowdown of increase in the fair value of our investment properties.

Selling and Marketing Expenses

Selling and marketing expenses decreased by 16.2% to RMB18.6 million for 2013 from RMB22.2 million for 2012, primarily due to a decrease in marketing and promotion expenses due to our reduced advertising and publicity activities for Elite Gardens and Southern District of Phase I of Yosemite Valley Town—Taiyuan in 2013 after we launched pre-sales for these projects.

Administrative Expenses

Administrative expenses increased by 3.0% to RMB23.7 million for 2013 from RMB23.0 million for 2012. This increase was primarily attributable to (i) an increase in depreciation costs because we purchased motor vehicles and office equipment in the fourth quarter of 2012 with a total purchase price of RMB4.9 million and (ii) an increase in administrative staff costs primarily due to increased administrative staff headcount in line with the expansion of our operations.

Other Expenses

Other expenses increased significantly to RMB753,000 for 2013 from RMB3,000 for 2012, primarily because we recognized loss on disposal of investment properties of RMB626,000 in 2013.

Finance Costs

Finance costs decreased by 10.8% to RMB5.8 million for 2013 from RMB6.5 million for 2012, primarily due to an increase of RMB7.0 million in interest capitalized, partially offset by an increase of RMB4.7 million in interest on bank loans primarily due to an increase in average bank borrowings outstanding during 2013 due to support the expansion of our operation.

Profit Before Tax

As a result of the foregoing, profit before tax decreased by 6.9% to RMB36.3 million for 2013 from RMB39.0 million for 2012.

Income Tax Expense

Income tax expense increased by 22.0% to RMB22.2 million for 2013 from RMB18.2 million for 2012, primarily due to the increase in profit before tax and the increase in LAT provision and LAT paid. The effective tax rate increased from 46.6% in 2012 to 61.2% in 2013, primarily due to the higher LAT provision rate we were subject to in 2013 in relation to Phase III of Xin Xing International Cultural Town.

Profit for the Year

As a result of the foregoing, profit for the year decreased by 32.5% to RMB14.1 million for 2013 from RMB20.9 million for 2012.

SUMMARY CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
NON-CURRENT ASSETS			
Property, plant and equipment	28,468	35,658	54,043
Investment properties	129,000	127,000	127,000
Properties under development	237,684	248,824	792,186
Intangible assets	36	1,035	998
Deferred tax assets	81,868	87,163	132,286
Prepaid land lease payments	1,599	1,554	1,509
	478,655	501,234	1,108,022
CURRENT ASSETS			
Properties under development	1,542,241	1,438,764	1,537,681
Completed properties held for sale	318,654	611,514	1,209,436
Inventories	1,717	1,938	1,840
Trade receivables	655	14,385	2,090
Prepayments, deposits and other receivables	79,494	83,950	99,012
Tax recoverable	5,966	7,559	12,911
Due from a director	—	—	8,689
Available-for-sale financial investments	9,000	20,000	36,000
Cash and cash equivalents	106,672	188,638	393,515
Pledged deposits	13,091	33,033	40,880
	2,077,490	2,399,781	3,342,054
CURRENT LIABILITIES			
Trade payables	427,048	210,805	701,490
Other payables, deposits received and accruals	28,664	50,635	602,042
Advances from customers	809,970	952,274	1,374,023
Interest-bearing bank borrowings	109,500	234,000	267,000
Tax payable	189,702	118,197	102,322
Due to a related party	7,000	2,392	3,124
Due to directors	105,460	172,493	184,426
	1,677,344	1,740,796	3,234,437
NON-CURRENT LIABILITIES			
Due to directors	50,000	—	—
Interest-bearing bank borrowings	150,000	235,000	360,000
Government grants[(1)]	112,126	206,626	277,378
	312,126	441,626	637,378
NET ASSETS	566,675	718,593	578,261

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
EQUITY			
Share capital	—	—	—
Reserves	566,675	683,018	491,786
	566,675	683,018	491,786
Non-controlling interests	—	35,575	86,475
	566,675	718,593	578,261

Note:

(1) Represents government grants received from the local government since 2008 to support our Group's listing application process, which were recorded as our non-current liabilities upon receipt. See "Risk Factors — Risks Relating to Our Business — Our results of operations may vary significantly from period to period and such fluctuations make it difficult to predict our future performance and price of our Shares."

SELECTED STATEMENTS OF FINANCIAL POSITION ITEMS

Properties under Development

Our properties under development generally reflect the value of properties we intend to be held for sale but have not been completed at the given balance sheet date and therefore are significantly affected by project development schedules. Completed and undelivered properties are transferred from properties under development to completed properties held for sale or investment properties. Properties under development which are intended to be held for sale and expected to be completed within 12 months from the given balance sheet date are classified as current assets in our consolidated statements of financial position, while properties under development which are intended to be held for sale and expected to be completed beyond 12 months from the given balance sheet date are classified as non-current assets.

The table below sets forth a breakdown of the value of properties under development by project or project phase as of the dates indicated:

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
Current portion			
Jinzhong			
Riverside Gardens — Heshun			
Stage II	73,607	—	—
Xin Xing International Cultural Town			
Phase III	20,426	—	—
Phase IV	95,650	174,611	—
Phase V	33,818	33,818	145,301
Grand International Mall & Apartments	—	—	1,272
Taiyuan			
Yosemite Valley Town — Taiyuan			
Phase I (Southern District)	976,542	1,203,464	838,668
Phase I (Northern District)	—	26,871	280,425
Mianyang			
Elite Gardens	342,198	—	—
Chang Xing Star Gardens			
Phase I	—	—	272,015
Sub-total	1,542,241	1,438,764	1,537,681
Non-current portion			
Jinzhong			
Shuncheng Street Underground Space	10,216	12,245	13,143
Grand International Mall & Apartments	—	1,180	—
Longtian Project			
Phase I	—	—	778,331
Mianyang			
Chang Xing Star Gardens			
Phase I	227,468	234,687	—
Other[1]	—	712	712
Sub-total	237,684	248,824	792,186
Total	**1,779,925**	**1,687,588**	**2,329,867**

Note:

(1) Represents some preliminary expenses incurred in 2013 in relation to acquisition of a land parcel in Jinzhong.

The value of our properties under development decreased by 5.2% from RMB1,779.9 million as of December 31, 2012 to RMB1,687.6 million as of December 31, 2013, primarily due to the decrease in the properties under development of Elite Gardens as we completed the construction of a portion of Elite Gardens in 2013, which was partially offset by the increase in the properties under development of Yosemite Valley Town—Taiyuan as the construction of Southern District of Phase I of Yosemite Valley Town—Taiyuan continued in 2013. The value of our properties under development increased by 38.1% from RMB1,687.6 million as of December 31, 2013 to RMB2,329.9 million as of December 31, 2014, primarily due to the increase in the properties under development of Longtian Project as the construction of Phase I of Longtian Project continued.

As of December 31, 2012 and 2013 and 2014, we had pledged properties under development of RMB222.3 million, RMB1,475.0 million and RMB1,041.7 million, respectively, to secure bank borrowings.

Completed Properties Held for Sale

Completed properties held for sale were completed development properties that had not been contracted for sales or completed development properties that had been contracted for sales but had not been delivered to purchasers.

The table below sets forth a breakdown of the value of completed properties held for sale by project or project phase as of the dates indicated:

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
Jinzhong			
Mandarin Gardens—Taigu (太谷文華庭院)	394	—	—
Riverside Gardens—Heshun (和順濱河小區)			
Stage I	560	275	3
Stage II	—	591	380
Xin Xing International Cultural Town (新興國際文教城)			
Phase III	25,317	5,321	5,321
Phase IV	—	—	58,176
SOLO Apartments (尚座公寓)	3,306	893	893
Upper East Gardens (上東庭院)			
Phase II	6,792	4,394	4,394
Grand International Mall & Apartments (君豪國際)	46,001	31,225	31,225
Other projects(1)	3,362	1,964	1,964
Taiyuan			
Yosemite Valley Town—Taiyuan (龍城優山美郡)			
Phase I	—	—	680,845
Mianyang			
Elite Gardens (綿陽天禦)	—	367,303	242,490
Yosemite Valley Town—Mianyang (綿陽優山美郡)	232,922	199,548	183,745
Total	**318,654**	**611,514**	**1,209,436**

Note:

(1) Includes primarily Phase II of Xin Xing International Cultural Town, Riverside Gardens—Zuoquan and Blossom Gardens.

The value of our completed properties held for sale increased by 91.9% from RMB318.7 million as of December 31, 2012 to RMB611.5 million as of December 31, 2013, primarily due to the increase in the completed but not delivered GFA of Elite Gardens as a portion of Elite Gardens was completed in 2013. The value of our completed properties held for sale increased by 97.8% from RMB611.5 million as of December 31, 2013 to RMB1,209.4 million as of December 31, 2014, primarily due to an increase in the completed, but not delivered GFA of Phase I of Yosemite Valley Town—Taiyuan as we completed the construction of a portion of Yosemite Valley Town—Taiyuan during the year ended December 31, 2014 that were only required to be delivered in 2015 in accordance with the terms of our sales contracts entered into with the relevant customers, of which the delivery of completed properties to customers amounted to approximately RMB106.5 million for the four months ended April 30, 2015. This increase was partially offset by sales and delivery of properties in Elite Gardens during the year ended December 31, 2014.

Trade Receivables

Trade receivables represent sales proceeds due to us by certain customers who have initially deposited a down payment or partial installment payments but have not yet remitted the balance due under the sales agreements. We normally do not grant credit periods to our customers purchasing our properties. However, on a case-by-case basis, we may grant credit periods to certain credit-worthy customers. We seek to maintain strict control over our outstanding trade receivables. Overdue balances are reviewed regularly by the senior management. There is no significant concentration of credit risk.

The table below sets forth the aging analysis of our trade receivables as of the dates indicated, based on invoice dates:

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
Less than 1 year	103	13,795	—
Between 1 and 2 years	552	38	2,090
Between 2 and 3 years	—	552	—
Over 3 years	—	—	—
Total	**655**	**14,385**	**2,090**

Our trade receivables during the Track Record Period include RMB552,000 due from a director for the purchase of a property from us prior to the Track Record Period, which was fully repaid in November 2014.

As of December 31, 2012, 2013 and 2014, all our balances of trade receivables were neither past due nor impaired and our trade receivables are non-interest-bearing and unsecured. As of February 28, 2015, RMB2.0 million of our trade receivables as of December 31, 2014 had been subsequently settled.

Prepayments, Deposits and Other Receivables

The table below sets out a breakdown of our prepayments, deposits and other receivables as of the dates indicated:

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
Prepayments	36,576	33,451	19,786
Prepaid land lease payments — current portion	45	45	45
Other receivables	3,173	3,636	3,245
Other tax recoverable	39,700	46,818	65,936
Total	**79,494**	**83,950**	**99,012**

Prepayments mainly consist of prepaid construction fees to contractors. The change in balance of our prepayments during the Track Record Period was mainly due to and in line with our project development progress.

Other tax recoverable represents excess of the provisional tax paid (including value added tax, business tax and government surcharges other than EIT and LAT) over the estimate tax liability.

Trade Payables

Our trade payables primarily comprise construction costs. The change in balance of our trade payables during the Track Record Period was mainly due to and in line with our project development progress.

The table below sets forth an ageing analysis of the trade payables, based on payment due dates:

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
Less than 1 year	157,069	102,160	645,456
Between 1 and 2 years	205,720	28,838	8,495
Between 2 and 3 years	34,032	21,401	5,120
Between 3 and 4 years	13,890	33,195	5,668
Between 4 and 5 years	16,337	11,191	26,633
Over 5 years	—	14,020	10,118
Total	**427,048**	**210,805**	**701,490**

Our trade payables turnover days were approximately 230 days, 276 days and 91 days in 2012, 2013 and 2014, respectively. We calculate the trade payables turnover days based on the average ending balance of trade payables divided by the additions of properties under development for the relevant period and multiplied by the number of days in the relevant period. Most of our trade payables during the Track Record Period were payables due to construction contractors. Our contractors are typically paid according to pre-agreed milestones in construction and we typically reserve 5% of the contract price as retention may with a warranty period ranging from two to five years. The unused portion of the retention money will normally be returned to the contractors in installments over a period of five years. Our trade payables turnover days fluctuated during the Track Record Period in line with the construction periods of our different projects.

As of February 28, 2015, RMB299.1 million of our trade payables as of December 31, 2014 had been subsequently settled. Our Directors confirm that during the Track Record Period and as of the Latest Practicable Date there was no material default in payment of trade payables.

Other Payables, Deposits Received and Accruals

The table below sets forth a breakdown of our other payables and accruals as of the dates indicated:

	As of December 31,		
	2012	**2013**	**2014**
	(RMB in thousands)		
Payroll and welfare payable	3,692	5,264	6,680
Payables to government authority	8,631	12,543	15,334
Deposits related to sales of properties	3,267	22,718	11,509
Deposits related to construction	3,074	4,367	2,216
Sales commission payable	—	436	689
Payable to third parties	9,728	4,215	28,213
Interest payable	—	653	2,001
Construction fund from government(1)			
— Phase I of Longtian Project	—	—	471,799
— social security housing	—	—	15,243
Payable to the then Shareholders	—	—	20,116
Taxes payable other than corporate income tax	272	439	28,242
Total	**28,664**	**50,635**	**602,042**

(1) Advances from government represented payment from the management committee of Economic Technology Development District, Jinzhong as development costs for construction of Phase I of Longtian Project and the social security housing, which would be paid to suppliers.

Payables to government authority represent deed tax payable by us on behalf of our customers and certain business tax payable by us on behalf of our contractors.

Deposits related to sales of properties represent the deposits we received from customers before entering into the pre-sales or sales agreements. Deposits related sales of properties increased during the Track Record Period as a result of our increased sales.

Payables to third parties include advertising fees payable, payables in respect of purchase of fixed assets and other miscellaneous payables to third parties.

Construction fund from government represents funds received from the Management Committee for development costs related to Jinzhong Development's participation in an urban redevelopment project and social security housing. Please refer to the section headed "Business — Urban Redevelopment Scheme" and "Business — Other Business Operations of Jinzhong Development".

Taxes payable other than corporate income tax increased significantly from RMB439,000 to RMB28.2 million primarily due to withholding tax payable in respect of dividends we paid in 2014.

Advance from Customers

Advance from customers represent the proceeds received from customers in connection with our pre-sale of properties. We commence the pre-sale of properties and collection of proceeds from customers before the properties are completed and ready for delivery. Such proceeds from customers are recorded as advance from customers before the relevant sales are recognized as revenue. Advances from pre-sales of properties are non-interest-bearing. As of December 31, 2012, 2013 and 2014, advances from customers were RMB810.0 million, RMB952.3 million and RMB1,374.0 million, respectively.

Amounts Due to Related Parties

The table below sets forth a breakdown of our balances with related parties:

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
Amounts due to directors	155,460	172,493	184,426
Amounts due to a related party	7,000	2,392	3,124

Amounts due to directors during the year ended December 31, 2012 and 2013 represents cash advanced to us by a director with a total amount of RMB140.0 million to satisfy our temporary cash requirement for land acquisition. Such advances are of non-trade nature and unsecured and bear a fixed interest rate of 12% per annum. We fully repaid the principal and accrued interest in December 2014. Amounts due to directors during the year ended December 31, 2014 primarily represented payables to our shareholders arising from the acquisition of Chen Xing WFOE. See "History and Reorganization — Our Subsidiaries in the PRC — Chen Xing." As of the Latest Practicable Date, we have fully settled the amounts due to directors.

Amounts due to a related party during the Track Record Period represents advance payments made by Shanxi Wanjia. Shanxi Wanjia transferred RMB10.0 million to Chen Xing in March 2012 with the intention to purchase from us office units located at Dongshuncheng Street, Yuci District, Jinzhong. After subsequent site visit and negotiations, the parties agreed to reduce the purchase price to RMB7.0 million under the condition that we will improve the utility infrastructure of such office units at our expense. As such, Chen Xing returned RMB3.0 million to Shanxi Wanjia in August 2012. Due to unexpected difficulties in improving the utility infrastructure, Chen Xing and Chen Xing (Taiyuan) repaid RMB3.9 million and RMB732,340, respectively, to Shanxi Wanjia in 2013 at the request of Shanxi Wanjia. With the view of enhancing our internal financial management, we requested Shanxi Wanjia to return RMB732,340 to Chen Xing (Taiyuan), which would then be repaid by Chen Xing itself. We entered into an agreement with Shanxi Wanjia to terminate the purchase arrangement and returned the remaining balance of RMB3.1 million in January 2015.

We will discontinue all non-trade related party transactions after Listing, except as in compliance with the Listing Rules.

Government Grants

We have been receiving government grants from the local government in Jinzhong since 2008 to support our listing application process. Based on the notice issued by the Jinzhong Municipal People's Government in 2007 and past correspondence with the Finance Bureau of Jinzhong City, the amount of government grants given to us each year is authorized and determined by the Jinzhong Municipal People's Government and the Finance Bureau of Jinzhong City at their discretion with reference to 90% of the LAT paid by us in the preceding one to two financial years and that is retained by the Jinzhong government at the county-city level, after accounting for certain deductions as determined by the relevant local authorities. As part of Jinzhong local government's initiatives to encourage and assist the first batch of leading local Jinzhong enterprises to become listed companies so as to capitalize on new fund raising channels for their business growth and with the broader objective of enhancing Jinzhong City's economic profile and development, these government grants were given to us by the local government in Jinzhong in support of our listing application process, which include subsidizing our listing expenses. Therefore, the amount of government grants we had received as of the Latest Practicable Date, which disproportionately exceeds our actual listing expenses, has also provided additional monetary incentives for us to launch and complete our listing application process. We will cease to be entitled to such government grants upon Listing. As advised by our PRC Legal Advisors, each of the government grants shall be considered as separate and independent from each other on the basis that each grant was accompanied by separate government notices setting out their respective amount and purpose. Each of the grants was made on the condition that we will become a listed company within five years of receipt. However, we have not received any notice from the Jinzhong government requesting us to return the grants received more than five years before the Listing as of the Latest Practicable Date and based on past consultations with the relevant governmental authorities, our Directors believe that the local government of Jinzhong will not require us to return any government grants received by the Company up to the Latest Practicable Date if the Listing becomes successful. As a result, we record such government grants as non-current liabilities in our consolidated statements of financial position upon receipt, and upon Listing we will recognize all such government grants of the aggregate amount of RMB277.4 million as of the Latest Practicable Date as other income. In spite of the above, we cannot assure you that the local government will not request us to return any or all of such grants in the future and any return of government grants may have a material adverse effect on our results of operations, financial condition and cash flow. Furthermore, although we have not been notified by the government authority that they will or may require us to return any excess amount to the government in the event that the actual total amount of our listing expenses is lower than the aggregate amount of the government grants as of the Latest Practicable Date, we cannot assure you that they will not have such requests in the future and if this occurs, it may have a material adverse effect on our results of operations, financial condition and cash flow. See "Risk Factors — Risks Relating to Our Business — Our results of operations may vary significantly from period to period and such fluctuations make it difficult to predict our future performance and the price of our Shares" and Note 30 to the Accountants' Report included as Appendix I to this prospectus.

LIQUIDITY AND CAPITAL RESOURCES

Sources of Liquidity

Property developments require substantial capital investment for land acquisition and construction and it may take a number of months or years before positive cash flows can be generated. To date, we have funded our growth principally through proceeds generated from pre-sales and sales of our properties and bank borrowings. Our financing methods vary from project to project and are subject to limitations imposed by PRC regulations and monetary policies. We expect to continue to fund our operations and growth through cash generated from operations and bank borrowings. In addition, we expect the proceeds from the Global Offering to contribute to funding our capital expenditures in the coming periods. Following the Global Offering, we plan to further diversify our financing channels, which may include debt or equity securities offerings. We believe these additional sources of funding will strengthen our financial capability and enable us to consider a wider range of favorable land acquisition opportunities as they arise.

Working Capital

We manage our working capital to ensure proper and efficient collection and deployment of our funds. We carefully consider our cash position and ability to obtain further financing when making significant capital commitments and arranging payments for expanding our operations. To the extent there are suitable opportunities, we also intend to access the capital markets through further equity, equity-linked or debt capital raising.

To achieve sufficient working capital, we will continue to improve our cash inflow associated with the sale and pre-sale of our properties by executing our business strategies as well as strengthening our payment collection from our customers with respect to the property sale and pre-sale. We also intend to further optimize the payment schedules for constructions fees to match the collection of our proceeds through negotiation with our contractors. Furthermore, various departments at our headquarters level will continue to coordinate to control cash outflow through our development and construction schedules, property sales and land acquisition plans based on the cash inflow associated with external financing opportunities and property sales proceeds.

Sufficiency of Working Capital

We expect to continue to fund our future development and debt servicing costs from existing financial resources and cash generated from operations as well as external borrowings. Our Directors believe that we have the ability to generate sufficient operating cash flow going forward.

Our Directors believe, and the Sole Sponsor concurs, that after taking into account the estimated net proceeds from the Global Offering, available banking facilities and cash flows from our operations, we have sufficient working capital for our present requirements and for the next 12 months from the date of this prospectus.

Cash Flows

The following table sets out selected cash flow data from our consolidated statements of cash flows for the periods indicated.

	Year Ended December 31,		
	2012	2013	2014
		(RMB in thousands)	
Net cash generated from/(used in) operating activities	86,899	(310,766)	428,500
Net cash generated from/(used in) investing activities	3,739	(19,615)	(1,764)
Net cash generated/(used in) from financing activities	(84,479)	412,347	(221,859)
Net increase in cash and cash equivalents	6,159	81,966	204,877
Cash and cash equivalents at beginning of the year	100,513	106,672	188,638
Cash and cash equivalents at end of the year	106,672	188,638	393,515

Cash Flows Generated from/Used in Operating Activities

Our cash from operating activities is generated principally from proceeds received from pre-sale and sales of our properties. Our cash used in operating activities principally comprises payments for our property development activities, including land acquisitions.

For 2014, we had net cash generated from operating activities of RMB428.5 million, which primarily comprised (i) an increase in trade payables of RMB489.9 million, and (ii) an increase in advances from customers of RMB421.7 million. Cash generated from operating activities was partially offset by an increase in properties held for sale of RMB597.9 million. Our net cash generated from operating activities for the year ended December 31, 2014 was primarily due to increased trade payables associated with the construction of certain projects and advances from customers in relation to pre-sale of Phase I of Yosemite Valley Town—Taiyuan, partially offset by cash outflows associated with construction costs for Phase I of Yosemite Valley Town—Taiyuan.

For 2013, we had net cash used in operating activities of RMB310.8 million, which primarily comprised (i) an increase in completed properties held for sale of RMB292.9 million, (ii) decrease in trade payables of RMB216.2 million and (iii) tax paid of RMB102.0 million. Cash used in operating activities was partially offset by (i) an increase in advances from customers of RMB142.3 million and (ii) decrease in properties under development of RMB135.1 million. Our net cash used in operating activities in 2013 was primarily due to cash outflows associated with land acquisitions and construction costs in relation to Phase I of Yosemite Valley Town—Taiyuan and Elite Gardens, partially offset by advances from customers received in relation to the pre-sales of these two projects.

For 2012, we had net cash generated from operating activities of RMB86.9 million, which primarily comprised (i) an increase in advances from customers of RMB379.2 million, (ii) a decrease in completed properties held of sale of RMB119.8 million and (iii) an increase in trade payables of RMB115.4 million. Cash generated from operating activities was partially offset by (i) an increase in properties under development of RMB553.0 million and (ii) tax paid of RMB115.4 million. Our net cash generated from operating activities in 2012 was primarily due to advances from customers received in relation to the pre-sale of Phase I of Yosemite Valley Town—Taiyuan and Phase IV of Xin Xing International Cultural Town, partially offset by cash outflows for construction costs primarily in connection with these two phases.

Cash Flows Used in/Generated from Investing Activities

Our cash used in investing activities primarily reflect cash outflow in connection with investment in a joint venture, and purchases of available-for-sale investments as well as purchases of items of property, plant and equipment. Our cash inflows generated from investing activities primarily reflect proceeds received from the disposal of available-for-sale investments.

For 2014, we had net cash used in investing activities of RMB1.7 million, which primarily comprised (i) investment in Jinzhong Development of RMB51.0 million, which was previously classified as a joint venture and (ii) purchases of available-for-sale investments of RMB36.0 million and (iii) purchases of items of property, plant and equipment of RMB23.6 million, partially offset by (i) the consolidation of an acquired subsidiary with cash balance of RMB 83.9 million, arising from the acquisition of major interest in Jinzhong Development and (ii) proceeds received from the disposal of available-for-sale investments of RMB20.0 million.

For 2013, we had net cash used in investing activities of RMB19.6 million, which comprised primarily (i) purchases of available-for-sale investments of RMB20.0 million and (ii) purchases of items of property, plant and equipment of RMB11.0 million, partially offset by proceeds received from the disposal of available-for-sale investments of RMB9.0 million.

For 2012, we had net cash generated from investing activities of RMB3.7 million, which comprised primarily proceeds from the disposal of investment properties of RMB17.3 million, partially offset by (i) purchases of available-for-sale investments of RMB9.0 million and (ii) purchases of items of property, plant and equipment of RMB5.5 million.

Cash Flows Generated from/Used in Financing Activities

Our cash inflows from financing activities primarily reflect proceeds from bank and other borrowings. Our cash outflows from financing activities primarily reflect repayment of bank and other borrowings as well as interest paid and dividends.

For 2014, we had net cash used in financing activities of RMB221.9 million, which primarily comprised (i) repayment of loans of RMB239.0 million, (ii) repayment of loans from a director of RMB140.0 million, (iii) interest paid of RMB85.8 million and (iv) dividends paid of RMB73.4 million partially offset by (i) proceeds from new bank and other loans of RMB247.0 million and (ii) an increase in government grants of RMB70.8 million.

For 2013, we had net cash generated from financing activities of RMB412.3 million, which primarily comprised (i) proceeds from new bank and other loans of RMB396.0 million, (ii) contribution from the non-controlling shareholder of RMB139.2 million and (iii) an increase in government grants of RMB94.5 million, partially offset by repayment of loans of RMB186.5 million.

For 2012, we had net cash used in financing activities of RMB84.5 million, which primarily comprised repayment of loans of RMB191.9 million, partially offset by (i) proceeds from new bank loans and loans from a director of RMB97.0 million and (ii) an increase in government grants of RMB47.5 million.

Net Current Assets

As of April 30, 2015, we had net current assets of RMB220.0 million, consisting of RMB3,320.7 million of current assets and RMB3,100.7 million of current liabilities. As of December 31, 2014, we had net current assets of RMB107.6 million, consisting of RMB3,342.0 million of current assets and RMB3,234.4 million of current liabilities. As of December 31, 2013, we had net current assets of RMB659.0 million, consisting of RMB2,399.8 million of current assets and RMB1,740.8 million of current liabilities. As of December 31, 2012, we had net current assets of RMB400.2 million, consisting of RMB2,077.5 million of current assets and RMB1,677.3 million of current liabilities.

The following table sets out a breakdown of our net current assets as of the dates indicated:

	As of December 31,			As of April 30,
	2012	2013	2014	2015
				(Unaudited)
	(RMB in thousands)			
Current Assets				
Properties under development	1,542,241	1,438,764	1,537,681	1,616,633
Completed properties held for sale	318,654	611,514	1,209,436	1,121,068
Inventories	1,717	1,938	1,840	4,150
Trade receivables	655	14,385	2,090	2,790
Prepayments, deposits and other receivables	79,494	83,950	99,012	209,272
Tax recoverable	5,966	7,559	12,911	19,145
Due from a director	—	—	8,689	—
Available-for-sale financial investments	9,000	20,000	36,000	—
Cash and cash equivalents	106,672	188,638	393,515	307,826
Pledged deposits	13,091	33,033	40,880	39,791
	2,077,490	2,399,781	3,342,054	3,320,675
Current Liabilities				
Trade payables	427,048	210,805	701,490	635,817
Other payables, deposits and accruals	28,664	50,635	602,042	669,195
Advances from customers	809,970	952,274	1,374,023	1,597,083
Interest-bearing bank borrowings	109,500	234,000	267,000	137,000
Tax payable	189,702	118,197	102,332	61,604
Due to a related party	7,000	2,392	3,124	—
Due to directors	105,460	172,493	184,426	—
	1,677,344	1,740,796	3,234,437	3,100,699
Net current assets	**400,146**	**658,985**	**107,617**	**219,976**

Cash and Cash Equivalents

As of December 31, 2012, 2013 and 2014 and April 30, 2015, we had cash and cash equivalents of RMB106.7 million, RMB188.6 million, RMB393.5 million and RMB307.8 million, respectively, which consisted of cash deposited with banks and cash on hand.

Pledged Deposits

As of December 31, 2012, 2013 and 2014 and April 30, 2015, we pledged deposits of RMB13.1 million, RMB33.0 million, RMB40.9 million and RMB39.8 million, respectively. Our pledged deposits represent restricted pre-sale proceeds of properties in connection with guarantee for mortgage loans granted by banks to purchasers of our properties. Our pledged deposits as of December 31, 2013 and 2014 and April 30, 2015 also included frozen bank deposits in our bank account of RMB22.9 million, RMB30.0 million and RMB30.0 million, respectively, in relation to a legal proceeding. Please see "Business — Legal Proceedings, Compliance and Internal Control — Legal Proceedings" for more details.

INDEBTEDNESS AND CONTINGENT LIABILITIES

Bank Borrowings

The following table sets forth a breakdown of our outstanding bank borrowings as of the dates indicated:

	As of December 31,			As of April 30
	2012	2013	2014	2015
				(Unaudited)
		(RMB in thousands)		
Long-term bank borrowings	212,500	422,000	580,000	700,000
— Amount due within one year shown under current liabilities	62,500	187,000	220,000	90,000
— Amount due after one year	150,000	235,000	360,000	610,000
Short-term bank borrowings	47,000	47,000	47,000	47,000
Current bank borrowings	109,500	234,000	267,000	137,000
— Current portion of long term bank borrowings	62,500	187,000	220,000	90,000
— Current portion of short term bank borrowings	47,000	47,000	47,000	47,000
Total bank borrowings	**259,500**	**469,000**	**627,000**	**747,000**

Our bank borrowings are denominated in Renminbi. As of December 31, 2012, 2013, 2014 and April 30, 2015, our total outstanding bank borrowings amounted to RMB259.5 million, RMB469.0 million, RMB627.0 million and RMB747.0 million, respectively. The overall increase in our bank borrowings from as of December 31, 2012 to as of December 31, 2013 was primarily due to the increasing needs to finance our development of Yosemite Valley Town—Taiyuan. The increase in our bank borrowings from December 31, 2013 to December 31, 2014 was primarily as a result of assets and liabilities of Jinzhong Development being consolidated into our financial statements since December 2014. The increase in our bank borrowing from December 31, 2014 to March 31, 2015 was primarily due to the increasing needs to finance our development of Yosemite Valley Town — Taiyuan.

As of April 30, 2015, borrowings of approximately RMB747.0 million are secured by pledge of certain properties under development, prepaid land lease payments, property, plant and equipment, investment properties, guarantee by our Controlling Shareholders or combinations of the above. The table below sets forth assets pledged to secure certain bank borrowings granted to us as of the dates indicated:

	As of December 31,			As of April 30,
	2012	**2013**	**2014**	**2015**
				(Unaudited)
	(RMB in thousands)			
Properties under development	222,320	1,474,997	1,041,711	1,350,286
Property, plant and equipment	2,034	—	—	30,243
Prepaid lease payments	1,644	—	—	1,509
Investment properties	129,000	57,000	57,000	127,000
Total	**354,998**	**1,531,997**	**1,098,711**	**1,509,035**

The outstanding balance of our bank borrowings guaranteed by our Controlling Shareholders as of December 31, 2012 was RMB43 million. We repaid all such borrowings in 2013. We did not have any outstanding bank borrowings guaranteed by our Controlling Shareholders as of the Latest Practicable Date.

During the Track Record Period, we entered into separate loan agreements with various PRC commercial banks pursuant to which we were granted separate loan facilities, which carried variable interest rates with references to PBOC benchmark interest rates. These proceeds of these loans were used for our property development projects and are secured by pledges of certain of our investment properties, properties under development and properties used by us. As of the Latest Practicable Date, we had no unutilized banking facilities.

On January 26, 2015, we entered into a loan agreement with a branch of Industrial and Commercial Bank of China Limited in Jinzhong, Shanxi Province, pursuant to which a loan facility of up to RMB400.0 million was granted to us with a term of three years after drawdown specifically for the development of Northern District of Phase I of Yosemite Valley Town — Taiyuan, carrying variable interest rates with references to PBOC benchmark interest rates. The loan is secured by our pledge of certain of our investment properties, properties under development and properties used by us with an appraised value of RMB722.4 million. As of the Latest Practicable Date, we had drawn down all RMB400.00 million under this loan agreement.

Our banking facilities are generally subject to a number of restrictive, customary affirmative and/or negative covenants, which include, among other things, limitations on our ability to incur additional indebtedness or create new mortgages or charges, restrictions on the use of proceeds and requirements to provide notice or obtain consent for certain significant corporate events. Please see "Risk Factors — Risks Relating to Our Business — We are subject to risks associated with certain covenants or restrictions under our bank borrowings which may limit or otherwise materially and adversely affect our business, financial condition and results of operations." However, our Directors do not expect that such covenants would materially restrict our overall ability to undertake additional debt or equity financing necessary to carry out our current business plans.

During the Track Record Period and up to the Latest Practicable Date, our Directors confirm that they are not aware of any material defaults in payment of trade and non-trade payables and bank borrowings, any breach of any of the covenants contained in our banking facilities constituting any event of default nor aware of any restrictions that will limit our ability to drawdown on unutilized facilities. Our Directors further confirm that during the Track Record Period and up to the Latest Practicable Date, we had not experienced any material difficulties in obtaining banking facilities nor had we been rejected for any loan application.

As of April 30, 2015, save as discloses in this prospectus, we did not have any other outstanding mortgages, charges, debt securities or other similar indebtedness, loan capital, bank borrowings, overdrafts, financial leases or purchase hire commitments, liabilities under acceptances or acceptance credits, contingent liabilities or guarantees.

As of the Latest Practicable Date, other than a RMB300 million loan facility proposed to be granted to us for the development of Longtian Project under a letter of intent issued by Jinzhong Economic and Technological Development Zone Rural Credit Union in May 2015, we did not have any material external debt financing plans.

The following table sets out the maturity profiles of our bank borrowings as of the dates indicated:

	As of December 31,			As of April 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Within one year	109,500	234,000	267,000	137,000
Between 1 and 2 years	150,000	35,000	360,000	450,000
Between 2 and 3 years	—	200,000	—	160,000
Total bank borrowings	**259,500**	**469,000**	**627,000**	**747,000**

Our bank borrowings during the Track Record Period are arranged at variable rates ranging from 6.15% to 9.96%. The weighted average effective interest rates on our bank borrowings, which represent actual borrowing cost incurred during the year or period divided by weighted average bank and other borrowings that are outstanding during the year or period, as of December 31, 2012, 2013 and 2014 and April 30, 2015 were 7.83%, 7.74%, 7.92% and 6.80%, respectively.

Indebtedness

As of April 30, 2015, being the latest practicable date for the purpose of this indebtedness statement, we had outstanding indebtedness of RMB747.0 million, which consisted of bank borrowings of RMB747.0 million.

We intend to continue to finance portions of our property development projects with bank borrowings, as we deem appropriate. Except for such bank borrowings, we currently do not have plans for other material external debt financing. We do not anticipate any changes to the availability of bank financing to finance our operations in the future, although we cannot assure you that we will be able to access bank financing on favorable terms or at all.

Contingent Liabilities

Mortgage Guarantees

We make arrangements with various PRC banks to provide mortgage facilities to purchasers of our pre-sold properties. In accordance with market practice, we are required to provide guarantees to these banks in respect of mortgages provided to such customers in order to secure the repayment obligations of such customers. The mortgage guarantees are issued from the date of grant of the relevant mortgage loans and released when the mortgage documents have been filed with the relevant authorities and the mortgage registration certificate (抵押登記證明) or certificate of proof of mortgagee (他項權證) is issued to the mortgagee bank. Pursuant to the terms of the guarantees, upon default of mortgage payments by these purchasers, we would be responsible to repay the outstanding mortgage principal together with accrued interest and penalties owed by the defaulting purchasers to the banks and we are entitled to take over the legal title and possession of the relevant properties. Under such circumstance, if we fail to pay off the mortgage loan, the mortgagee banks will auction the underlying property and recover the balance from us if the outstanding loan amount exceeds the net foreclosure sale proceeds. In line with industry practice, we do not conduct independent credit checks on our customers but rely on the credit checks conducted by the mortgagee banks. The following table shows our total mortgage guarantees as of the dates indicated:

	As of December 31,			As of April 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Guarantees in respect of mortgage for certain purchasers of our properties	301,596	267,362	518,507	685,933

Our Directors confirm that during the Track Record Period, we did not experience any default on mortgage guarantees by purchasers that had a material adverse effect on our financial condition and results of operations. The Directors considered that in case of default on payments, the net realizable value of the relevant properties will be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

Save as disclosed herein, we did not have any outstanding debt securities issued and outstanding or authorized or otherwise created but unissued, term loans, other borrowings or indebtedness in the nature of borrowing including bank overdrafts, liabilities under acceptances (other than normal trade bills), debentures, acceptance credits, finance lease, hire purchase commitments, mortgages and charges, contingent liabilities or guarantees outstanding as of March 31, 2015. Our Directors confirm that there is no material change in our indebtedness position and contingent liabilities since March 31, 2015 up to the date of this prospectus.

Legal Contingencies

We have, from time to time, been party to lawsuits and other legal proceedings in the normal course of business. Please see "Business — Legal Proceedings, Compliance and Internal Control — Legal Proceedings." Even though the magnitude of such legal contingencies cannot be determined at present, our Directors believe that any resulting liability would not have a material adverse effect on our financial condition, liquidity or results of operations.

Off-Balance Sheet Commitments and Arrangements

Save as disclosed in this prospectus, we have not entered into any off-balance sheet arrangements or commitments to guarantee the payment obligations of any third parties. We do not have any variable interest in any unconsolidated entity or special purpose vehicles that provide financing, liquidity, market risk or credit support to us or engages in leasing or hedging services with us.

CAPITAL EXPENDITURES AND COMMITMENTS

For the years ended December 31, 2012, 2013 and 2014, we incurred capital expenditures of RMB584.0 million, RMB433.9 million and RMB1,902.5 million, respectively. The table below sets forth our capital expenditures incurred during the Track Record Period:

	As of December 31,		
	2012	2013	2014
	(RMB in thousands)		
Property development	578,538	421,778	1,827,644
Intangible assets	—	1,051	231
Fixed assets	5,485	11,024	23,642
Investment in a joint venture	—	—	51,000
Total	**584,023**	**433,853**	**1,902,517**

As of December 31, 2012, 2013 and 2014 and April 30, 2015, we had the following commitments that are contracted but not provided for in respect of land acquisition and property development expenditures:

	As of December 31,			As of April 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Contracted, but not provided for:				
— Property development activities	1,373,005	2,176,431	1,036,807	761,094

The following table sets forth the total capital commitments for projects that are under development or held for future development as of April 30, 2015 and the expected payment schedule for such commitments in the future periods as indicated:

Project	Commitments as of April 30, 2015	Expected Commitment Payment for the eight months ending December 31, 2015	Expected Commitment Payment for the year ending December 31, 2016	Expected Commitment Payment after January 1, 2017
	(RMB million)			
Yosemite Valley Town — Taiyuan (Phase I)	703.9	270.4	174.8	258.7
Xin Xing International Cultural Town (Phases IV and V)	41.9	5.0	21.6	15.3
Others[1]	15.2	4.2	5.0	6.2
Total	761.0	279.6	201.4	280.2

Note:

(1) Primarily include commitments for the development of certain item of property, plant and equipment and retention money withheld for Phase II of Upper East Gardens, Stage II of Riverside Gardens—Heshun, Phase I of Chang Xing Star Gardens, Mandarin Gardens—Taigu, Elite Gardens and Yosemite Valley Town—Mianyang.

We lease certain of our office properties under operating lease arrangements ranging from one to two years. As of December 31, 2012, 2013 and 2014 and April 30, 2015, the total future minimum lease payments under non-cancellable operating leases were payable as follows:

	As of December 31,			As of April 30,
	2012	2013	2014	2015
	(RMB in thousands)			
Within one year	288	240	262	157
In the second to the fifth years, inclusive	240	—	—	—
Total	528	240	262	157

We intend to fund our capital and lease commitments principally from bank financings and proceeds received from sale and pre-sale of our properties.

KEY FINANCIAL RATIOS

The following table sets out a summary of certain financial ratios for the periods or as of the dates indicated:

	Year ended December 31,		
	2012	2013	2014
Profitability ratios			
Revenue growth (%)	N/A	17.3	172.4
Gross profit margin (%)	28.8	27.5	28.9
Net profit margin (%)	8.1	4.6	13.0
Return on equity (%)	3.7	2.2	16.4

	As of December 31,		
	2012	2013	2014
Liquidity ratio			
Current ratio	1.24	1.38	1.03
Capital adequacy ratios			
Gearing ratio (%)	73.2	89.3	108.4
Net debt to equity ratio (%)	52.1	58.4	33.2

Please see "— Period to Period Comparison of Results of Operations" for a discussion of the factors affecting revenue growth and gross and net profit margins during the respective periods.

Return on Equity

Return on equity is our net profit divided by total equity for each financial period.

The fluctuations in our return on equity ratio during the Track Record Period were largely in line with the fluctuations in our net profit during the Track Record Period.

Current Ratio

Current ratio is our current assets divided by our current liabilities at the end of each financial period.

Our current ratio increased from 1.24 as of December 31, 2012 to 1.38 as of December 31, 2013, primarily due to the significant increase in completed properties held for sale from 2012 to 2013, which was primarily attributable to completion of a portion of Elite Gardens in 2013. Our current ratio decreased from 1.38 as of December 31, 2013 to 1.03 as of December 31, 2014, primarily due to decreased net current assets as our current liabilities increased due to (i) increased payables that we advanced from customers due to increased contracted sales and (ii) the construction fund paid by the Management Committee in advance for the construction of resettlement housing and social security housing.

Gearing Ratio

Gearing ratio is our total debt divided by total equity. Total debt includes interest-bearing bank and other borrowings.

Our gearing ratio increased from 73.2% as of December 31, 2012 to 89.3% as of December 31, 2013, primarily due to an increase in interest-bearing bank borrowings which was primarily attributable to funding of the Southern District of Phase I of Yosemite Valley Town — Taiyuan and Grand International Mall and Apartments. Our gearing ratio increased from 89.3% as of December 31, 2013 to 108.4% as of December 31, 2014, primarily due to decreased total equity as a result of the Reorganization.

Net Debt-to-Equity Ratio

Net debt-to-equity ratio is our total interest-bearing bank borrowings and other borrowings less cash and cash equivalent and pledged deposits as a percentage of total equity at the end of each financial period.

The fluctuations in our debt-to-equity ratio in 2012 and 2013 were largely in line with the fluctuations in our gearing ratio. Our debt-to-equity ratio decreased to 33.2% as of December 31, 2014 from 58.4% as of December 31, 2013, primarily due to a significant increase in cash and cash equivalents as we realized significantly larger actual cash receipts in 2014.

QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISKS

We are, in the ordinary course of our business, exposed to various market risks, including interest rate risk, credit risk and liquidity risk. Our capital risk management strategy aims to safeguard our ability to continue as a going concern in order to provide returns for our shareholders and to maintain an optimal capital structure to reduce the cost of capital.

Interest Rate Risk

Our exposure to the risk of changes in market interest rates is primarily related to our debt obligations with floating interest rates. We have not hedged our cash flow interest rate risk. Our management does not anticipate significant impact to our interest-bearing assets resulting from changes in interest rates, because the interest rates of bank deposits are not expected to change significantly.

For the years ended December 31, 2012, 2013 and 2014, we estimated that a general 0.5% increase/decrease in basis points of interest rates for floating rate borrowings, with all other variables held constant, would decrease/increase our profit before tax by approximately RMB1.3 million, RMB2.3 million and RMB3.1 million, respectively. Please refer to Note 39 of the Accountants' Report included as Appendix I to this prospectus for further details regarding our interest rate risk.

Credit Risk

We do not have significant concentrations of credit risk in view of our large number of customers. We did not record any significant bad debts losses in relation to our trade receivables during the Track Record Period. The credit risk of our other financial assets, which mainly comprise cash and cash equivalents, pledged deposits, other receivables and amounts due from related companies, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

All our bank deposits are placed with banks with sound credit ratings to mitigate the risk. We do not hold any collateral as security. We assess the credit quality of the counterparties by taking into account their financial position, credit history and other factors. Our management also regularly review the recoverability of these receivables and follow up on the disputes or amounts overdue, if any. Our Directors are of the opinion that the risk of default by counterparties is low.

Liquidity Risk

The capital intensive nature of our business exposes us to liquidity risk. In managing our liquidity risk, we regularly and closely monitor our current and expected liquidity requirements to maintain our rolling cash flow at a level which is considered adequate by our management to finance our operations and to maintain sufficient cash to meet our business development requirements.

Our management monitors capital using the gearing ratio. Our Directors consider that we will be able to maintain sufficient financial resources to meet our needs. Please refer to Note 39 of the Accountants' Report included as Appendix I to this prospectus for further details regarding our liquidity risk.

SUBSEQUENT EVENTS

Please refer to the relevant disclosures made in the section headed "Summary — Recent Developments" in this prospectus for events that took place subsequent to December 31, 2014.

DIVIDENDS

Subject to the Cayman Islands Companies Law and our Articles of Association, we may declare dividends through a general meeting in any currency but no dividend shall be declared in excess of the amount recommended by our Board. Our Articles of Association provide that dividends may be declared and paid out of our profit, realized or unrealized, or from any reserve set aside from profits in our Directors' discretion. With the sanction of an ordinary resolution, dividends may also be declared and paid out of our share premium account or any other fund or account which can be authorized for this purpose in accordance with the Cayman Companies Law and our Articles of Association.

Our Directors will declare future dividends, if any, in Hong Kong dollars with respect to Shares on a per Share basis and we will pay such dividends in Hong Kong dollars. The amount of dividends actually distributed to our Shareholders will depend upon our earnings and financial condition, operating requirements, capital requirements and any other conditions that our Directors may deem relevant. Any final dividend will be subject to the approval of our Shareholders.

Future dividend payments will also depend upon the availability of dividends received from our subsidiaries in China. PRC laws require that dividends be paid only out of net profit, calculated in accordance with PRC accounting principles, which differ in many aspects from the generally accepted accounting principles in other jurisdictions, including HKFRS. PRC laws also require PRC-incorporated enterprises to set aside part of their after-tax profits as statutory reserves, which are not available for distribution as cash dividends. Furthermore, distributions from our subsidiaries may be restricted if they incur debts or losses or as a result of any restrictive covenants in bank credit facilities or other agreements that we or our subsidiaries may enter into in the future. Such restrictive covenants in bank credit facilities include a restriction on distributions by our subsidiaries should they default on repayment obligations in accordance with the terms of the credit facilities.

In May 2014, Chen Xing declared a dividend of RMB91.7 million to its shareholders, which was fully paid in September 2014. We currently do not intend to distribute to our Shareholders any net distributable profits for the fiscal year ended December 31, 2014. However, we will re-evaluate our dividend policy annually.

DISTRIBUTABLE RESERVES

As of December 31, 2014, our distributable reserves were RMB322.6 million and our Company's distributable reserve was nil.

NO MATERIAL ADVERSE CHANGE

After performing sufficient due diligence work which our Directors consider appropriate and after due and careful consideration, 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 prospects since December 31, 2014 and there has been no event since December 31, 2014 which would materially affect the financial information as set out in the Accountants' Report set out in Appendix I to this prospectus.

RELATED PARTY TRANSACTIONS

Please see "— Selected Statements of Financial Position Items — Trade Receivables" and "— Selected Statements of Financial Position Items — Amounts Due to Related Parties" for details of certain related party transactions set out in Note 36 of the Accountants' Report in Appendix I to this prospectus. In addition, we paid an aggregate of RMB306,000 during the year ended December 31, 2014 to Shanxi Wanjia in accordance with management services agreements entered into in January 2014, pursuant to which Shanxi Wanjia agreed to provide services such as security, cleaning and hospitality services for the sales office of Xin Xing International Cultural Town as well as management services for unoccupied units of Grand International Mall & Apartments. Please see "Connected Transactions" for more details.

With respect to our related party transactions occurred during the Track Record Period, our Directors confirm that these transactions (i) were conducted on normal commercial terms and/or on terms not less favorable than terms available from independent third parties, which are considered fair, reasonable and in the interest of our shareholders as a whole; and (ii) do not distort our Track Record Period results or make our historical results not reflective of future performance.

UNAUDITED PRO FORMA ADJUSTED NET TANGIBLE ASSETS

For illustrative purposes only, the following statement of unaudited pro forma adjusted net tangible assets of our Group prepared in accordance with Rule 4.29 of the Listing Rules is prepared to show the effect of the Global Offering on the audited net tangible assets of our Group attributable to owners of our Company as of December 31, 2014 and is based on the audited consolidated net assets derived from the audited financial information of our Group as of December 31, 2014, as set out in the Accountants' Report in Appendix I to this prospectus:

	Consolidated Net Tangible Assets Attributable to Owners of the Company As of December 31, 2014[(1)]	Estimated Net Proceeds from the Global Offering[(2)]	Unaudited pro forma Adjusted Consolidated Net Tangible Assets	Unaudited pro forma adjusted consolidated net tangible assets per Share[(3)]	Unaudited pro forma adjusted consolidated net tangible assets per Share[(4)]
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
Based on an Offer Price of HK$2.60 per Share....	490,788	172,137	662,925	1.33	1.68
Based on an Offer Price of HK$3.20 per Share ...	490,788	219,477	710,265	1.42	1.80

Notes:

(1) The consolidated net tangible assets attributable to owners of the Company as of December 31, 2014 is arrived at after deducting other intangible assets of RMB998,000 from the unaudited consolidated equity attributable to owners of the Company of RMB491,786,000 as of December 31, 2014, as shown in the section headed "Appendix I — Accountants' Report."

(2) The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$2.60 or HK$3.20 per Share after deduction of the underwriting fees and other related expenses payable by our Company. The estimated net proceeds are converted into RMB at the rate of HK$1 = RMB0.78899. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at the rate or at any other rates or at all.

(3) The audited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares are in issue assuming that the Global Offering has been completed on December 31, 2014.

PROPERTY INTERESTS AND PROPERTY VALUATION

The Property Valuer, an independent property valuer, has valued our property interests as of March 31, 2015 and is of the opinion that the aggregate value of our properties as of such date was RMB5,159.9 million (aggregate value of our property interests attributable to us was RMB4,618.5 million). The full text of the letter, summary of values and valuation certificates with regard to such property interests are set out in the property valuation report as set out in Appendix III to this prospectus.

The statement below shows the reconciliation of the aggregate value of certain properties and prepaid land lease payments as reflected in the audited consolidated financial statements as of December 31, 2014 as set out in Appendix I to this prospectus with the valuation of these properties and lease prepayments as of March 31, 2015 as set out in the property valuation report as set out in Appendix III to this prospectus.

	RMB (million)
Net book value as of December 31, 2014	
- Property, plant and equipment	54.0
- Properties under development	2,329.9
- Completed properties held for sale	1,209.4
- Investment properties	127.0
- Prepaid land lease payments	1.5
	3,721.8
Add: Additions during the period from December 31, 2014 to March 31, 2015 (unaudited)	155.4
Less: Transfer of properties held or under development for sale to cost of sales during the period from December 31, 2014 to March 31, 2015 (unaudited)	93.7
Net book value as of March 31, 2015 (unaudited)	3,783.5
Net valuation surplus	835.0
Valuation of properties attributable to our Group as of March 31, 2015 as set out in Appendix III	4,618.5

LISTING EXPENSES

We expect to incur total expenses of approximately RMB33.0 million in connection with the Listing, which will include professional fees, underwriting commissions and other fee. We will recognize RMB3.2 million of the listing expenses as prepayments, deposits and other receivables as of December 31, 2014, which will be deducted from equity upon the completion of the Global Offering, which is expected to take place in 2015. In addition, we will charge RMB9.7 million of the listing expenses to profit and loss in 2014. We expect to charge RMB9.5 million of the listing expenses to profit and loss for the year ending December 31, 2015 and RMB13.8 million (which includes RMB3.2 million in expenses brought down from 2014) of the listing expenses is expected to be charged to equity upon the completion of the Global Offering, which is expected to take place in 2015.

The listing expenses above are the latest practicable estimate for reference only and the actual amount may differ from the estimate. Such expenses did not have a material adverse impact on our results of operations for the year ended December 31, 2014, and is not expected to have a material adverse effect on our results of operations for the year ending December 31, 2015.

DISCLOSURE REQUIRED UNDER THE LISTING RULES

Except as otherwise disclosed in this prospectus, we confirm that, as of the Latest Practicable Date, we were not aware of any circumstances that would give rise to a disclosure requirement under Rules 13.13 to 13.19 of the Listing Rules.

FUTURE PLANS AND PROSPECTS

Please refer to the section headed "Business — Our Business Strategies" in this prospectus for a detailed description of our future plans.

USE OF PROCEEDS

We currently estimate that we will receive net proceeds from the Global Offering of approximately HK$248.3 million (assuming an Offer Price of HK$2.90 per Offer Share, being the mid-point of the Offer Price range stated in this prospectus), after deducting the underwriting fees and commissions and other estimated expenses payable by us in relation to the Global Offering in the aggregate amount of approximately HK$41.7 million.

We intend to use the net proceeds we will receive from the Global Offering for the following purposes:

- approximately 90% or approximately HK$223.5 million of the net proceeds to finance the development of Phase I of Longtian Project (龍田項目). Please refer to the section headed "Business — Description of Our Property Development Projects — Jinzhong, Shanxi Province — Phase I of Longtian Project" in this prospectus for details of the Longtian Project (龍田項目); and

- approximately 10% or approximately HK$24.8 million of the net proceeds to be used for working capital and other general corporate purposes.

The applications of the net proceeds as stated above are only current estimates and are subject to changes based on prevailing economic, market and business conditions.

If the Offer Price is fixed at HK$3.20 per Offer Share (being the high-end of the Offer Price range stated in this prospectus), we will receive additional net proceeds of approximately HK$30 million. If the Offer Price is fixed at HK$2.60 per Offer Share (being the low-end of the Offer Price range stated in this prospectus), the net proceeds we receive will be reduced by approximately HK$30 million. In the event that the Offer Price is fixed at a higher or lower level compared to the mid-point of the Offer Price range stated in this prospectus, we will adjust the above allocation of the net proceeds on a pro rata basis.

If any part of our development plan does not proceed as planned for reasons such as changes in government policies that would render the development of any our projects not viable, or the occurrence of force majeure events, our Directors will carefully evaluate the situation and may reallocate the net proceeds of the Global Offering.

To the extent that the net proceeds are not immediately applied for the above purposes and to the extent permitted by the relevant laws and regulations, we intend to deposit the net proceeds into short-term deposits and/or money market instruments.

We will issue an appropriate announcement if there is any material change to the above proposed use of proceeds.

HONG KONG UNDERWRITERS

Sole Global Coordinator and Sole Bookrunner

ICBC International Capital Limited

Sole Lead Manager

ICBC International Securities Limited

Co-lead Managers

Guotai Junan Securities (Hong Kong) Limited
Oriental Patron Securities Limited

UNDERWRITING ARRANGEMENTS AND EXPENSES

Hong Kong Public Offer

Hong Kong Underwriting Agreement

The Hong Kong Underwriting Agreement was entered into on June 19, 2015. Pursuant to the Hong Kong Underwriting Agreement, our Company is initially offering 10,000,000 Hong Kong Offer Shares for subscription by the public in Hong Kong at the Offer Price on and subject to the terms and conditions set out in this prospectus and the related Application Forms.

Subject to (i) the Listing Committee of the Stock Exchange granting the listing of, and permission to deal in, the Shares in issue and to be issued pursuant to the Global Offering (including any Shares which may be issued upon the exercise of the options to be granted under the Share Option Scheme) and (ii) certain other conditions set out in the Hong Kong Underwriting Agreement (including, among others, the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company agreeing on the Offer Price), the Hong Kong Underwriters have agreed, severally but not jointly, to subscribe or procure subscribers for their respective applicable proportions of the Hong Kong Offer Shares now being offered and which are not taken up under the Hong Kong Public Offer, on the terms and the conditions set out in this prospectus, the related Application Forms and the Hong Kong Underwriting Agreement.

The Hong Kong Underwriting Agreement is conditional upon and subject to the International Underwriting Agreement having been signed, becoming unconditional and not having been terminated.

Grounds for Termination of the Hong Kong Underwriting Agreement

If any of the events set out below shall occur at any time prior to 8:00 a.m. on the Listing Date, the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) shall be entitled by notice (orally or in writing) to our Company to terminate the Hong Kong Underwriting Agreement with immediate effect:

(a) there has come to the notice of the Sole Global Coordinator or any of the Hong Kong Underwriters after the date of the Hong Kong Underwriting Agreement:

(i) any breach of, or any matter or event rendering untrue, incorrect, inaccurate or misleading in any respect, any of the warranties set out in the Hong Kong Underwriting Agreement (or would when repeated); or

(ii) any breach of any of the obligations or undertakings imposed upon any party to the Hong Kong Underwriting Agreement or the International Underwriting Agreement (other than upon any of the Hong Kong Underwriters or the International Underwriters); or

(iii) that any statement contained in any of this prospectus, the Application Forms, the formal notice and/or in any notices, announcements, advertisements, communications or other documents issued or used by or on behalf of the Company in connection with the Hong Kong Public Offer (including any supplement or amendment thereto) (the "**Offer Documents**") was, when it was issued, or has or may become, untrue, incorrect, inaccurate or misleading in any material respect, or that any estimate/forecast, expression of opinion, intention or expectation contained in any of the Offer Documents is not fair and honest and based on reasonable assumptions with reference to the facts and circumstances then subsisting; or

(iv) that any matter has arisen or has been discovered which would or might, had it arisen or been discovered immediately before the date of this prospectus, constitute a misstatement or omission from any of the Offer Documents (including any supplement or amendment thereto); or

(v) any matter, event, act or omission which gives or is likely to give rise to any liability of the Company or Warrantors out of or in connection with any breach, inaccuracy and/or incorrectness of the warranties and or pursuant to the indemnities contained in the Hong Kong Underwriting Agreement given by any of the indemnifying parties thereto; or

(vi) any adverse change or development involving a prospective adverse change in the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole, whether or not arising in the ordinary course of business, as determined by the Sole Global Coordinator in its sole and absolute discretion; or

(vii) approval by the Listing Committee of the Stock Exchange of the listing of, and permission to deal in, the Shares to be issued or sold under the Global Offering is refused or not granted, 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) the Company withdraws this prospectus (and/or any other documents issued or used in connection with the Global Offering) or the Global Offering; or

(ix) any expert named in this prospectus has withdrawn its respective consent to the issue of this prospectus with the inclusion of its reports, letters, summaries of valuations and/or legal opinions (as the case may be) and references to its name included in the form and context in which it respectively appears; or

(b) there shall have developed, occurred, happened or come into effect:

(i) any change or development involving a prospective change in, or any event or series of events resulting or likely to result in any change or development involving a prospective change, in local, national, regional or international financial, economic, political, military, industrial, fiscal, legal, regulatory, currency, credit or market conditions or exchange control or any monetary or trading settlement system (including, without limitation, conditions in the stock and bond markets, money and foreign exchange markets, the interbank markets and credit markets or a 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 the Renminbi is linked to any foreign currency or currencies), in or affecting Hong Kong, the PRC, the United States, the United Kingdom, the European Union (or any member thereof), Japan, the Cayman Islands or the British Virgin Islands, or any other jurisdiction relevant to any member of our Group (collectively the "**Relevant Jurisdictions**" and each a "**Relevant Jurisdiction**"); or

(ii) any new law or regulation or any change, development or announcement or publication involving a prospective change in existing law or regulations, or any change, development or announcement or publication involving a prospective change in the interpretation or application thereof by any court or other competent authority in or affecting any of the Relevant Jurisdictions; or

(iii) the imposition or declaration of:

(i) any moratorium, suspension, restriction or limitation (including, without limitation, any imposition of or requirement for any minimum or maximum price limit or price range) in or on trading in shares or securities generally on the Stock Exchange, the New York Stock Exchange, the NASDAQ Global Market, the London Stock Exchange, the Tokyo Stock Exchange, the Shanghai Stock Exchange or the Shenzhen Stock Exchange; or

(ii) any general moratorium on commercial banking activities or foreign exchange trading or securities settlement or clearance services in Hong Kong (imposed by the Financial Secretary or the Hong Kong Monetary Authority or other competent Authority), New York (imposed at Federal or New York State level or other competent Authority), London, the PRC, the European Union (or any member thereof), Japan, the Cayman Islands, the British Virgin Islands or any other Relevant Jurisdiction, or any disruption in commercial banking or foreign exchange trading or securities settlement or clearance services, procedures or matters in those places or jurisdictions; or

(iv) a change or development involving a prospective change in taxation or exchange control, currency exchange rates or foreign investment regulations (including, without limitation, a material devaluation of the Hong Kong dollar or the Renminbi against any foreign currencies), or the implementation of any exchange control, in any Relevant Jurisdiction, in each case adversely affecting on investment in the Shares; or

(v) any litigation, or claim, or investigation or actions being announced, threatened or instigated against any member our Group or the Warrantors which is not disclosed or referred to in this prospectus; or

(vi) any event which gives rise or would give rise to liability on the part of our Company pursuant to the indemnity provisions of the Hong Kong Underwriting Agreement, or

(vii) the imposition of economic sanctions or withdrawal of trading privileges, in whatever form, directly or indirectly, by, or for, any Relevant Jurisdiction; or

(viii) a Director 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

(ix) the chairman or chief executive officer of our Company vacating his or her office; or

(x) the commencement by any judicial, regulatory, governmental, political body or organisation or any other Authority of any investigation, claim, proceedings or other action, or announcing an intention to investigate or take such action, against any Director; or

(xi) a contravention by any member of our Group of the Listing Rules or applicable laws; or

(xii) a prohibition on our Company for whatever reason from allotting or selling the Shares pursuant to the terms of the Global Offering; or

(xiii) non-compliance of this prospectus (or any other documents used in connection with the contemplated offer and sale of the Shares) or any aspect of the Global Offering with the Listing Rules or any other applicable law or regulation; or

(xiv) other than with the approval of the Sole Global Coordinator, the issue or requirement to issue by our Company of any supplement or amendment to this prospectus (or to any other documents used in connection with the contemplated offer and sale of the Shares) pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance or the Listing Rules or any requirement or request of the Stock Exchange and/or the SFC; or

(xv) any event or series of events in the nature of force majeure, including, without limitation, acts of government, declaration of a national or international emergency, calamity, crisis, labour disputes, strikes, lock-outs, riots, public disorder, fire, explosion, flooding, earthquake, civil commotion, acts of war, acts of God, acts of terrorism (whether or not responsibility has been claimed), outbreak of infectious diseases or epidemics or pandemics including, but not limited to, Severe Acute Respiratory Syndromes (SARS), Middle East Respiratory Syndrome (MERS), H1N1 and H5N1 and such related/mutated forms or accident or interruption or delay in transportation, economic sanction and any local, national, regional or international outbreak or escalation of hostilities (whether or not war is or has been declared) or other state of emergency or calamity or crisis; or

(xvi) any change or prospective change in, or a materialisation of, any of the risks set out in the section headed "Risk Factors" in this prospectus; or

(xvii) any order or petition for the winding up or liquidation of any member of our Group or any composition, compromise or arrangement made by any member of our Group with its creditors or a scheme of arrangement entered into by any member of our Group or any resolution for the winding up or liquidation of any member of our Group is passed or the appointment of a provisional liquidator, receiver or manager over all or part of the assets or undertaking of any member of our Group or anything analogous thereto occurring in respect of any member of our Group; or

(xviii) a demand by any creditor for repayment or payment of any of our Group's indebtedness prior to its stated maturity, which, individually or in the aggregate, in the sole opinion of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters):

(1) has or will or may have or is likely to have a material adverse effect, whether directly or indirectly, on the assets, liabilities, business, general affairs, management, prospects, shareholders' equity, profits, losses, results of operations, position or condition, financial or otherwise, or performance of our Group as a whole; or

(2) has or will or may have or is likely to have a material adverse effect on the success of the Global Offering or the level of applications under the Hong Kong Public Offer or the level of interest under the International Placing; or

(3) makes or will or may make or is likely to make it inadvisable or inexpedient or impracticable for any material part of the Hong Kong Underwriting Agreement, or for any part of the Hong Kong Public Offer or the Global Offering to be performed or implemented or proceed as envisaged or to market the Global Offering or to deliver the Offer Shares on the terms and in the manner contemplated by this prospectus; or

(4) has or will or may have the effect of making any part of the Hong Kong Underwriting Agreement (including underwriting) incapable of performance in accordance with its terms or preventing the processing of applications and/or payments pursuant to the Global Offering or pursuant to the underwriting thereof.

Undertakings

Undertakings to the Stock Exchange pursuant to the Listing Rules

Undertakings by our Company

Pursuant to Rule 10.08 of the Listing Rules, we have undertaken to the Stock Exchange that no further Shares or securities convertible into our equity securities may be issued by us or form the subject of any agreement to such an issue by us within six months from the Listing Date (whether or not such issue of Shares or our securities will be completed within six months from the commencement of dealing), except pursuant to the Global Offering, any exercise of the options which may be granted under the Share Option Scheme or any of the circumstances prescribed by Rule 10.08 of the Listing Rules.

Undertakings by our Controlling Shareholders

Pursuant to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has undertaken to the Stock Exchange and us that, except pursuant to the Global Offering, it shall not and shall procure that the relevant registered holder shall not, without the prior written consent of the Stock Exchange or unless otherwise in compliance with the Listing Rules:

(a) in the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is six months from the Listing Date (the "**First Six-month Period**"), dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of those Shares or securities of our Company in respect of which it is shown by this prospectus to be the beneficial owner; or

(b) in the period of six months commencing on the date on which the First Six-month Period expires, dispose of, nor enter into any agreement to dispose of or otherwise create any options, rights, interests or encumbrances in respect of, any of the Shares or securities referred to in (a) above if, immediately following such disposal or upon the exercise or enforcement of such options, rights, interests or encumbrances, it would cease to be a controlling Shareholder of our Company.

In addition, in accordance with Note 3 to Rule 10.07 of the Listing Rules, each of our Controlling Shareholders has also undertaken to the Stock Exchange and us that, within the period commencing on the date with reference to which disclosure of its shareholding is made in this prospectus and ending on the date which is 12 months from the Listing Date, it will:

(a) when it pledges or charges any of the Shares or of other securities of the Company beneficially owned by it in favor of an authorized institution (as defined in the Banking Ordinance (Chapter 155 of the Laws of Hong Kong)) pursuant to Note (2) to Rule 10.07(2) of the Listing Rules, immediately inform us of such pledge or charge together with the number of such Shares or other securities so pledged or charged; and

(b) when it receives any indication, either verbal or written, from any pledgee or chargee of any of the Shares or of other securities of our Company pledged or charged that such Shares or other securities will be disposed of, immediately inform us of any such indication.

We will inform the Stock Exchange as soon as we have been informed of the above matters (if any) and disclose such matters by way of an announcement which is published in accordance with the Listing Rules.

Undertakings to the Hong Kong Underwriters pursuant to the Hong Kong Underwriting Agreement

Undertakings by our Company

Pursuant to the Hong Kong Underwriting Agreement, we have undertaken to each of the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriters that, except pursuant to the offer and sale of the Offer Shares pursuant to the Global Offering and the issue of Shares pursuant to the Share Option Scheme, during the period commencing on the date of the Hong Kong Underwriting Agreement and ending on, and including, the date that is six months from the Listing Date (the "**First Six-Month Period**"), we shall not and shall procure that the members of our Group will not, without the prior written consent of the Sole Sponsor and the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules:

(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 an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any shares or other securities of such other member of our Group, 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 member of our Group, as applicable, or any interest in any of the foregoing), or deposit any Shares or other securities of our Company or any shares or other securities of such other member of our Group, as applicable, with a depositary in connection with the issue of depositary receipts), except where such transaction is made solely among members of our Group; or

(b) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of Shares or any other securities of our Company or any shares or other securities of such other member of our Group, 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 any shares of such other member of our Group, as applicable or any interest in any of the foregoing); or

(c) enter into any transaction with the same economic effect as any transaction specified in (a) or (b) above or offer to or agree to or announce any intention to effect any transaction specified in (a) or (b) above; or

(d) offer to or agree to do any of the foregoing or announce any intention of our Company to enter into the transaction described in (a), (b) or (c) above;

in each case, whether any of the transactions specified in (a), (b) or (c) above is to be settled by delivery of Shares or such other securities of our Company or shares or other securities of such other member of our Group, as applicable, or in cash or otherwise (whether or not the issue of shares or such other securities will be completed within the First Six-Month Period).

In the event that, at any time during the period of six months immediately following the expiry of the First Six-Month Period ("**Second Six-Month Period**"), our Company enters into any of the transactions specified in (i), (ii) or (iii) above or offers to or agrees to or announces any intention to effect any such transaction, our Company shall take all reasonable steps to ensure that any such transaction, offer, agreement or announcement will not create a disorderly or false market in our

Shares or any other securities of our Company or any other securities of the Company. Our Controlling Shareholders and Mr. Bai undertake to each of the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriters to procure our Company to comply with the undertakings above.

Undertakings by our Controlling Shareholders

Each of our Controlling Shareholders has undertaken to each of our Company, the Sole Sponsor, the Sole Global Coordinator, the Sole Bookrunner, the Sole Lead Manager and the Hong Kong Underwriters that, pursuant to the Global Offering, without the prior written consent of the Sole Global Coordinator (for itself and on behalf of the Hong Kong Underwriters) and unless in compliance with the requirements of the Listing Rules, none of our Controlling Shareholders will:

(a) at any time during the First Six-Month Period,

(i) sell, offer to sell, contract or agree to sell, mortgage, charge, pledge, hypothecate, lend, grant or sell any option, warrant, contract or right to purchase, grant or purchase any option, warrant, contract or right to sell, or otherwise transfer or dispose of or create an encumbrance over, or agree to transfer or dispose of or create an encumbrance over, either directly or indirectly, conditionally or unconditionally, any Shares or any other securities of our Company or any interest in any of the foregoing (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or

(ii) enter into any swap or other arrangement that transfers to another, in whole or in part, any of the economic consequences of ownership of the Shares or any other securities of our Company or any interest therein (including, without limitation, any securities convertible into or exchangeable or exercisable for or that represent the right to receive, or any warrants or other rights to purchase, any Shares), or

(iii) enter into any transaction with the same economic effect as any transaction specified in (i) or (ii) above, or

(iv) offer to or agree to or announce any intention to effect any transaction specified in (i), (ii) or (iii) above, in each case, whether any of the transactions is to be settled by delivery of the Shares or such other securities of our Company or in cash or otherwise (whether or not the issue of such Shares will be completed within the aforesaid period).

(b) he/it will not, at any time during the Second Six-Month Period, enter into any of the transactions specified in paragraph(a)(i), (ii), (iii) or (iv) above or offer to or agree to or announce any intention to effect any such transaction if, immediately following any sale, transfer or disposal or upon the exercise or enforcement of any option, right, interest or Encumbrance pursuant to such transaction, he/it will cease to be a "controlling shareholder" (as the term is defined in the Listing Rules) of our Company; and

(c) until the expiry of the Second Six-Month period, in the event that he/it enters into any of the transactions specified in paragraph(a)(i), (ii), (iii) or (iv) above or offer to or agrees to or announce any intention to effect any such transaction, he/it will take all reasonable steps to ensure that he/it will not create a disorderly or false market in the securities of our Company.

International Placing

In connection with the International Placing, it is expected that our Company will enter into the International Underwriting Agreement with, among others, the International Underwriters. Under the International Underwriting Agreement, it is expected that the International Underwriters would, subject to certain conditions, severally but not jointly, agree to purchase the International Placing Shares being offered pursuant to the International Placing or procure purchasers for their respective applicable proportions of International Placing Shares.

Commissions and Expenses

According to the Hong Kong Underwriting Agreement, the Hong Kong Underwriters will receive an underwriting commission of 2.0% of the aggregate Offer Price payable for the Hong Kong Public Offer Shares initially offered under the Hong Kong Public Offer. For unsubscribed Hong Kong Public Offer Shares reallocated to the International Placing, if any, our Company 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 or their affiliates (but not the Hong Kong Underwriters). In addition, at the discretion of our Company, the Hong Kong Underwriters may also receive an incentive fee up to 0.5% of the aggregate Offer Price.

Assuming an Offer Price of HK$2.90 per Offer Share (being the midpoint of the indicative offer price range of HK$2.60 to HK$3.20 per Offer Share), the aggregate commissions and maximum incentive fees, together with the Stock Exchange listing fee, SFC transaction levy and Stock Exchange trading fee, legal and other professional fees, printing and other expense relating to the Global Offering, are estimated to amount to approximately RMB33.0 million in total.

The commission and expenses were determined after arm's length negotiations between the Company and the Hong Kong Underwriters by reference to the current market conditions.

Indemnity

We and our Controlling Shareholders, have jointly and severally agreed to indemnify the Sole Global Coordinator, the Sole Bookrunner, the Sole Sponsor, the Sole Lead Manager and Hong Kong Underwriters for certain losses which they may suffer, including, among other matters, 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.

Hong Kong Underwriters' Interests

Except for its obligations under the Hong Kong Underwriting Agreement, none of the Hong Kong Underwriters has any shareholding interests in our Company or in any of our subsidiaries or has any right, legally enforceable or not, to subscribe for or to nominate persons to subscribe for our securities or securities of any of our subsidiaries.

Following completion of the Global Offering, the Underwriters and their affiliates may hold a certain portion of our Shares in connection with the performance of their obligations under the Underwriting Agreements.

Sole Sponsor' Independence

The Sole Sponsor satisfies the independence criteria applicable to sponsors as set out in Rule 3A.07 of the Listing Rules.

THE GLOBAL OFFERING

This prospectus is published in connection with the Hong Kong Public Offer which forms part of the Global Offering. The Global Offering comprises (subject to adjustment and reallocation):

- the Hong Kong Public Offer of initially 10,000,000 Shares (subject to adjustment and reallocation as mentioned below) in Hong Kong as described in "— The Hong Kong Public Offer"; and

- the International Placing of initially 90,000,000 Shares (subject to adjustment and reallocation as mentioned below) outside the United States in reliance on Regulation S.

Investors may apply for Hong Kong Offer Shares under the Hong Kong Public Offer or apply for or indicate an interest, if qualified to do so, in the International Placing Shares under the International Placing, but may not do both.

The number of Offer Shares to be offered under the Hong Kong Public Offer and the International Placing, respectively, may be subject to reallocation.

The Hong Kong Public Offer is fully underwritten by the Hong Kong Underwriters under the terms of the Hong Kong Underwriting Agreement and is subject to our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) agreeing on the Offer Price. Our Company expects to enter into the International Underwriting Agreement relating to the International Placing on the Price Determination Date. These underwriting arrangements, and the respective Underwriting Agreements, are summarized in the section headed "Underwriting."

CONDITIONS OF THE HONG KONG PUBLIC OFFER

Acceptance of all applications for Offer Shares pursuant to the Global Offering will be conditional on, among others:

(i) the Listing Committee granting the listing of, and permission to deal in, the Shares in issue, the Offer Shares to be issued pursuant to the Global Offering (including any Shares which may be issued upon the exercise of the options to be granted under the Share Option Scheme);

(ii) the Offer Price having been fixed on or around the Price Determination Date;

(iii) the execution and delivery of the International Underwriting Agreement on or around the Price Determination Date; and

(iv) the obligations of the Underwriters under each of the Hong Kong Underwriting Agreement and the International Underwriting Agreement becoming and remaining unconditional and not having been terminated in accordance with the terms of the respective agreements, in each case on or before the dates and times specified in the Underwriting Agreements (unless to the extent such conditions are validly waived on or before such dates and times) and in any event not later than the date which is 30 days after the date of this prospectus.

The Offer Shares are being offered at the Offer Price which is expected to be fixed between the Sole Global Coordinator and our Company on the Price Determination Date, which is expected to be on or around Thursday, June 25, 2015 and in any event, not later than Thursday, July 2, 2015.

If, for any reason, the Offer Price is not agreed between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company by Thursday, July 2, 2015, 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 Offer to be published in the South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and our website at **www.chen-xing.cn** on the next Business Day following such lapse. In such eventuality, all application monies will be returned, without interest, on the terms set out in the section headed "How to apply for the Hong Kong Public Offer Shares" of this prospectus. In the meantime, all application monies will be held in separate bank account(s) with the receiving bank(s) or other bank(s) in Hong Kong licensed under the Banking Ordinance (Chapter 155 of the Laws of Hong Kong) (as amended).

Share certificates for the Offer Shares are expected to be issued on Thursday, July 2, 2015 but will only become valid certificates of title at 8:00 a.m. on Friday, July 3, 2015 provided that (i) the Global Offering has become unconditional in all respects; and (ii) neither of the Underwriting Agreements has been terminated in accordance with its terms. Investors who trade Shares prior to the receipt of share certificates or prior to the share certificates bearing valid certificates of title do so entirely at their own risk.

THE HONG KONG PUBLIC OFFER

Number of Shares Initially Offered

Under the Hong Kong Public Offer, our Company is initially offering 10,000,000 Shares at the Offer Price for subscription by the public in Hong Kong, representing 10% of the total number of Shares initially available under the Global Offering. Subject to reallocation of Offer Shares between

(i) the International Placing and (ii) the Hong Kong Public Offer, the Hong Kong Public Offer Shares will represent approximately 2% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming no options that may be granted under the Share Option Scheme is exercised.

The Hong Kong Public Offer is open to members of the public in Hong Kong as well as to institutional and professional investors. Professional investors generally include brokers, dealers and companies (including fund managers) whose ordinary business involves dealing in shares and other securities, and corporate entities which regularly invest in shares and other securities.

Completion of the Hong Kong Public Offer is subject to the conditions as set out in "— Conditions of the Hong Kong Public Offer".

Allocation

Allocation of Hong Kong Public Offer Shares to investors under the Hong Kong Public Offer will be based solely on the level of valid applications received under the Hong Kong Public Offer. The basis of allocation may vary, depending on the number of Hong Kong Public Offer Shares validly applied for by applicants. Such allocation could, where appropriate, consist of balloting, which would mean that some applicants may receive a higher allocation than others who have applied for the same number of Hong Kong Public Offer Shares, and those applicants who are not successful in the ballot may not receive any Hong Kong Public Offer Shares.

The total number of Offer Shares available under the Hong Kong Public Offer (after taking into account of any reallocation referred to below) is to be divided into two pools for allocation purposes as follows:

- Pool A: The Hong Kong Public Offer Shares in pool A will be allocated on an equitable basis to applicants who have applied for the Hong Kong Public Offer Shares with an aggregate price of HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable) or less.

- Pool B: The Hong Kong Public Offer Shares in pool B will be allocated on an equitable basis to applicants who have applied for Hong Kong Public Offer Shares with an aggregate price of more than HK$5 million (excluding the brokerage, SFC transaction levy and the Stock Exchange trading fee payable).

Investors should be aware that applications in pool A and applications in pool B may receive different allocation ratios. If Hong Kong Public Offer Shares in one (but not both) of the pools are undersubscribed, the surplus Hong Kong Public Offer Shares will be transferred to the other pool to satisfy demand in this other pool and be allocated accordingly. For the purpose of this paragraph only, the "price" for the Shares means the price payable on application therefor (without regard to the Offer Price as finally determined). Applicants can only receive an allocation of Hong Kong Public Offer

Shares from either pool A or pool B but not from both pools. Multiple or suspected multiple applications and any application for more than 5,000,000 Hong Kong Public Offer Shares (being 50% of the 10,000,000 Hong Kong Public Offer Shares initially comprised in the Hong Kong Public Offer) are liable to be rejected.

Reallocation

The allocation of Offer Shares between the Hong Kong Public Offer and the International Placing is subject to adjustment.

Paragraph 4.2 of the Practice Note 18 of the Listing Rules requires a clawback mechanism to be put in place, which would have the effect of increasing the number of Hong Kong Public Offer Shares to certain percentages of the total number of Offer Shares offered in the Global Offering if certain prescribed total demand levels are reached as further described below:

- If the number of Offer Shares validly applied for under the Hong Kong Public Offer represents less than 15 times the number of Offer Shares initially available for subscription under the Hong Kong Public Offer, then no Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of Offer Shares available under the Hong Kong Public Offer will be 10,000,000 Offer Shares, representing 10% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 15 times or more but less than 50 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then Offer Shares will be reallocated to the Hong Kong Public Offer from the International Placing, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 30,000,000 Offer Shares, representing 30% of the Offer Shares initially available under the Global Offering;

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 50 times or more but less than 100 times the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 40,000,000 Offer Shares, representing 40% of the Offer Shares initially available under the Global Offering; and

- If the number of the Offer Shares validly applied for under the Hong Kong Public Offer represents 100 times or more the number of the Offer Shares initially available for subscription under the Hong Kong Public Offer, then the number of Offer Shares to be reallocated to the Hong Kong Public Offer from the International Placing will be increased, so that the total number of the Offer Shares available under the Hong Kong Public Offer will be 50,000,000 Offer Shares, representing 50% of the Offer Shares initially available under the Global Offering.

The Offer Shares to be offered in the Hong Kong Public Offer and the International Placing may, in certain circumstances, be reallocated as between these offerings at the discretion of the Sole Global Coordinator. If either the Hong Kong Public Offer or the International Placing is not fully subscribed for, the Sole Global Coordinator have the authority to reallocate all or any unsubscribed Offer Shares from such offering to the other, in such proportions as the Sole Global Coordinator deems appropriate.

Applications

Each applicant under the Hong Kong Public Offer will also be required to give an undertaking and confirmation in the application submitted by him or her that he or she and any person(s) for whose benefit he or she is making the application have not applied for or taken up, or indicated an interest for, and will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing, and such applicant's application is liable to be rejected if the said undertaking and/or confirmation is breached and/or untrue (as the case may be) or if he or she has been or will be placed or allocated Offer Shares under the International Placing.

Applicants under the Hong Kong Public Offer are required to pay, on application, the maximum price of HK$3.20 per Hong Kong Public Offer Share in addition to any brokerage, SFC transaction levy and Stock Exchange trading fee payable on each Hong Kong Public Offer Share. If the Offer Price, as finally determined in the manner described in "— Pricing of the Global Offering", is less than the maximum price of HK$3.20 per Hong Kong Public Offer Share, appropriate refund payments (including the brokerage, SFC transaction levy and the Stock Exchange trading fee attributable to the surplus application monies) will be made to successful applicants, without interest. Further details are set out below in "How to Apply for the Hong Kong Public Offer Shares."

References in this prospectus to applications, Application Forms, application monies or the procedure for application relate solely to the Hong Kong Public Offer.

THE INTERNATIONAL PLACING

Number of Shares offered

Subject to reallocation as described above, the International Placing will consist of 90,000,000 Shares, representing approximately 90% of the total number of Offer Shares initially available under the Global Offering. Subject to the reallocation of the Offer Shares between the International Placing and the Hong Kong Public Offer, the number of Offer Shares initially offered under the International Placing will represent approximately 18% of our Company's enlarged issued share capital immediately after completion of the Global Offering, assuming no options may be granted under the Share Option Scheme.

Allocation

The International Placing will include selective marketing of Offer Shares to institutional and professional investors and other investors anticipated to have a sizeable demand for such Offer Shares in Hong Kong and other jurisdiction outside the United States in offshore transactions in reliance on Regulation S. Professional investors generally include brokers, dealers, companies (including fund managers) whose ordinary business involves dealing in shares and other securities and corporate entities which regularly invest in shares and other securities. Allocation of Offer Shares pursuant to the International Placing will be effected in accordance with the "book-building" process described in "— Pricing of the Global Offering" and based on a number of factors, including the level and timing of demand, the total size of the relevant investor's invested assets or equity assets in 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.

The Sole Global Coordinator (for itself and on behalf of the Underwriters) may require any investor who has been offered Offer Shares under the International Placing, and who has made an application under the Hong Kong Public Offer to provide sufficient information to the Sole Global Coordinator so as to allow them to identify the relevant applications under the Hong Kong Public Offer and to ensure that it is excluded from any application of Offer Shares under the Hong Kong Public Offer.

OVER-ALLOTMENT OPTION

We have not granted and are not expected to grant an over-allotment option to the Sole Global Coordinator in connection with the Global Offering.

STOCK BORROWING ARRANGEMENT

We do not expect any stock borrowing arrangement to be undertaken in connection with the Global Offering.

STABILIZATION

We do not expect any stabilization activities to be undertaken in connection with the Global Offering.

PRICING OF THE GLOBAL OFFERING

The International Underwriters will be soliciting from prospective investors indications of interest in acquiring the Offer Shares in the International Placing. Prospective professional and institutional investors will be required to specify the number of the Offer Shares under the International Placing they would be prepared to acquire either at different prices or at a particular price. This process, known as "book-building," is expected to continue up to, and to cease on or around, the last day for lodging applications under the Hong Kong Public Offer.

Pricing for the Offer Shares for the purpose of the various offerings under the Global Offering will be fixed on the Price Determination Date, which is expected to be on or around June 25, 2015, and in any event by agreement between the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company and the number of Offer Shares to be allocated under various offerings will be determined shortly thereafter.

The Offer Price will not be more than HK$3.20 per Offer Share and is expected to be not less than HK$2.60 per Offer Share unless otherwise announced, as further explained below, not later than the morning of the last day for lodging applications under the Hong Kong Public Offer. **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.**

The Sole Global Coordinator (for itself and on behalf of the Underwriters), may, where considered appropriate, based on the level of interest expressed by prospective professional and institutional investors during the book-building process, and with the consent of our Company, reduce the number of Offer Shares being offered under the Global Offering and/or the indicative Offer Price range 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 Offer. In such case, our Company will, as soon as practicable following the decision to make any such reduction, and in any event not later than the morning of the day which is the last day for lodging applications under the Hong Kong Public Offer, cause there to be published in South China Morning Post (in English) and the Hong Kong Economic Times (in Chinese) and on the website of the Stock Exchange at **www.hkexnews.hk** and the Company at **http://www.chen-xing.cn**, an announcement, or a supplemental prospectus (as appropriate), in connection with such reduction. Upon issue of such an announcement or supplemental prospectus (as appropriate), the revised number of Offer Shares and/or indicative Offer Price range will be final and conclusive and the Offer Price, if agreed upon by the Sole Global Coordinator (for itself and on behalf of the Underwriters) and our Company, will be fixed within such revised Offer Price range. **Applicants should have regard to the possibility that any announcement 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 Offer.** Such announcement or supplemental prospectus (as appropriate) will also include confirmation or revision, as appropriate, of the working capital statement, the use of proceeds and the Global Offering statistics as currently set out in this prospectus and any other financial information which may change as a result of such reduction. 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 announcement 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 announcement or supplemental prospectus (as appropriate) and all unconfirmed applications will not be valid. In the absence of any such notice or supplemental prospectus (as appropriate) published in relation to the reduction in the Offer Price, the number of Offer Shares will not be reduced and/or the Offer Price, if agreed upon by our Company and the Sole Global Coordinator (for itself and on behalf of the Underwriters) will under no circumstances be set outside the Offer Price range as stated in this prospectus.

The net proceeds of the Global Offering accruing to our Company (after deduction of underwriting fees, brokerage, SFC transaction levy, the Stock Exchange trading fees and estimated expenses payable by our Company in relation to the Global Offering) are estimated to be approximately HK$218.3 million, assuming an Offer Price per Offer Share of HK$2.60, or approximately HK$278.3 million, assuming an Offer Price per Offer Share of HK$3.20.

The final Offer Price, the indications of interest in the Global Offering, the results of applications and the basis of allotment of Hong Kong Public Offer Shares available under the Hong Kong Public Offer, are expected to be announced on July 2, 2015, in the manner set out in the paragraph "How to Apply for the Hong Kong Public Offer Shares — Publication of results" in this prospectus.

DEALING

Assuming that the Hong Kong Public Offer becomes unconditional at or before 8:00 a.m. in Hong Kong on July 3, 2015, it is expected that dealings in the Shares on the Stock Exchange will commence at 9:00 a.m. on July 3, 2015.

The Shares will be traded in board lots of 1,000 Shares each under the stock code 2866.

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.

The 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 (unless permitted by the relevant rules and regulations).

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 authorized officer, who must state his representative capacity, and stamped with your corporation's chop.

If an application is made by a person under a power of attorney, the Sole Global Coordinator may accept it at their discretion and on any conditions they think fit, including evidence of the attorney's authority.

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 the Company and/or any its subsidiaries;
- a Director or chief executive officer of the Company and/or any of its subsidiaries;
- an associate (as defined in the Listing Rules) of any of the above;
- a connected person (as defined in the Listing Rules) of the Company or will become a connected person of the Company immediately upon completion of the Global Offering; and
- have been allocated or have applied for any International 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 a.m. on Monday, June 22, 2015 until 12:00 noon on Thursday, June 25, 2015 from:

(i) the following addresses of any of the **Hong Kong Underwriters**:

ICBC International Securities Limited
37th Floor, ICBC Tower
3 Garden Road
Central
Hong Kong

Guotai Junan Securities (Hong Kong) Limited
27th Floor, Low Block, Grand Millennium Plaza
181 Queen's Road Central
Hong Kong

Oriental Patron Securities Limited
27th Floor, Two Exchange Square
8 Connaught Place
Central
Hong Kong

(ii) any of the branches of **Industrial and Commercial Bank of China (Asia) Limited**:

District	Branch Name	Address
Hong Kong	Central Branch	1/F, 9 Queen's Road Central
	Causeway Bay Branch	Shop A on G/F, 1/F, Hennessy Apartments, 488 & 490 Hennessy Road
	North Point Branch	G/F, 436-438 King's Road, North Point
Kowloon	Tsim Sha Tsui Branch	Shop 1&2, G/F, No. 35-37 Hankow Road, Tsim Sha Tsui
	Mongkok Branch	G/F., Belgian Bank Building, 721-725 Nathan Road, Mongkok
	Kwun Tong Branch	Shop 5 & 6, 1/F, Crocodile Center, 79 Hoi Yuen Road, Kwun Tong
New Territories	Shatin Branch	Shop 22J, Level 3, Shatin Center
	Tseung Kwan O Branch	Shop Nos. 2011-2012, Level 2, Metro City, Plaza II, 8 Yan King Road, Tseung Kwan O

You can collect a **YELLOW** Application Form and a prospectus during normal business hours from 9:00 a.m. on Monday, June 22, 2015 until 12:00 noon on Thursday, June 25, 2015 from:

- the Depository Counter of HKSCC at 1/F, One & Two Exchange Square, 8 Connaught Place, Central, Hong Kong; or
- 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 "ICBC (Asia) Nominee Limited — Chen Xing Development 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:

- Monday, June 22, 2015 .... 9:00 a.m. - 5:00 p.m.
- Tuesday, June 23, 2015 .... 9:00 a.m. - 5:00 p.m.
- Wednesday, June 24, 2015 .... 9:00 a.m. - 5:00 p.m.
- Thursday, June 25, 2015 .... 9:00 a.m. - 12:00 noon

The application lists will be open from 11:45 a.m. to 12:00 noon on Thursday, June 25, 2015, the last application day or such later time as described in "— Effect of Bad Weather on the Opening of the Applications Lists".

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 authorize the Company and/or the Sole Global Coordinator and the Sole Bookrunner (or their agents or nominees), as agents of the Company, to execute any documents for you and to do on your behalf all things necessary to register any Hong Kong Offer Shares allocated to you in your name or in the name of HKSCC Nominees as required by the Articles of Association;

(ii) agree to comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association;

(iii) confirm that you have read the terms and conditions and application procedures set out in this prospectus and in the Application Form and agree to be bound by them;

(iv) confirm that you have received and read this prospectus and have only relied on the information and representations contained in this prospectus in making your application and will not rely on any other information or representations except those in any supplement to this prospectus;

(v) confirm that you are aware of the restrictions on the Global Offering in this prospectus;

(vi) agree that none of the Company, the Sole Global Coordinator, the Underwriters, their respective directors, officers, employees, partners, agents, advisors 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 the Company, our Hong Kong Share Registrar, receiving banks, the Underwriters and/or their respective advisors and agents any personal data which they may require about you and the person(s) for whose benefit you have made the application;

(ix) if the laws of any place outside Hong Kong apply to your application, agree and warrant that you have complied with all such laws and none of the Company, the Sole Global Coordinator, the Underwriters nor any of their respective officers or advisors will breach any law outside Hong Kong as a result of the acceptance of your offer to purchase, or any action arising from your rights and obligations under the terms and conditions contained in this prospectus and the Application Form;

(x) agree that once your application has been accepted, you may not rescind it because of an innocent misrepresentation;

(xi) agree that your application will be governed by the laws of Hong Kong;

(xii) represent, warrant and undertake that (i) you understand that the Hong Kong Offer Shares have not been and will not be registered under the U.S. Securities Act; and (ii) you and any person for whose benefit you are applying for the Hong Kong Offer Shares are outside the United States (as defined in Regulation S) or are a person described in paragraph (h)(3) of Rule 902 of Regulation S;

(xiii) warrant that the information you have provided is true and accurate;

(xiv) agree to accept the Hong Kong Offer Shares applied for, or any lesser number allocated to you under the application;

(xv) authorize the Company to place your name(s) or the name of the HKSCC Nominees, on the Company's register of members as the holder(s) of any Hong Kong Offer Shares allocated to you, and the Company and/or its agents to send any share certificate(s) and/or any e-Refund payment instructions and/or any refund cheque(s) to you or the first-named applicant for joint application by ordinary post at your own risk to the address stated on the application, unless you have chosen to collect the share certificate(s) and/or refund cheque(s) in person;

(xvi) declare and represent that this is the only application made and the only application intended by you to be made to benefit you or the person for whose benefit you are applying;

(xvii) understand that the Company, the Sole Global Coordinator and the Sole Bookrunner 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", 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 the Company. If you apply through the designated website, you authorize 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 a.m. on Monday, June 22, 2015 until 11:30 a.m. on Thursday, June 25, 2015 and the latest time for completing full payment of application monies in respect of such applications will be 12:00 noon on Thursday, June 25, 2015 or such later time under the "— Effects of Bad Weather on the Opening of the Applications Lists".

No Multiple Applications

If you apply by means of **White Form eIPO** Service, 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 Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each applicant who gives or causes to give electronic application instructions is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Environmental Protection

The obvious advantage of **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 "Chen Xing Development 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 2979 7888 or through the CCASS Internet System **https://ipccass.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 authorized HKSCC and/or HKSCC Nominees to transfer the details of your application to the Company, the Sole Global Coordinator and our Hong Kong Share Registrar.

Giving Electronic Application Instructions to HKSCC via CCASS

Where you have given **electronic application instructions** to apply for the Hong Kong Offer Shares and a **WHITE** Application Form is signed by HKSCC Nominees on your behalf:

(i) HKSCC Nominees will only be acting as a nominee for you and is not liable for any breach of the terms and conditions of the **WHITE** Application Form or this prospectus;

(ii) HKSCC Nominees will do the following things on your behalf:

- agree that the Hong Kong Offer Shares to be allotted shall be issued in the name of HKSCC Nominees and deposited directly into CCASS for the credit of the CCASS Participant's stock account on your behalf or your CCASS Investor Participant's stock account;

- agree to accept the Hong Kong Offer Shares applied for or any lesser number allocated;

- undertake and confirm that you have not applied for or taken up, will not apply for or take up, or indicate an interest for, any Offer Shares under the International Placing;

- (if the electronic application instruction are given for your benefit) declare that only one set of **electronic application instructions** has been given for your benefit;

- (if you are an agent for another person) declare that you have only given one set of **electronic application instructions** for the other person's benefit and are duly authorized to give those instructions as their agent;

- confirm that you understand that the Company, the Directors and the Sole Global Coordinator will rely on your declarations and representations in deciding whether or not to make any allotment of any of the Hong Kong Offer Shares to you and that you may be prosecuted if you make a false declaration;

- authorize the Company to place HKSCC Nominees' name on the 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 the Company, the Underwriters, their respective directors, officers, employees, partners, agents, advisors and any other parties involved in the Global Offering, is or will be liable for any information and representations not contained in this prospectus (and any supplement to it);

- agree to disclose your personal data to the Company, our Hong Kong Share Registrar, receiving banks, the Sole Global Coordinator, the Underwriters and/or its respective advisors and agents;

- agree (without prejudice to any other rights which you may have) that once HKSCC Nominees' application has been accepted, it cannot be rescinded for innocent misrepresentation;

- agree that any application made by HKSCC Nominees on your behalf is irrevocable before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), such agreement to take effect as a collateral contract with us and to become binding when you give the instructions and such collateral contract to be in consideration of the Company agreeing that it will not offer any Hong Kong Offer Shares to any person before the fifth day after the time of the opening of the application lists (excluding any day which is Saturday, Sunday or public holiday in Hong Kong), except by means of one of the procedures referred to in this prospectus. However, HKSCC Nominees may revoke the application before the fifth day after the time of the opening of the application lists (excluding for this purpose any day which is a Saturday, Sunday or public holiday in Hong Kong) if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance gives a public notice under that section which excludes or limits that person's responsibility for this prospectus;

- agree that once HKSCC Nominees' application is accepted, neither that application nor your **electronic application instructions** can be revoked, and that acceptance of that application will be evidenced by the Company's announcement of the Hong Kong Public Offer 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 the Company, for itself and for the benefit of each Shareholder (and so that the Company will be deemed by its acceptance in whole or in part of the application by HKSCC Nominees to have agreed, for itself and on behalf of each of the Shareholders, with each CCASS Participant giving **electronic application instructions**) to observe and comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance and the Articles of Association; and

- agree that your application, any acceptance of it and the resulting contract will be governed by the Laws of Hong Kong.

Effect of Giving Electronic Application Instructions to HKSCC via CCASS

By giving **electronic application instructions** to HKSCC or instructing your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give such instructions to HKSCC, you (and, if you are joint applicants, each of you jointly and severally) are deemed to have done the following things. Neither HKSCC nor HKSCC Nominees shall be liable to the Company or any other person in respect of the things mentioned below:

- instructed and authorized HKSCC to cause HKSCC Nominees (acting as nominee for the relevant CCASS Participants) to apply for the Hong Kong Offer Shares on your behalf;

- instructed and authorized HKSCC to arrange payment of the maximum Offer Price, brokerage, SFC transaction levy and the Stock Exchange trading fee by debiting your designated bank account and, in the case of a wholly or partially unsuccessful application and/or if the Offer Price is less than the maximum Offer Price per Offer Share initially paid on application, refund of the application monies (including brokerage, SFC transaction levy and the Stock Exchange trading fee) by crediting your designated bank account; and

- instructed and authorized HKSCC to cause HKSCC Nominees to do on your behalf all the things stated in the **WHITE** Application Form and in this prospectus.

Minimum Purchase Amount and Permitted Numbers

You may give or cause your broker or custodian who is a CCASS Clearing Participant or a CCASS Custodian Participant to give **electronic application instructions** for a minimum of 1,000, Hong Kong Offer Shares. Instructions for more than 1,000 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:

- Monday, June 22, 2015 .... 9:00 a.m. to 8:30 p.m.(1)
- Tuesday, June 23, 2015 .... 8:00 a.m. to 8:30 p.m.(1)
- Wednesday, June 24, 2015 .... 8:00 a.m. to 8:30 p.m.(1)
- Thursday, June 25, 2015 .... 8:00 a.m.(1) to 12:00 noon

Note:

(1) These times are subject to change as HKSCC may determine from time to time with prior notification to CCASS Clearing/ Custodian Participants.

CCASS Investor Participants can input **electronic application instructions** from 9:00 a.m. on Monday, June 22, 2015 until 12:00 noon on Thursday, June 25, 2015 (24 hours daily, except on the last application day).

The latest time for inputting your **electronic application instructions** will be 12:00 noon on Thursday, June 25, 2015, the last application day or such later time as described in "— Effect of Bad Weather on the Opening of the Application Lists".

No Multiple Applications

If you are suspected of having made multiple applications or if more than one application is made for your benefit, the number of Hong Kong Offer Shares applied for by HKSCC Nominees will be automatically reduced by the number of Hong Kong Offer Shares for which you have given such instructions and/or for which such instructions have been given for your benefit. Any **electronic application instructions** to make an application for the Hong Kong Offer Shares given by you or for your benefit to HKSCC shall be deemed to be an actual application for the purposes of considering whether multiple applications have been made.

Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

For the avoidance of doubt, the Company and all other parties involved in the preparation of this prospectus acknowledge that each CCASS Participant who gives or causes to give **electronic application instructions** is a person who may be entitled to compensation under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance).

Personal Data

The section of the Application Form headed "Personal Data" applies to any personal data held by the Company, the Hong Kong Share Registrar, the receiving bankers, the Sole Global Coordinator, the Underwriters and any of their respective advisors 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. The Company, the Directors, the Sole Sponsor 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/CCASS Internet System for submission of **electronic application instructions**, they should either (i) submit a **WHITE** or **YELLOW** Application Form, or (ii) go to HKSCC's Customer Service Centre to complete an input request form for **electronic application instructions** before 12:00 noon on Thursday, June 25, 2015.

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 1,000 Hong Kong Offer Shares. Each application or electronic application instruction in respect of more than 1,000 Hong Kong Offer Shares must be in one of the numbers set out in the table in the Application Form, or as otherwise specified on the designated website at **www.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, see the section headed "Structure of the Global Offering — Pricing of the Global Offering".

10. EFFECT OF BAD WEATHER ON THE OPENING OF THE APPLICATION LISTS

The application lists will not open if there is:

- a tropical cyclone warning signal number 8 or above; or
- a "black" rainstorm warning,

in force in Hong Kong at any time between 9:00 a.m. and 12:00 noon on Thursday, June 25, 2015, 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 a.m. and 12:00 noon.

If the application lists do not open and close on Thursday, June 25, 2015, or if there is a tropical cyclone warning signal number 8 or above or a "black" rainstorm warning signal in force in Hong Kong that may affect the dates mentioned in the section headed "Expected Timetable", an announcement will be made in such event.

11. PUBLICATION OF RESULTS

The Company expects to announce the final Offer Price, the level of indication of interest in the International Placing, the level of applications in the Hong Kong Public Offer and the basis of allocation of the Hong Kong Offer Shares on Thursday, July 2, 2015 in South China Morning Post (in English) and Hong Kong Economic Times (in Chinese) on the Company's website at **www.chen-xing.cn** 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 Offer will be available at the times and date and in the manner specified below:

- in the announcement to be posted on the Company's website at **www.chen-xing.cn** and the Stock Exchange's website at **www.hkexnews.hk** by no later than 8:00 a.m. Thursday, July 2, 2015;
- 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 a.m. on Thursday, July 2, 2015 to 12:00 midnight on Wednesday, July 8, 2015;
- by telephone enquiry line by calling 2862 8669 between 9:00 a.m. and 10:00 p.m. from Thursday, July 2, 2015 to Sunday, July 5, 2015;
- in the special allocation results booklets which will be available for inspection during opening hours from Thursday, July 2, 2015 to Saturday, July 4, 2015 at all the receiving bank branches and sub-branches.

If the Company accepts your offer to purchase (in whole or in part), which it may do by announcing the basis of allocations and/or making available the results of allocations publicly, there will be a binding contract under which you will be required to purchase the Hong Kong Offer Shares if the conditions of the Global Offering are satisfied and the Global Offering is not otherwise terminated. Further details are contained in the section headed "Structure of the Global Offering".

You will not be entitled to exercise any remedy of rescission for innocent misrepresentation at any time after acceptance of your application. This does not affect any other right you may have.

12. CIRCUMSTANCES IN WHICH YOU WILL NOT BE ALLOTTED OFFER SHARES

You should note the following situations in which the Hong Kong Offer shares will not be allotted to you:

(i) **If your application is revoked:**

By completing and submitting an Application Form or giving electronic application instructions to HKSCC or to **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 the Company.

Your application or the application made by HKSCC Nominees on your behalf may only be revoked on or before such fifth day if a person responsible for this prospectus under Section 40 of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as applied by Section 342E of the Companies (Winding Up and Miscellaneous Provisions) Ordinance) gives a public notice under that section which excludes or limits that person's responsibility for this prospectus.

If any supplement to this prospectus is issued, applicants who have already submitted an application will be notified that they are required to confirm their applications. If applicants have been so notified but have not confirmed their applications in accordance with the procedure to be notified, all unconfirmed applications will be deemed revoked.

If your application or the application made by HKSCC Nominees on your behalf has been accepted, it cannot be revoked. For this purpose, acceptance of applications which are not rejected will be constituted by notification in the press of the results of allocation, and where such basis of allocation is subject to certain conditions or provides for allocation by ballot, such acceptance will be subject to the satisfaction of such conditions or results of the ballot respectively.

(ii) **If the Company or its agents exercise their discretion to reject your application:**

The Company, the Sole Global Coordinator, the **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 the 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 dishonored upon its first presentation;
- the Underwriting Agreements do not become unconditional or are terminated;
- the Company or the Sole Global Coordinator believe that by accepting your application, it or they would violate applicable securities or other laws, rules or regulations; or
- your application is for more than 50% of the Hong Kong Offer Shares initially offered under the Hong Kong Public Offer.

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$3.20 per Offer Share (excluding brokerage, SFC transaction levy and the Stock Exchange trading fee thereon), or if the conditions of the Hong Kong Public Offer are not fulfilled in accordance with section headed "Structure of the Global Offering — Conditions of the Hong Kong Public Offer" 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 Thursday, July 2, 2015.

14. DISPATCH/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 Offer (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 favor of the applicant (or, in the case of joint applicants, the first-named applicant) for (i) all or the surplus application monies for the Hong Kong Offer Shares, wholly or partially unsuccessfully applied for; and/or (ii) the difference between the Offer Price and the maximum Offer Price per Offer Share paid on application in the event that the Offer Price is less than the maximum Offer Price (including brokerage, SFC transaction levy and the Stock Exchange trading fee but without interest). Part of the Hong Kong identity card number/ passport number, provided by you or the first-named applicant (if you are joint applicants), may be printed on your refund cheque, if any. Your banker may require verification of your Hong Kong identity card number/passport number before encashment of your refund cheque(s). Inaccurate completion of your Hong Kong identity card number/passport number may invalidate or delay encashment of your refund cheque(s).

Subject to arrangement on dispatch/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, July 2, 2015. 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 Friday, July 3, 2015 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 our 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 a.m. to 1:00 p.m. on Thursday, July 2, 2015 or such other date as notified by us in the newspapers.

If you are an individual who is eligible for personal collection, you must not authorize any other person to collect for you. If you are a corporate applicant which is eligible for personal collection, your authorized representative must bear a letter of authorization from your corporation stamped with your corporation's chop. Both individuals and authorized representatives must produce, at the time of collection, evidence of identity acceptable to the Hong Kong Share Registrar.

If you do not collect your refund cheque(s) and/or share certificate(s) personally within the time specified for collection, they will be dispatched 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, July 2, 2015, 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, July 2, 2015, 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, July 2, 2015, 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 Offer shares credited to your designated CCASS participant's stock account (other than CCASS Investor Participant), you can check the number of Hong Kong Offer shares allotted to you with that CCASS participant.

- *If you are applying as a CCASS investor participant*

The Company will publish the results of CCASS Investor Participants' applications together with the results of the Hong Kong Public Offer in the manner described in "— Publication of Results". You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, July 2, 2015 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 our 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 a.m. to 1:00 p.m. on Thursday, July 2, 2015, or such other date as notified by the Company in the newspapers as the date of dispatch/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, July 2, 2015 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 dispatched 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 dispatched 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, July 2, 2015, or, on any other date determined by HKSCC or HKSCC Nominees.

- The Company expects to publish the application results of CCASS Participants (and where the CCASS Participant is a broker or custodian, the Company will include information relating to the relevant beneficial owner), your Hong Kong identity card number/passport number or other identification code (Hong Kong business registration number for corporations) and the basis of allotment of the Hong Kong Public Offer in the manner specified in "Publication of Results" above on Thursday, July 2, 2015. You should check the announcement published by the Company and report any discrepancies to HKSCC before 5:00 p.m. on Thursday, July 2, 2015 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, July 2, 2015. 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, July 2, 2015.

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 advisor 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 purpose of incorporation in this Prospectus, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong.

EY 安永

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

22 June 2015

The Directors
Chen Xing Development Holdings Limited
ICBC International Capital Limited

Dear Sirs,

We set out below our report on the financial information of Chen Xing Development Holdings Limited (the "Company") and its subsidiaries (hereinafter collectively referred to as the "Group") comprising the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows of the Group for each of the years ended 31 December 2012, 2013 and 2014 (the "Relevant Periods"), and the consolidated statements of financial position of the Group as at 31 December 2012, 2013 and 2014, and the statement of financial position of the Company as at 31 December 2014, together with the notes thereto (the "Financial Information"), prepared on the basis of presentation set out in note 2.1 of Section II below, for inclusion in the prospectus of the Company dated 22 June 2015 (the "Prospectus") in connection with the listing of the shares of the Company on the Main Board of The Stock Exchange of Hong Kong Limited (the "Stock Exchange").

The Company was incorporated as an exempted company with limited liability in the Cayman Islands on 3 November 2014. Pursuant to a group reorganisation (the "Reorganisation") as set out in note 2.1 of Section II below, which was completed on 24 December 2014, the Company became the holding company of the other subsidiaries comprising the Group. Apart from the Reorganisation, the Company has not commenced any business or operation since its incorporation.

As at the date of this report, no statutory financial statements have been prepared for the Company, as it is not subject to statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

As at the date of this report, the Company has direct and indirect interests in the subsidiaries as set out in note 1 of Section II below. All companies now comprising the Group have adopted 31 December as their financial year end date. The statutory financial statements of the companies now comprising the Group were prepared in accordance with the relevant accounting principles applicable to these companies in the countries in which they were incorporated and/or established. Details of their statutory auditors during the Relevant Periods are set out in note 1 of Section II below.

For the purpose of this report, the directors of the Company (the "Directors") have prepared the consolidated financial statements of the Group (the "Underlying Financial Statements") in accordance with Hong Kong Financial Reporting Standards ("HKFRSs"), which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations, issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA"). The Underlying Financial Statements for each of the years ended 31 December 2012, 2013 and 2014 were audited by us in accordance with Hong Kong Standards on Auditing issued by the HKICPA.

The Financial Information set out in this report has been prepared from the Underlying Financial Statements with no adjustments made thereon.

DIRECTORS' RESPONSIBILITY

The Directors are responsible for the preparation of the Underlying Financial Statements and the Financial Information that give a true and fair view in accordance with HKFRSs, and for such internal control as the Directors determine is necessary to enable the preparation of the Underlying Financial Statements and the Financial Information that are free from material misstatement, whether due to fraud or error.

REPORTING ACCOUNTANTS' RESPONSIBILITY

It is our responsibility to form an independent opinion on the Financial Information and to report our opinion thereon to you.

For the purpose of this report, we have carried out procedures on the Financial Information in accordance with Auditing Guideline 3.340 *Prospectuses and the Reporting Accountant* issued by the HKICPA.

OPINION IN RESPECT OF THE FINANCIAL INFORMATION

In our opinion, for the purpose of this report and on the basis of presentation set out in note 2.1 of Section II below, the Financial Information gives a true and fair view of the state of affairs of the Group as at 31 December 2012, 2013 and 2014, and of the Company as at 31 December 2014, and of the consolidated results and cash flows of the Group for each of the Relevant Periods.

I. FINANCIAL INFORMATION

Consolidated statements of profit or loss and other comprehensive income

	Notes	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
Revenue	5	258,504	303,200	825,888
Cost of sales		(184,018)	(219,920)	(587,443)
Gross profit		74,486	83,280	238,445
Other income and gains	5	16,248	1,795	5,528
Selling and marketing expenses		(22,224)	(18,590)	(38,655)
Administrative expenses		(22,994)	(23,670)	(36,301)
Other expenses	7	(3)	(753)	(224)
Finance costs	6	(6,483)	(5,753)	(2,161)
Share of loss of a joint venture		—	—	(151)
Profit before tax		39,030	36,309	166,481
Income tax expense	10	(18,172)	(22,216)	(60,046)
Profit and total comprehensive income for the year		20,858	14,093	106,435
Attributable to:				
Owners of the parent	11	20,858	14,434	104,342
Non-controlling interests		—	(341)	2,093
		20,858	14,093	106,435
Earnings per share attributable to equity holders of the parent				
Basic and diluted	13	N/A	N/A	N/A

Details of the dividend for the Relevant Periods are disclosed in note 12 to the Financial Information.

Consolidated statements of financial position

	Notes	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
NON-CURRENT ASSETS				
Property, plant and equipment	14	28,468	35,658	54,043
Investment properties	15	129,000	127,000	127,000
Properties under development	17	237,684	248,824	792,186
Intangible assets	19	36	1,035	998
Deferred tax assets	31	81,868	87,163	132,286
Prepaid land lease payments	18	1,599	1,554	1,509
Total non-current assets		478,655	501,234	1,108,022
CURRENT ASSETS				
Properties under development	17	1,542,241	1,438,764	1,537,681
Completed properties held for sale	21	318,654	611,514	1,209,436
Inventories	20	1,717	1,938	1,840
Trade receivables	22	655	14,385	2,090
Prepayments, deposits and other receivables	23	79,494	83,950	99,012
Tax recoverable		5,966	7,559	12,911
Due from a director	40(c)	—	—	8,689
Available-for-sale investments	24	9,000	20,000	36,000
Pledged deposits	25	13,091	33,033	40,880
Cash and cash equivalents	25	106,672	188,638	393,515
Total current assets		2,077,490	2,399,781	3,342,054

	Notes	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
CURRENT LIABILITIES				
Trade payables	26	427,048	210,805	701,490
Other payables, deposits received and accruals	27	28,664	50,635	602,042
Advances from customers	28	809,970	952,274	1,374,023
Interest-bearing bank borrowings	29	109,500	234,000	267,000
Due to a related party	40(c)	7,000	2,392	3,124
Due to directors	40(c)	105,460	172,493	184,426
Tax payable	10	189,702	118,197	102,332
Total current liabilities		1,677,344	1,740,796	3,234,437
NET CURRENT ASSETS		400,146	658,985	107,617
TOTAL ASSETS LESS CURRENT LIABILITIES		878,801	1,160,219	1,215,639
NON-CURRENT LIABILITIES				
Due to a director	40(c)	50,000	—	—
Interest-bearing bank borrowings	29	150,000	235,000	360,000
Government grants	30	112,126	206,626	277,378
Total non-current liabilities		312,126	441,626	637,378
NET ASSETS		566,675	718,593	578,261
EQUITY				
Share capital	32	—	—	—
Reserves	33	566,675	683,018	491,786
		566,675	683,018	491,786
Non-controlling interests		—	35,575	86,475
TOTAL EQUITY		566,675	718,593	578,261

Consolidated statements of changes in equity

	Attributable to owners of the parent						
	Issued capital	Capital reserve*	Statutory surplus reserve*	Retained earnings*	Total	Non-controlling interests	Total equity
	RMB'000	*RMB'000* *(note 33)*	*RMB'000* *(note 33)*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 1 January 2012	—	203,749	55,681	286,387	545,817	—	545,817
Profit and other comprehensive income for the year	—	—	—	20,858	20,858	—	20,858
Transfer to statutory reserves	—	—	586	(586)	—	—	—
At 31 December 2012	—	203,749	56,267	306,659	566,675	—	566,675
At 1 January 2013	—	203,749	56,267	306,659	566,675	—	566,675
Capital contribution by a non-controlling equity holder of a subsidiary	—	101,909	—	—	101,909	35,916	137,825
Profit and other comprehensive income for the year	—	—	—	14,434	14,434	(341)	14,093
Transfer to statutory reserves	—	—	1,716	(1,716)	—	—	—
At 31 December 2013	—	305,658	57,983	319,377	683,018	35,575	718,593
At 1 January 2014	—	305,658	57,983	319,377	683,018	35,575	718,593
Acquisition of a subsidiary (note 34)	—	—	—	—	—	48,807	48,807
Disposal of a subsidiary	—	—	(50)	—	(50)	—	(50)
Deemed distribution to controlling shareholders	—	(203,809)	—	—	(203,809)	—	(203,809)
Profit and other comprehensive income for the year	—	—	—	104,342	104,342	2,093	106,435
Transfer to statutory reserves	—	—	9,423	(9,423)	—	—	—
Dividend paid to the then shareholders	—	—	—	(91,715)	(91,715)	—	(91,715)
At 31 December 2014	—	101,849	67,356	322,581	491,786	86,475	578,261

* These reserve accounts comprise the consolidated reserves of RMB566,675,000, RMB683,018,000 and RMB491,786,000 in the consolidated statements of financial position as at 31 December 2012, 2013 and 2014, respectively.

Consolidated statements of cash flows

	Notes	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before tax		39,030	36,309	166,481
Adjustments for:				
Depreciation	14	2,341	3,482	3,775
Amortisation of intangible assets	19	42	52	268
Amortisation of prepaid land lease payments	18	45	45	45
Loss on disposal of items of property, plant and equipment	7	—	13	2
Gain on disposal of items of property, plant and equipment	5	—	(99)	—
Loss/(gain) on disposal of investment properties	5,7	(1,042)	627	—
Income from available-for-sale investments	5	(55)	(75)	(2,912)
Finance costs	6	6,483	5,753	2,161
Share of loss of a joint venture		—	—	151
Gain on disposal of a subsidiary	5	—	—	(244)
Changes in fair value of investment properties	15	(14,252)	(256)	—
Interest income	5	(561)	(1,318)	(2,338)
		32,031	44,533	167,389
Decrease/(increase) in properties under development		(553,006)	135,122	114,271
Decrease/(increase) in completed properties held for sale		119,799	(292,860)	(597,922)
Decrease/(increase) in inventories		(382)	(221)	98
Decrease/(increase) in trade receivables		162	(13,730)	12,295
Decrease/(increase) in prepayments, deposits and other receivables		96,849	(4,457)	3,748
Decrease/(increase) in pledged deposits		4,158	(19,942)	(7,847)
Increase/(decrease) in trade payables		115,392	(216,243)	489,885
Increase in advances from customers		379,161	142,304	421,749
Increase/(decrease) in other payables, deposits received and accruals		1,147	21,317	(49,338)
Increase/(decrease) in amount due to a related party		7,000	(4,608)	732
Cash generated from/(used in) operations		202,311	(208,785)	555,060
Tax paid		(115,412)	(101,981)	(126,560)
Net cash flows from/(used in) operating activities		86,899	(310,766)	428,500

	Notes	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchases of items of property, plant and equipment and construction in progress		(5,485)	(11,024)	(23,642)
Purchases of intangible assets		—	(1,051)	(231)
Purchases of available-for-sale investments		(9,000)	(20,000)	(36,000)
Sales of available-for-sale investments		—	9,000	20,000
Proceeds from disposal of items of property, plant and equipment		314	438	22
Proceeds from disposal of items of investment properties		17,294	1,629	—
Purchase of shareholding in a joint venture		—	—	(51,000)
Acquisition of a subsidiary	34	—	—	83,873
Disposal of a subsidiary	35	—	—	(36)
Income from available-for-sale investments		55	75	2,912
Interest received		561	1,318	2,338
Net cash flows from/(used in) investing activities		3,739	(19,615)	(1,764)
CASH FLOWS FROM FINANCING ACTIVITIES				
Increase in government grants		47,496	94,500	70,752
New bank loans		47,000	396,000	247,000
Repayment of bank loans		(191,871)	(186,500)	(239,000)
Loans from a director		50,000	—	—
Repayment of loans from a director		—	—	(140,000)
Increase in amount due to directors		—	—	733
Contribution from a non-controlling shareholder		—	139,200	—
Dividends paid		(10,318)	—	(73,371)
Increase in prepayments, deposits and other receivables		—	—	(2,211)
Interest paid		(26,786)	(30,853)	(85,762)
Net cash flows from/(used in) financing activities		(84,479)	412,347	(221,859)
NET INCREASE IN CASH AND CASH EQUIVALENTS		6,159	81,966	204,877
Cash and cash equivalents at beginning of year		100,513	106,672	188,638
CASH AND CASH EQUIVALENTS AT END OF YEAR	25	106,672	188,638	393,515

Statement of financial position of the Company

	Notes	As at 31 December 2014
		RMB'000
NON-CURRENT ASSET		
Investment in a subsidiary	16	61
Total non-current asset		61
CURRENT LIABILITY		
Amount due to a subsidiary	16	61
Total current liability		61
NET CURRENT LIABILITY		(61)
TOTAL ASSET LESS CURRENT LIABILITY		—
NET ASSET		—
EQUITY		
Share capital	32	—
TOTAL EQUITY		—

II. NOTES TO FINANCIAL INFORMATION

1. CORPORATE INFORMATION

The Company is a limited liability company incorporated in the Cayman Islands on 3 November 2014. The registered office of the Company is located at Cricket Square, Hutchins Drive, PO Box 2681, Grand Cayman, KY1-1111, Cayman Islands.

The Company is an investment holding company. During the Relevant Periods, the Company's subsidiaries are engaged in property development and operation in the People's Republic of China (the "PRC"). In the opinion of the Directors, the ultimate controlling shareholders of the Group are Mr. Bai Xuankui and Mr. Bai Guohua.

The Company and its subsidiaries now comprising the Group underwent the Reorganisation as set out in the section headed "Reorganisation" to the Prospectus.

As at the date of this report, the Company had direct and indirect interests in its subsidiaries, all of which are private limited liability companies (or, if incorporated outside Hong Kong, have substantially similar characteristics to a private company incorporated in Hong Kong), the particulars of which are set out below:

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Chen Xing Investments Limited[1]	British Virgin Islands 4 November 2014	US$10,000	100%	—	Investment holding
Chen Xing International Holdings Limited[2]	Hong Kong 12 November 2014	HK$100	—	100%	Investment holding
Jinzhong Chen Xing Hui Technology And Trade Company Limited[2]	People's Republic of China/Mainland China 23 December 2014	RMB1,000,000	—	100%	Investment holding
Chenxing Real Estate Development Co., Ltd.[2] ("Chen Xing") [3]	People's Republic of China/Mainland China 21 December 2004	RMB204,000,000	—	100%	Property development and sales
Sichuan Chenxing Real Estate Development Co., Limited ("Chen Xing Sichuan")[3]	People's Republic of China/Mainland China 22 November 2007	RMB100,000,000	—	83.89%	Property development and sales
Jinzhong Chenxing Commercial Management Co., Limited[3]	People's Republic of China/Mainland China 18 September 2008	RMB1,000,000	—	100%	Property leasing

Name	Place and date of incorporation/ registration and place of operations	Nominal value of issued ordinary/ registered share capital	Percentage of equity attributable to the Company		Principal activities
			Direct	Indirect	
Jinzhong City Yuci Chenxing Doors & Windows Co., Ltd.(3)	People's Republic of China/Mainland China 14 January 1999	RMB1,500,000	—	100%	Manufacture and installation of windows
Shanxi Chenxing Property Services Co., Limited(2)	People's Republic of China/Mainland China 14 April 2014	RMB6,000,000	—	100%	Property management
Jinzhong Development Zone Real Estate Development Co., Ltd. ("Jinzhong Development")(4)	People's Republic of China/Mainland China 5 February 2013	RMB100,000,000	—	51%	Property development and sales

(1) No audited financial statements have been prepared since the date of incorporation as the entity is not subject to any statutory audit requirements under the relevant rules and regulations in its jurisdiction of incorporation.

(2) No audited financial statements have been prepared for these entities as these entities were incorporated in 2014.

(3) The statutory financial statements of these entities for the year ended 31 December 2012 prepared under PRC Generally Accepted Accounting Principles ("PRC GAAP") were audited by 中瑞岳華會計師事務所(特殊普通合夥) (Zhongrui Yuehua Certified Public Accountants (Special General Partnership)), and the statutory financial statements of these entities for the year ended 31 December 2013 prepared under PRC GAAP were audited by 眾環海華會計師事務所有限公司 (Zhonghuan Haihua Certified Public Accountants Co., Ltd.).

(4) The statutory financial statements of this entity for the year ended 31 December 2013 prepared under PRC GAAP were audited by 山西榆晉共濟會計師事務所有限公司.

2.1 BASIS OF PRESENTATION

Pursuant to the Reorganisation as more fully explained in the section headed "Reorganisation" in the Prospectus, the Company became the holding company of the companies now comprising the Group on 24 December 2014. As the Reorganisation only involved inserting new holding entities at the top of an existing company and has not resulted in any change of economic substances, the Financial Information for the Relevant Periods has been presented as a continuation of the existing company using the pooling of interests method.

Accordingly, 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 2012, 2013 and 2014 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.

All intra-group transactions and balances have been eliminated on consolidation.

2.2 BASIS OF PREPARATION

The Financial Information has been prepared in accordance with HKFRSs (which include all Hong Kong Financial Reporting Standards, Hong Kong Accounting Standards ("HKASs") and Interpretations) issued by the HKICPA and accounting principles generally accepted in Hong Kong. All HKFRSs effective for the accounting period commencing from 1 January 2014, together with the relevant transitional provisions, have been early adopted by the Group in the preparation of the Financial Information throughout the Relevant Periods.

The Financial Information has been prepared under the historical cost convention, except for investment properties and available-for-sale investments. The Financial Information is presented in Renminbi ("RMB") and all values are rounded to the nearest thousand except when otherwise indicated.

2.3 ISSUED BUT NOT YET EFFECTIVE HKFRSs

The Group has not applied the following new and revised HKFRSs that have been issued but are not yet effective, in the Financial Information.

HKFRS 9	*Financial Instruments*[4]
Amendments to HKFRS 10 and HKAS 28 (2011)	*Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*[2]
Amendments to HKFRS 10, HKFRS 12 and HKAS 28 (2011)	*Investment Entities: Applying the Consolidation Exception*[2]
Amendments to HKFRS 11	*Accounting for Acquisitions of Interests in Joint Operations*[2]
HKFRS 14	*Regulatory Deferral Accounts*[5]
HKFRS 15	*Revenue from Contracts with Customers*[3]
Amendments to HKAS 1	*Disclosure Initiative*[2]
Amendments to HKAS 16 and HKAS 38	*Clarification of Acceptable Methods of Depreciation and Amortisation*[2]
Amendments to HKAS 16 and HKAS 41	*Agriculture: Bearer Plants*[2]
Amendments to HKAS 19	*Defined Benefit Plans: Employee Contributions*[1]
Amendments to HKAS 27 (2011)	*Equity Method in Separate Financial Statements*[2]
Annual Improvements 2010-2012 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2011-2013 Cycle	Amendments to a number of HKFRSs[1]
Annual Improvements 2012-2014 Cycle	Amendments to a number of HKFRSs[2]

1 Effective for annual periods beginning on or after 1 July 2014
2 Effective for annual periods beginning on or after 1 January 2016
3 Effective for annual periods beginning on or after 1 January 2017
4 Effective for annual periods beginning on or after 1 January 2018
5 Effective for an entity that first adopts HKFRSs for its annual financial statements beginning on or after 1 January 2016 and therefore is not applicable to the Group

The Directors anticipate that the application of the new and revised HKFRSs will have no material impact on the financial position or performance of the Group upon adoption.

2.4 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Subsidiaries

A subsidiary is an entity (including a structured entity), directly or indirectly, controlled by the Company. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee (i.e., existing rights that give the Group the current ability to direct the relevant activities of the investee).

When the Company has, directly or indirectly, less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

(a) the contractual arrangement with the other vote holders of the investee;

(b) rights arising from other contractual arrangements; and

(c) the Group's voting rights and potential voting rights.

The results of subsidiaries are included in the Company's profit or loss to the extent of dividends received and receivable. The Company's investment in a subsidiary is stated at cost less any impairment losses.

Investment in joint ventures

A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The Group's investments in joint ventures are stated in the consolidated statement of financial position at the Group's share of net assets under the equity method of accounting, less any impairment losses.

The Group's share of the post-acquisition results and other comprehensive income of joint ventures is included in the consolidated statement of profit or loss and consolidated other comprehensive income, respectively. In addition, when there has been a change recognised directly in the equity of the joint venture, the Group recognises its share of any changes, when applicable, in the consolidated statement of changes in equity. Unrealised gains and losses resulting from transactions between the Group and its joint ventures are eliminated to the extent of the Group's investments in the joint ventures, except where unrealised losses provide evidence of an impairment of the asset transferred. Goodwill arising from the acquisition of joint ventures is included as part of the Group's investments in joint ventures.

In all other cases, upon loss of significant influence over the joint control over the joint venture, the Group measures and recognises any retained investment at its fair value. Any difference between the carrying amount of the joint venture upon loss of joint control and the fair value of the retained investment and proceeds from disposal is recognised in profit or loss.

When an investment in a joint venture is classified as held for sale, it is accounted for in accordance with HKFRS 5.

Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred is measured at the acquisition date fair value which is the sum of the acquisition date fair values of assets transferred by the Group, liabilities assumed by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. For each business combination, the Group elects whether to measure the non-controlling interests in the acquiree that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation at fair value or at the proportionate share of the acquiree's identifiable net assets. All other components of non-controlling interests are measured at fair value. Acquisition-related costs are expensed as incurred.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts of the acquiree.

If the business combination is achieved in stages, the previously held equity interest is remeasured at its acquisition date fair value and any resulting gain or loss is recognised in profit or loss.

Any contingent consideration to be transferred by the acquirer is recognised at fair value at the acquisition date. Contingent consideration classified as an asset or liability that is a financial instrument and within the scope of HKAS 39 is measured at fair value with changes in fair value either recognised in profit or loss or as a change to other comprehensive income. If the contingent consideration is not within the scope of HKAS 39, it is measured in accordance with the appropriate HKFRS. Contingent consideration that is classified as equity is not remeasured and subsequent settlement is accounted for within equity.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred, the amount recognised for non-controlling interests and any fair value of the Group's previously held equity interests in the acquiree over the identifiable net assets acquired and liabilities assumed. If the sum of this consideration and other items is lower than the fair value of the net assets acquired, the difference is, after reassessment, recognised in profit or loss as a gain on bargain purchase.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. The Group performs its annual impairment test of goodwill as at 31 December. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units.

Impairment is determined by assessing the recoverable amount of the cash-generating unit (group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit (group of cash-generating units) is less than the carrying amount, an impairment loss is recognised. An impairment loss recognised for goodwill is not reversed in a subsequent period.

Where goodwill has been allocated to a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on the disposal. Goodwill disposed of in these circumstances is measured based on the relative value of the operation disposed of and the portion of the cash-generating unit retained.

Fair value measurement

The Group measures its available-for-sale investments and investment properties at fair value at the end of each of the Relevant Periods. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either in the principal market for the asset or liability, or in the absence of a principal market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Group. The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 — based on quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is observable, either directly or indirectly

Level 3 — based on valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by reassessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each of the Relevant Periods.

Impairment of non-financial assets

Where an indication of impairment exists, or when annual impairment testing for an asset is required (other than inventories, deferred tax assets and financial assets), the asset's recoverable amount is estimated. An asset's recoverable amount is the higher of the asset's or cash-generating unit's value in use and its fair value less costs of disposal, and 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, in which case the recoverable amount is determined for the cash-generating unit to which the asset belongs.

An impairment loss is recognised only if the carrying amount of an asset exceeds its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. An impairment loss is charged to profit or loss in the period in which it arises in those expense categories consistent with the function of the impaired asset.

An assessment is made at the end of each of the Relevant Periods as to whether there is an indication that previously recognised impairment losses may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss of an asset other than goodwill is reversed only if there has been a change in the estimates used to determine the recoverable amount of that asset, but not to an amount higher than the carrying amount that would have been determined (net of any depreciation/amortisation) had no impairment loss been recognised for the asset in prior years. A reversal of such an impairment loss is credited to profit or loss in the period in which it arises.

Related parties

A party is considered to be related to the Group if:

(a) the party is a person or a close member of that person's family and that person

(i) has control or joint control over the Group;

(ii) has significant influence over the Group; or

(iii) is a member of the key management personnel of the Group or of a parent of the Group;

or

(b) the party is an entity where any of the following conditions applies:

(i) the entity and the Group are members of the same group;

(ii) one entity is an associate or joint venture of the other entity (or of a parent, subsidiary or fellow subsidiary of the other entity);

(iii) the entity and the Group are joint ventures of the same third party;

(iv) one entity is a joint venture of a third entity and the other entity is an associate of the third entity;

(v) the entity is a post-employment benefit plan for the benefit of employees of either the Group or an entity related to the Group;

(vi) the entity is controlled or jointly controlled by a person identified in (a); and

(vii) a person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

Property, plant and equipment and depreciation

Property, plant and equipment, other than construction in progress, are stated at cost less accumulated depreciation and any impairment losses. When an item of property, plant and equipment is classified as held for sale or when it is part of a disposal group classified as held for sale, it is not depreciated and is accounted for in accordance with HKFRS 5. The cost of an item of property, plant and equipment comprises its purchase price and any directly attributable costs of bringing the asset to its working condition and location for its intended use.

Expenditure incurred after items of property, plant and equipment have been put into operation, such as repairs and maintenance, is normally charged to profit or loss in the period in which it is incurred. In situations where the recognition criteria are satisfied, the expenditure for a major inspection is capitalised in the carrying amount of the asset as a replacement. Where significant parts of property, plant and equipment are required to be replaced at intervals, the Group recognises such parts as individual assets with specific useful lives and depreciates them accordingly.

Depreciation is calculated on the straight-line basis to write off the cost of each item of property, plant and equipment to its residual value over its estimated useful life. The principal annual rates used for this purpose are as follows:

Buildings	1.90%-4.75%
Motor vehicles	9.50%-19.40%
Machinery and equipment	9.50%-19.40%
Computer and office equipment	9.50%-32.33%

Where parts of an item of property, plant and equipment have different useful lives, the cost of that item is allocated on a reasonable basis among the parts and each part is depreciated separately. Residual values, useful lives and the depreciation method are reviewed, and adjusted if appropriate, at least at each financial year end.

An item of property, plant and equipment including any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on disposal or retirement recognised in profit or loss in the year the asset is derecognised is the difference between the net sales proceeds and the carrying amount of the relevant asset.

Construction in progress represents buildings under construction, which is stated at cost less any impairment losses, and is not depreciated. Cost comprises the direct costs of construction and capitalised borrowing costs on related borrowed funds during the period of construction. Construction in progress is reclassified to the appropriate category of property, plant and equipment when completed and ready for use.

Investment properties

Investment properties are interests in land and buildings (including the leasehold interest under an operating lease for a property which would otherwise meet the definition of an investment property) held to earn rental income and/or for capital appreciation, rather than for use in the production or supply of goods or services or for administrative purposes; or for sale in the ordinary course of business. Such properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which reflects market conditions at the end of the reporting period.

Gains or losses arising from changes in the fair values of investment properties are included in profit or loss in the year in which they arise.

Any gains or losses on the retirement or disposal of an investment property are recognised in profit or loss in the year of the retirement or disposal.

For a transfer from completed properties held for sale to investment properties, any difference between the fair value of the property at that date and its previous carrying amount is recognised in profit or loss.

The Group determines whether completed properties held for sale would be transferred to investment properties when, and only when, there is a change in use, evidenced by the following criteria: (a) the Group has prepared a business plan that reflects the future rental income generated by the property and this is supported with evidence that there is demand for rental space; (b) the Group can demonstrate that it has the resources, including the necessary financing or capital, to hold and manage an investment property; (c) the change in use is legally permissible; (d) if the property must be further developed for the change in use, and the development has commenced; and (e) change in use is approved by a board resolution.

Properties under development

Properties under development are intended to be held for sale after completion. On completion, the properties are transferred to completed properties held for sale.

Properties under development are stated at the lower of cost and net realisable value and comprise land costs, construction costs, borrowing costs, professional fees and other costs directly attributable to such properties incurred during the development period.

Properties under development are classified as current assets unless they will not be realised in normal operating cycle. On completion, the properties are transferred to completed properties held for sale.

Completed properties held for sale

Completed properties held for sale are stated in the statements of financial position at the lower of cost and net realisable value. Cost is determined by an apportionment of the total costs of land and buildings attributable to the unsold properties. Net realisable value takes into account the price ultimately expected to be realised, less estimated costs to be incurred in selling the properties.

Allocation of property development costs

Land costs are allocated to each unit according to their respective saleable gross floor areas ("GFA") to the total saleable GFA. Construction costs relating to units were identified and allocated specifically. Common construction costs have been allocated according to the saleable GFA similar to land costs.

Intangible assets (other than goodwill)

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is the fair value at the date of acquisition. The useful lives of intangible assets are assessed to be either finite or indefinite. Intangible assets with finite lives are subsequently amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at each financial year end.

Operating leases

Leases where substantially all the rewards and risks of ownership of assets remain with the lessor are accounted for as operating leases. Where the Group is the lessor, assets leased by the Group under operating leases are included in non-current assets, and rentals receivable under the operating leases are credited to profit or loss on the straight-line basis over the lease terms. Where the Group is the lessee, rentals payable under operating leases are charged to profit or loss on the straight-line basis over the lease terms.

Prepaid land lease payments under operating leases are initially stated at cost and subsequently recognised on the straight-line basis over the lease terms. When the lease payments cannot be allocated reliably between the land and buildings elements, the entire lease payments are included in the cost of the land and buildings as a finance lease in property, plant and equipment.

Investments and other financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as loans and receivables and available-for-sale financial investments, as appropriate. When financial assets are recognised initially, they are measured at fair value plus transaction costs that are attributable to the acquisition of the financial assets, except in the case of financial assets recorded at fair value through profit or loss.

All regular way purchases and sales of financial assets are recognised on the trade date, that is, the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such assets are subsequently measured at amortised cost using the effective interest rate method less any allowance for impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and includes fees or costs that are an integral part of the effective interest rate method. The effective interest rate amortisation is included in other income and gains in profit or loss. The loss arising from impairment is recognised in profit or loss in finance costs for loans and in administrative expenses for receivables.

Available-for-sale financial investments

Available-for-sale financial investments are non-derivative financial assets in listed and unlisted equity investments and debt securities. Equity investments classified as available for sale are those which are neither classified as held for trading nor designated as at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in market conditions.

After initial recognition, available-for-sale financial investments are subsequently measured at fair value, with unrealised gains or losses recognised as other comprehensive income in the available-for-sale investment revaluation reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in profit or loss in other income, or until the investment is determined to be impaired, when the cumulative gain or loss is reclassified from the available-for-sale investment revaluation reserve to profit or loss in other gains or losses. Interest and dividends earned whilst holding the available-for-sale financial investments are reported as interest income and dividend income, respectively and are recognised in profit or loss as other income and gains in accordance with the policies set out for "Revenue recognition" below.

When the fair value of unlisted equity investments cannot be reliably measured because (a) the variability in the range of reasonable fair value estimates is significant for that investment or (b) the probabilities of the various estimates within the range cannot be reasonably assessed and used in estimating fair value, such investments are stated at cost less any impairment losses.

The Group evaluates whether the ability and intention to sell its available-for-sale financial assets in the near term are still appropriate. When, in rare circumstances, the Group is unable to trade these financial assets due to inactive markets, the Group may elect to reclassify these financial assets, if management has the ability and intention to hold the assets for the foreseeable future or until maturity.

For a financial asset reclassified from the available-for-sale category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on that asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the effective interest rate. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the effective interest rate. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated statements of financial position) when:

- the rights to receive cash flows from the asset have expired; or

- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a "pass-through" arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risk and rewards of ownership of the asset. When it has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of the Group's continuing involvement. In that case, the Group also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay.

Impairment of financial assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that occurred after the initial recognition of the asset have an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that a debtor or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

The amount of any impairment loss identified is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition).

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans and receivables together with any associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Group.

If, in a subsequent period, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to administrative expenses in profit or loss.

Available-for-sale financial investments

For available-for-sale financial investments, the Group assesses at the end of each reporting period whether there is objective evidence that an investment or a group of investments is impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is removed from other comprehensive income and recognised in profit or loss.

In the case of equity investments classified as available for sale, objective evidence would include a significant or prolonged decline in the fair value of an investment below its cost. "Significant" is evaluated against the original cost of the investment and "prolonged" against the period in which the fair value has been below its original cost. Where there is evidence of impairment, the cumulative loss — measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss — is removed from other comprehensive income and recognised in profit or loss. Impairment losses on equity investments classified as available for sale are not reversed through profit or loss. Increases in their fair value after impairment are recognised directly in other comprehensive income.

The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, the duration or extent to which the fair value of an investment is less than its cost.

In the case of debt instruments classified as available for sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. Impairment losses on debt instruments are reversed through profit or loss if the subsequent increase in fair value of the instruments can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as loans and borrowings, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings, net of directly attributable transaction costs.

The Group's financial liabilities include trade and other payables, amounts due to directors and a related party and interest-bearing bank borrowings.

Subsequent measurement

The subsequent measurement of loans and borrowings is as follows:

Loans and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost, using the effective interest rate method unless the effect of discounting would be immaterial, in which case they are stated at cost. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the effective interest rate amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the effective interest rate. The effective interest rate amortisation is included in finance costs in profit or loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Group are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument. A financial guarantee contract is recognised initially as a liability at its fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, the Group measures the financial guarantee contract at the higher of: (i) the amount of the best estimate of the expenditure required to settle the present obligation at the end of the reporting period; and (ii) the amount initially recognised less, when appropriate, cumulative amortisation.

Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and a recognition of a new liability, and the difference between the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated and company statements of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on the first-in, first-out basis and, in the case of work in progress and finished goods, comprises direct materials, direct labour and an appropriate proportion of overheads. Net realisable value is based on estimated selling prices less any estimated costs to be incurred to completion and disposal.

Cash and cash equivalents

For the purpose of the consolidated statements of cash flows, cash and cash equivalents comprise cash on hand and demand deposits, are subject to an insignificant risk of changes in value, and have a short maturity of generally within three months when acquired and form an integral part of the Group's cash management.

For the purpose of the consolidated statements of financial position, cash and cash equivalents comprise cash on hand and at banks which are not restricted as to use.

Provisions

A provision is recognised when a present obligation (legal or constructive) has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

When the effect of discounting is material, the amount recognised for a provision is the present value at the end of the reporting period of the future expenditures expected to be required to settle the obligation. The increase in the discounted present value amount arising from the passage of time is included in finance costs in profit or loss.

Income tax

Income tax comprises current and deferred tax. Income tax relating to items recognised outside profit or loss is recognised outside profit or loss, either in other comprehensive income or directly in equity.

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period, taking into consideration interpretations and practices prevailing in the country in which the Group operates.

Deferred tax is provided, using the liability method, on all temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all taxable temporary differences, except:

- when the deferred tax liability arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry-forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carryforward of unused tax credits and unused tax losses can be utilised, except:

- when the deferred tax asset relating to the deductible temporary differences arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are only recognised to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

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

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

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

Government grants

Government grants are recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the costs, which it is intended to compensate, are expensed. For the government grant received to support the Group's listing application process, it is recognised as a liability upon receipt and will be recognised as income when all attaching conditions will be complied with.

Where the grant relates to an asset, the fair value is credited to a deferred income account and is released to profit or loss over the expected useful life of the relevant asset by equal annual instalments or deducted from the carrying amount of the asset and released to profit or loss by way of a reduced depreciation charge.

Revenue recognition

Revenue is recognised when it is probable that the economic benefits will flow to the Group and when the revenue can be measured reliably, on the following bases:

(a) ***Sale of completed properties***

Revenue from the sale of properties is recognised when the risks and rewards of the properties are transferred to the purchasers. Deposits and installments received on properties sold prior to the date of revenue recognition are included in the consolidated statements of financial position under current liabilities.

(b) ***Property leasing income***

Revenue derived from the leasing of the Group's properties is recognised on a time proportion basis over the lease terms.

(c) ***Interest income***

Revenue is recognised on an accrual basis using the effective interest method by applying the rate that exactly discounts the estimated future cash receipts through the expected life of the financial instrument or a shorter period, when appropriate, to the net carrying amount of the financial asset.

Employee benefits

Pension scheme

The employees of the Group's subsidiaries which operate in Mainland China are required to participate in a central pension scheme operated by the local municipal government. These subsidiaries are required to contribute 14% of its payroll costs to the central pension scheme. The contributions are charged to profit or loss as they become payable in accordance with the rules of the central pension scheme.

Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, i.e., 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. The capitalisation of such borrowing costs ceases when the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs capitalised. All other borrowing costs are expensed in the period in which they are incurred. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

Where funds have been borrowed generally, and used for the purpose of obtaining qualifying assets, a capitalisation rate ranging from 7.68% to 8.10% has been applied to the expenditure on the individual assets.

Dividends

Final dividends proposed by the directors are classified as a separate allocation of retained profits within the equity section of the statements of financial position, until they have been approved by the shareholders in a general meeting. When these dividends have been approved by the shareholders and declared, they are recognised as a liability.

Interim dividends are simultaneously proposed and declared, because the Company's memorandum and articles of association grant the directors the authority to declare interim dividends. Consequently, interim dividends are recognised immediately as a liability when they are proposed and declared.

Foreign currencies

This Financial Information is presented in Renminbi ("RMB"), which is the Company's presentation and functional currency because the Group's principal operations are carried out in Mainland China. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency. Foreign currency transactions recorded by the entities in the Group are initially recorded using their respective functional currency rates prevailing at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated at the functional currency rates of exchange ruling at the end of the reporting period. All differences are taken to profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured. The gain or loss arising on translation of a non-monetary item measured at fair value is treated in line with the recognition of the gain or loss on change in fair value of the item (i.e., translation difference on the item whose fair value gain or loss is recognised in other comprehensive income or profit or loss is also recognised in other comprehensive income or profit or loss, respectively).

The functional currencies of certain overseas subsidiaries are currencies other than the RMB. As at the end of the reporting period, the assets and liabilities of these entities are translated into the presentation currency of the Company at the exchange rates ruling at the end of the reporting period and their statements of profit or loss and other comprehensive income are translated into RMB at the weighted average exchange rates for the year.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's Financial Information requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and their accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amounts of the assets or liabilities affected in the future.

Judgements

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the Financial Information:

Operating lease commitments — Group as lessor

The Group has entered into commercial property leases on its investment property portfolio. The Group has determined, based on an evaluation of the terms and conditions of the arrangements, that it retains all the significant risks and rewards of ownership of these properties which are leased out on operating leases.

Classification between investment properties and owner-occupied properties

The Group determines whether a property qualifies as an investment property, and has developed criteria in making that judgement. Investment property is a property held to earn rentals or for capital appreciation or both. Therefore, the Group considers whether a property generates cash flows largely independently of the other assets held by the Group. Some properties comprise a portion that is held to earn rentals or for capital appreciation and another portion that is held for use in the production or supply of goods or services or for administrative purposes. If these portions could be sold separately or leased out separately under a finance lease, the Group accounts for the portions separately. If the portions could not be sold separately, the property is an investment property only if an insignificant portion is held for use in the production or supply of goods or services or for administrative purposes. Judgement is made on an individual property basis to determine whether ancillary services are so significant that a property does not qualify as an investment property.

Estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of each of the Relevant Periods, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below.

Fair value of investment properties

Investment properties were revalued based on the appraised market value by independent professional valuers. Such valuations were based on certain assumptions, which are subject to uncertainty and might materially differ from the actual results. In making the estimate, the Group considers information from current prices in an active market for similar properties and uses assumptions that are mainly based on market conditions existing at the end of the reporting period. In the absence of current prices in an active market for similar properties, the Group considers information from a variety of sources, including:

(a) current prices in an active market for properties of a different nature, condition or location or subject to different leases or other contracts, adjusted to reflect those differences;

(b) recent prices of similar properties on less active markets, with adjustments to reflect any changes in economic conditions since the dates of the transactions that occurred at those prices; and

(c) discounted cash flow projections based on reliable estimates of future cash flows, supported by the terms of any existing lease and other contracts and (when possible) by external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessments of the uncertainty in the amount and timing of the cash flows.

The principal assumptions for the Group's estimation of the fair value include those related to current market rents for similar properties in the same location and condition, appropriate discount rates, expected future market rents and future maintenance costs. The carrying amount of investment properties was RMB129,000,000, RMB127,000,000 and RMB127,000,000 as at 31 December 2012, 2013 and 2014, respectively.

Net realisable value of properties under development and completed properties held for sale

The Group's properties under development and completed properties held for sale are stated at the lower of cost and net realisable value. Based on the Group's historical experience and the nature of the subject properties, the Group makes estimates of the selling prices, the costs of completion of properties under development, and the costs to be incurred in selling the properties based on prevailing market conditions.

If there is an increase in costs to completion or a decrease in net sales value, the net realisable value will decrease and this may result in a provision for properties under development and completed properties held for sale. Such provision requires the use of judgements and estimates. Where the expectation is different from the original estimate, the carrying value and provision for properties in the period in which such estimate is changed will be adjusted accordingly.

PRC land appreciation tax ("LAT")

The Group is subject to LAT in the PRC. The provision for LAT is based on management's best estimates according to the understanding of the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon the completion of the property development projects. The Group has not finalised its LAT calculation and payments with the tax authorities for all its property development projects. The final outcome could be different from the amounts that were initially recorded, and any differences will impact on the LAT expenses and the related provision in the period in which the differences realise.

Deferred tax assets

Deferred tax assets are recognised for all deductible temporary differences, and the carryforward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carryforward of unused tax credits and unused tax losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. The carrying amount of gross deferred tax assets at 31 December 2012, 2013 and 2014 were RMB109,105,000, RMB114,163,000 and RMB159,286,000, respectively. Further details are included in note 31 to the Financial Information.

Impairment of non-financial assets (other than goodwill)

The Group assesses whether there are any indicators of impairment for all non-financial assets at the end of each of the Relevant Periods. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or a cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs of disposal and its value in use. The calculation of the fair value less costs of disposal is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing of the asset. When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

Useful lives and residual values of property, plant and equipment

In determining the useful lives and residual values of items of property, plant and equipment, the Group has to consider various factors, such as technical or commercial obsolescence arising from changes or improvements in production, or from a change in the market demand for the product or service output of the asset, expected usage of the asset, expected physical wear and tear, the care and maintenance of the asset and the legal or similar limits on the use of the asset. The estimation of the useful life of the asset is based on the experience of the Group with similar assets that are used in a similar way.

Additional depreciation is made if the estimated useful lives and/or the residual values of items of property, plant and equipment are different from the previous estimation. Useful lives and residual values are reviewed at each financial year end date based on changes in circumstances.

4. OPERATING SEGMENT INFORMATION

For management purposes, the Group is not organised into business units based on their products and services and only has one reportable operating segment. Management monitors the operating results of the Group's operating segment as a whole for the purpose of making decisions about resources allocation and performance assessment.

No geographical information is presented as the Group's revenue from the external customers is derived solely from its operations in Mainland China and no non-current assets of the Group are located outside Mainland China.

No information about major customers is presented as no single customer individually contributed to over 10% of the Group's revenue for the Relevant Periods.

5. REVENUE, OTHER INCOME AND GAINS

Revenue, which is also the Group's turnover, represents income from the sale of properties and lease of properties, net of business tax and other sales related to taxes and discounts allowed.

An analysis of revenue, other income and gains is as follows:

	Year ended 31 December 2012	**Year ended 31 December 2013**	**Year ended 31 December 2014**
	RMB'000	*RMB'000*	*RMB'000*
Revenue			
Sale of properties	271,316	317,052	870,856
Property leasing income	4,922	5,349	5,717
	276,238	322,401	876,573
Less: Business tax and government surcharges	(17,734)	(19,201)	(50,685)
	258,504	303,200	825,888

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Other income			
Government grants	217	—	—
Bank interest income	561	1,318	2,338
Income from available-for-sale investments	55	75	2,912
Others	121	47	34
	954	1,440	5,284
Gains			
Fair value gains on investment properties	14,252	256	—
Gain on disposal of investment properties	1,042	—	—
Gain on disposal of a subsidiary	—	—	244
Gain on disposal of items of property, plant and equipment	—	99	—
	15,294	355	244
	16,248	1,795	5,528

6. FINANCE COSTS

An analysis of finance costs is as follows:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Interest on bank loans	26,786	31,506	43,300
Interest on loans from a related party	15,460	17,033	11,317
Less: Interest capitalised	(35,763)	(42,786)	(52,456)
Total finance costs	6,483	5,753	2,161

7. PROFIT BEFORE TAX

The Group's profit before tax is arrived at after charging/(crediting):

	Notes	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
Cost of properties sold		184,018	219,920	587,443
Depreciation	14	2,341	3,482	3,775
Amortisation of intangible assets	19	42	52	268
Minimum lease payments under operating leases		541	520	584
Amortisation of prepaid land lease payments	18	45	45	45
Auditors' remuneration		260	326	250
Employee benefit expense (excluding directors' remuneration):				
Wages and salaries		9,118	9,737	9,789
Pension scheme contributions		2,242	2,348	2,490
Staff welfare expenses		724	993	1,443
Government grants		(217)	—	—
Bank interest income		(561)	(1,318)	(2,338)
Income from available-for-sale investments		(55)	(75)	(2,912)
Gain on disposal of investment properties		(1,042)	—	—
Gain on disposal of a subsidiary	35	—	—	(244)
Changes in fair value of investment properties	15	(14,252)	(256)	—
Gain on disposal of items of property, plant and equipment		—	(99)	—
Other expenses:				
Loss on disposal of items of property, plant and equipment		—	13	2
Loss on disposal of investment properties		—	627	—

8. DIRECTORS' AND CHIEF EXECUTIVE'S REMUNERATION

The Company was incorporated in the Cayman Islands on 3 November 2014. Mr. Bai Xuankui, Mr. Bai Guohua, Mr. Dong Shiguang and Mr. Zhang Yongcheng were appointed as executive directors of the Company on 5 February 2015, 12 November 2014, 5 February 2015 and 5 February 2015, respectively. Mr. Bai Wukui was appointed as executive director and chief executive officer of the Company on 5 February 2015.

Certain of the directors received remuneration from the subsidiaries now comprising the Group for their appointment as directors of these subsidiaries. The remuneration of each of these directors as recorded in the financial statements of the subsidiaries is set out below:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Fees	120	120	—
Other emoluments:			
Salaries, bonuses, allowances and benefits in kind	1,130	1,372	1,355
Pension scheme contributions	140	141	112
	1,390	1,633	1,467

(a) **Independent non-executive directors**

Year ended 31 December 2012

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Yuan Lunhua[(1)]	40	—	—	40
Mr. Liu Yindong[(1)]	40	—	—	40
Ms. Guo Subao[(1)]	40	—	—	40
	120	—	—	120

Year ended 31 December 2013

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Yuan Lunhua[(1)]	40	—	—	40
Mr. Liu Yindong[(1)]	40	—	—	40
Ms. Guo Subao[(1)]	40	—	—	40
	120	—	—	120

(1) These directors are not the directors of the Company and they have resigned on 5 December 2013.

Year ended 31 December 2014

There was no emolument payable to the independent non-executive directors during the year ended 31 December 2014.

(b) **Executive directors and non-executive directors**

Year ended 31 December 2012

Executive directors:

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Bai Xuankui	—	200	24	224
Mr. Bai Wukui	—	480	24	504
Mr. Zhang Yongcheng	—	125	23	148
Mr. Dong Shiguang	—	125	23	148
Mr. Liu Changzeng[(1)]	—	100	23	123
Ms. Zhang Shuping[(1)]	—	100	23	123
	—	1,130	140	1,270

Year ended 31 December 2013

Executive directors:

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Bai Xuankui	—	500	29	529
Mr. Bai Wukui	—	480	29	509
Mr. Zhang Yongcheng	—	125	28	153
Mr. Dong Shiguang	—	125	28	153
Mr. Liu Changzeng(1)	—	125	27	152
Ms. Zhang Shuping(1)(2)	—	17	—	17
	—	1,372	141	1,513

Year ended 31 December 2014

Executive directors:

	Fees	Salaries, bonuses, allowances and benefits in kind	Pension scheme contributions	Total remuneration
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Bai Xuankui	—	500	—	500
Mr. Bai Wukui	—	480	29	509
Mr. Zhang Yongcheng	—	125	28	153
Mr. Dong Shiguang	—	125	28	153
Mr. Liu Changzeng(1)	—	125	27	152
Ms. Zhang Shuping(1)(2)	—	—	—	—
	—	1,355	112	1,467

(1) These directors are not the directors of the Company.

(2) Ms. Zhang Shuping has resigned on 24 December 2014.

Mr. Bai Wukui is the chief executive officer and an executive director of the Group.

There were no emoluments payable to the non-executive directors during the Relevant Periods.

There was no arrangement under which a director waived or agreed to waive any remuneration during the Relevant Periods.

9. FIVE HIGHEST PAID EMPLOYEES

The five highest paid individuals during the Relevant Periods included two directors, details of whose remuneration are set out in note 8(b) above. Details of the remuneration of the remaining three highest paid non-director employees for the Relevant Periods are as follows:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Salaries, bonuses, allowances and benefits in kind	960	960	960
Pension scheme contributions	46	55	55
	1,006	1,015	1,015

The number of non-director highest paid employees whose remuneration fell within the following band is as follows:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
Nil to HK$1,000,000	3	3	3

10. INCOME TAX

The Group is subject to income tax on an entity basis on profits arising in or derived from the jurisdictions in which members of the Group are domiciled and operate. Pursuant to the rules and regulations of the Cayman Island and British Virgin Islands, the Group's subsidiaries incorporated in the Cayman Island and British Virgin Islands are not subject to any income tax. The Group's subsidiary incorporated in Hong Kong are not liable for income tax as they did not have any assessable profits currently arising in Hong Kong during the Relevant Periods.

The provision for Mainland China current income tax is based on the statutory rate of 25% of the assessable profits of certain PRC subsidiaries of the Group as determined in accordance with the PRC Corporate Income Tax Law which was approved and became effective on 1 January 2008.

According to the requirements of the provisional regulations of the PRC on the land appreciation tax ("LAT") effective from 1 January 1994 onwards, and the detailed implementation rules on the provisional regulations of the PRC on LAT effective from 27 January 1995 onwards, all income from the sale or transfer of state-owned leasehold interests on land, buildings and their attached facilities in Mainland China is subject to LAT at progressive rates ranging from 30% to 60% of the appreciation value, with an exemption provided for property sales of ordinary residential properties if their appreciation values do not exceed 20% of the sum of the total deductible items.

The Group has estimated, made and included in tax provision for LAT according to the requirements set forth in the relevant PRC tax laws and regulations. The actual LAT liabilities are subject to the determination by the tax authorities upon completion of the property development projects and the tax authorities might disagree with the basis on which the provision for LAT is calculated.

Major components of the Group's income tax expense are as follows:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Current tax:			
Income tax charge	9,901	11,711	85,336
LAT	9,622	15,800	19,833
Deferred tax (note 31)	(1,351)	(5,295)	(45,123)
Total tax charge for the year	18,172	22,216	60,046

A reconciliation of the tax expense applicable to profit before tax using the statutory rate in Mainland China to the tax expense at the effective tax rate is as follows:

	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Profit before tax	39,030	36,309	166,481
At the PRC's statutory income tax rate of 25%	9,758	9,077	41,620
Provision for LAT	9,622	15,800	19,833
Tax effect of LAT provision	(2,406)	(3,950)	(4,958)
Expenses not deductible for tax	1,114	273	3,551
Tax losses not recognised	84	1,016	—
Tax charge at the Group's effective rate	18,172	22,216	60,046

Tax payable in the consolidated statements of financial position represents:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Tax payable			
-PRC corporate income tax	4,057	5,789	51,152
-PRC LAT	185,645	112,408	51,180
	189,702	118,197	102,332

11. PROFIT ATTRIBUTABLE TO OWNERS OF THE PARENT

The consolidated profit attributable to owners of the parent for the years ended 31 December 2012 , 2013 and 2014 was all generated by the subsidiaries now comprising the Group.

12. DIVIDEND

No dividend has been paid or declared by the Company since the date of its incorporation.

On 30 May 2014, Chen Xing declared and approved dividend of RMB91,715,000 to its then shareholders. The dividend was fully paid in September 2014.

13. EARNINGS PER SHARE ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT

No earnings per share information is presented as its inclusion, for the purpose of the report, is not considered meaningful due to the preparation of the Financial Information for the Relevant Periods as disclosed in note 2.1 above.

14. PROPERTY, PLANT AND EQUIPMENT

	Buildings	Motor vehicles	Machinery and equipment	Computer and office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
31 December 2012						
At 31 December 2011 and 1 January 2012:						
Cost	17,388	3,578	4,742	3,801	2,534	32,043
Accumulated depreciation	(1,899)	(838)	(765)	(2,903)	—	(6,405)
Net carrying amount	15,489	2,740	3,977	898	2,534	25,638
At 1 January 2012, net of accumulated depreciation	15,489	2,740	3,977	898	2,534	25,638
Additions	603	2,506	—	2,376	—	5,485
Disposals	—	(267)	—	(47)	—	(314)
Depreciation provided during the year	(499)	(752)	(788)	(302)	—	(2,341)
At 31 December 2012, net of accumulated depreciation	15,593	4,227	3,189	2,925	2,534	28,468
At 31 December 2012:						
Cost	17,991	5,817	4,742	6,130	2,534	37,214
Accumulated depreciation	(2,398)	(1,590)	(1,553)	(3,205)	—	(8,746)
Net carrying amount	15,593	4,227	3,189	2,925	2,534	28,468
31 December 2013						
At 31 December 2012 and 1 January 2013:						
Cost	17,991	5,817	4,742	6,130	2,534	37,214
Accumulated depreciation	(2,398)	(1,590)	(1,553)	(3,205)	—	(8,746)
Net carrying amount	15,593	4,227	3,189	2,925	2,534	28,468
At 1 January 2013, net of accumulated depreciation	15,593	4,227	3,189	2,925	2,534	28,468
Additions	—	2,122	185	402	8,315	11,024
Disposals	—	(330)	—	(22)	—	(352)
Depreciation provided during the year	(598)	(997)	(820)	(1,067)	—	(3,482)
At 31 December 2013, net of accumulated depreciation	14,995	5,022	2,554	2,238	10,849	35,658

	Buildings	Motor vehicles	Machinery and equipment	Computer and office equipment	Construction in progress	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2013:						
Cost	17,991	7,609	4,927	6,510	10,849	47,886
Accumulated depreciation	(2,996)	(2,587)	(2,373)	(4,272)	—	(12,228)
Net carrying amount	14,995	5,022	2,554	2,238	10,849	35,658
31 December 2014						
At 31 December 2013 and 1 January 2014:						
Cost	17,991	7,609	4,927	6,510	10,849	47,886
Accumulated depreciation	(2,996)	(2,587)	(2,373)	(4,272)	—	(12,228)
Net carrying amount	14,995	5,022	2,554	2,238	10,849	35,658
At 1 January 2014, net of accumulated depreciation	14,995	5,022	2,554	2,238	10,849	35,658
Additions	210	2,823	—	3,002	17,607	23,642
Acquisition of a subsidiary (note 34)	—	—	—	131	—	131
Transfer	28,456	—	—	—	(28,456)	—
Disposals	—	(21)	—	(3)	—	(24)
Disposal of a subsidiary (note 35)	—	—	(1,576)	(13)	—	(1,589)
Depreciation provided during the year	(366)	(1,500)	(719)	(1,190)	—	(3,775)
At 31 December 2014, net of accumulated depreciation	43,295	6,324	259	4,165	—	54,043
At 31 December 2014:						
Cost	46,657	10,337	779	9,165	—	66,938
Accumulated depreciation	(3,362)	(4,013)	(520)	(5,000)	—	(12,895)
Net carrying amount	43,295	6,324	259	4,165	—	54,043

Certain of the Group's property, plant and equipment with a net carrying amount of approximately RMB2,034,000, nil and nil, respectively, were pledged to secure bank loans granted to the Group as at 31 December 2012, 2013 and 2014 (note 29).

15. INVESTMENT PROPERTIES

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
At beginning of year	131,000	129,000	127,000
Disposal	(16,252)	(2,256)	—
Net gain from a fair value adjustment	14,252	256	—
At end of year	129,000	127,000	127,000

The Group's investment properties are situated in Mainland China and are held under medium term leases.

The Group's investment properties consist of commercial properties in China. The Group's investment properties were revalued at the end of the Relevant Periods based on valuations performed by DTZ Debenham Tie Leung Limited ("DTZ"), an independent professionally qualified valuer. The investment properties are leased to third parties under operating leases, further details of which are included in note 37.

As at 31 December 2012, 2013 and 2014, the Group's investment properties with fair value of RMB129,000,000, RMB57,000,000 and RMB57,000,000, respectively, were pledged to secure bank loans granted to the Group (note 29).

Fair value hierarchy

The following table illustrates the fair value measurement hierarchy of the Group's investment properties:

	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Recurring fair value measurement for:				
31 December 2012 Commercial properties	—	—	129,000	129,000
31 December 2013 Commercial properties	—	—	127,000	127,000
31 December 2014 Commercial properties	—	—	127,000	127,000

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3.

Below is a summary of the valuation techniques used and the key inputs to the valuation of investment properties:

Investment properties	Valuation techniques	Significant unobservable inputs	Range of unobservable inputs
31 December 2012	Income approach	Prevailing market rents	RMB20-RMB116 per square metre per month
		Yield rate	7.00%
31 December 2013	Income approach	Prevailing market rents	RMB20-RMB116 per square metre per month
		Yield rate	7.00%
31 December 2014	Income approach	Prevailing market rents	RMB21-RMB139 per square metre per month
		Yield rate	7.00%

Prevailing market rents are estimated based on the independent valuer's view of recent letting transactions within the subject properties and other comparable properties. A significant increase (decrease) in the estimated rental value in isolation would result in a significant increase (decrease) in the fair value of the investment properties. A significant increase (decrease) in the yield rate in isolation would result in a significant decrease (increase) in the fair value of the investment properties. Generally, a change in the assumption made for the estimated rental value is accompanied by an opposite change in the yield rate.

16. INVESTMENT IN A SUBSIDIARY

	Company		
	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Unlisted shares, at cost	—	—	61

Particulars of the subsidiaries are set out in note 1.

The amounts due to a subsidiary included in the Company's current liability of RMB61,000 as at 31 December 2014 is unsecured, interest-free and repayable on demand.

Details of the Group's subsidiaries that have material non-controlling interests as at 31 December 2012, 2013 and 2014 are set out below:

	2012	2013	2014
Percentage of equity interest held by non-controlling interests:			
Chen Xing Sichuan	—	16.11%	16.11%
Jinzhong Development	—	—	49.00%

	2012	2013	2014
	RMB'000	*RMB'000*	*RMB'000*
Profit/(loss) for the year allocated to non-controlling interests:			
Chen Xing Sichuan	—	(341)	2,065
Jinzhong Development	—	—	28
Accumulated balances of non-controlling interests at the reporting dates:			
Chen Xing Sichuan	—	35,575	37,640
Jinzhong Development	—	—	48,835

The following tables illustrate the summarised financial information of the above subsidiaries. The amounts disclosed are before any inter-company eliminations:

	Chen Xing Sichuan	
	2013	2014
	RMB'000	*RMB'000*
Revenue	87,624	169,741
Total expenses	(86,600)	(156,921)
Profit for the year	1,024	12,820
Total comprehensive income for the year	1,024	12,820
Current assets	605,991	751,557
Non-current assets	240,500	3,494
Current liabilities	(625,631)	(521,371)
Non-current liabilities	—	—
Net cash flows generated from operating activities	101,780	44,645
Net cash flows generated from investing activities	698	172
Net cash flows used in financing activities	(101,006)	(38,962)
Net increase in cash and cash equivalents	1,472	5,855

	Jinzhong Development 2014
	RMB'000
Total expenses	(190)
Loss for the year	(190)
Total comprehensive loss for the year	(190)
Current assets	77,320
Non-current assets	778,486
Current liabilities	(606,144)
Non-current liabilities	(150,000)
Net cash flows used in operating activities	(51,204)
Net cash flows generated from investing activities	274
Net cash flows used in financing activities	(9,353)
Net decrease in cash and cash equivalents	(60,283)

17. PROPERTIES UNDER DEVELOPMENT

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	1,191,155	1,779,925	1,687,588
Additions	652,989	420,443	1,123,550
Acquisition of a subsidiary (note 34)	—	—	704,094
Transferred to completed properties held for sale (note 21)	(64,219)	(512,780)	(1,185,365)
Carrying amount at end of year	1,779,925	1,687,588	2,329,867
Less: Current portion	(1,542,241)	(1,438,764)	(1,537,681)
Non-current portion	237,684	248,824	792,186

Certain of the Group's properties under development with carrying values of approximately RMB222,320,000, RMB1,474,997,000, and RMB1,041,711,000 respectively, were pledged to secure bank loans granted to the Group as at 31 December 2012, 2013 and 2014 (note 29).

18. PREPAID LAND LEASE PAYMENTS

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	1,689	1,644	1,599
Recognised during the year	(45)	(45)	(45)
Carrying amount at end of year	1,644	1,599	1,554
Less: Current portion included in prepayments, deposits and other receivables	(45)	(45)	(45)
Non-current portion	1,599	1,554	1,509

Certain land use rights of the Group with carrying values of approximately RMB1,644,000, nil and nil, respectively, were pledged to secure bank loans granted to the Group as at 31 December 2012, 2013 and 2014 (note 29).

The leasehold land is situated in Mainland China and is held under a long term lease.

19. INTANGIBLE ASSETS

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Software			
At beginning of year			
Cost	120	120	1,171
Accumulated amortisation	(42)	(84)	(136)
Net carrying amount	78	36	1,035
At beginning of year, net of amortisation	78	36	1,035
Additions	—	1,051	231
Amortisation provided during the year	(42)	(52)	(268)
At end of year, net of amortisation	36	1,035	998
At end of year			
Cost	120	1,171	1,402
Accumulated amortisation	(84)	(136)	(404)
Net carrying amount	36	1,035	998

20. INVENTORIES

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Raw materials	1,714	380	137
Work in progress	—	1,414	1,681
Low value consumables	3	144	22
	1,717	1,938	1,840

21. COMPLETED PROPERTIES HELD FOR SALE

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	438,453	318,654	611,514
Transfer from properties under development (note 17)	64,219	512,780	1,185,365
Transfer to cost of properties sold	(184,018)	(219,920)	(587,443)
Carrying amount at end of year	318,654	611,514	1,209,436

22. TRADE RECEIVABLES

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	655	14,385	2,090

The Group seeks to maintain strict control over its outstanding receivables and overdue balances are reviewed regularly by senior management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, there is no significant concentration of credit risk. Trade receivables are non-interest-bearing.

There was no provision provided for impairment of trade receivables during the Relevant Periods.

An aged analysis of the trade receivables, based on the invoice date, is as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	103	13,795	—
1 to 2 years	552	38	2,090
2 to 3 years	—	552	—
	655	14,385	2,090

The aged analysis of the trade receivables that are not individually nor collectively considered to be impaired is as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Neither past due nor impaired	655	14,385	2,090

Trade receivables that were neither past due nor impaired relate to a large number of diversified customers for whom there was no recent history of default.

As at 31 December 2012, 2013 and 2014, included in the Group's trade receivables are amount due from a director of RMB552,000, RMB552,000 and nil, respectively, which are repayable on demand.

23. PREPAYMENTS, DEPOSITS AND OTHER RECEIVABLES

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Prepayments	36,576	33,451	19,786
Prepaid land lease payment	45	45	45
Other receivables	3,173	3,636	13,245
Other tax recoverable	39,700	46,818	65,936
	79,494	83,950	99,012

Other receivables are unsecured and non-interest-bearing and have no fixed terms of repayment.

None of the above assets is either past due or impaired. The financial assets included in the above balances relate to receivables for which there was no recent history of default.

24. AVAILABLE-FOR-SALE INVESTMENTS

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Unlisted investments, at fair value	9,000	20,000	36,000

Unlisted investments represented investments in certain financial assets issued by licensed financial institutions in Mainland China. The financial assets in the investments bear expected yield rates of 5.5%, 4.5% and 1.8% per annum upon maturity in 2012, 2013 and 2014, respectively.

25. CASH AND CASH EQUIVALENTS AND PLEDGED DEPOSITS

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Total cash and bank balances, including pledged deposits	119,763	221,671	434,395
Less: Pledged deposits	(13,091)	(33,033)	(40,880)
Cash and cash equivalents	106,672	188,638	393,515

At 31 December 2012, 2013 and 2014, the cash and bank balances of the Group denominated in RMB amounted to RMB119,763,000, RMB221,671,000 and RMB434,316,000, respectively. The RMB is not freely convertible into other currencies, however, under Mainland China's Foreign Exchange Control Regulations and Administration of Settlement, Sale and Payment of Foreign Exchange Regulations, the Group is permitted to exchange RMB for other currencies through banks authorised to conduct foreign exchange business.

Cash at banks earns interest at floating rates based on daily bank deposit rates. The bank balances are deposited with creditworthy banks with no recent history of default.

At 31 December 2013 and 2014, RMB22,851,000 and RMB30,000,000 in pledged deposits were frozen pursuant to a civil ruling issued by the Jinzhong Intermediate People's Court (the "Court") in relation to the lawsuit filed by Shanxi Yuci Huayi Section Steel Industrial Co., Ltd. ("Shanxi Yuci Huayi") (note 39(b)).

26. TRADE PAYABLES

An aged analysis of the trade payables, based on the payment due dates, is as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Less than 1 year	157,069	102,160	645,456
1 to 2 years	205,720	28,838	8,495
2 to 3 years	34,032	21,401	5,120
3 to 4 years	13,890	33,195	5,668
4 to 5 years	16,337	11,191	26,633
Over 5 years	—	14,020	10,118
	427,048	210,805	701,490

Trade payables are unsecured and interest-free and are normally settled based on the progress of construction.

27. OTHER PAYABLES, DEPOSITS RECEIVED AND ACCRUALS

	Group		
	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Payroll and welfare payable	3,692	5,264	6,680
Payables to government authority	8,631	12,543	15,334
Deposits related to sales of properties	3,267	22,718	11,509
Deposits related to construction	3,074	4,367	2,216
Sales commission payable	—	436	689
Payables to third parties	9,728	4,215	28,213
Interest payable	—	653	2,001
Advances from government[(1)]			
— Phase I of Longtian Project	—	—	471,799
— social security housing	—	—	15,243
Payable to the then shareholders	—	—	20,116
Taxes payable other than corporate income tax	272	439	28,242
	28,664	50,635	602,042

(1) Advances from government represented payment from the management committee of Economic Technology Development District, Jinzhong as development costs for construction of Phase I of Longtian Project and the social security housing, which would be paid to the suppliers.

Other payables are unsecured, non-interest-bearing and repayable on demand.

28. ADVANCES FROM CUSTOMERS

Advances from customers represented the sales proceeds received from buyers in connection with the Group's pre-sale of properties at the end of each of the Relevant Periods.

29. INTEREST-BEARING BANK BORROWINGS

	Effective interest rate	Maturity	
	(%)		*RMB'000*
31 December 2012			
Current			
Bank loans - secured	8.10	2013	47,000
Current portion of long term bank loans - secured	8.65-9.96	2013	62,500
			109,500
Non-current			
Bank loans - secured	6.76-7.32	2014	150,000
31 December 2013			
Current			
Bank loans - secured	8.10	2014	47,000
Current portion of long term bank loans - secured	6.76-7.38	2014	187,000
			234,000
Non-current			
Bank loans - secured	6.77-7.38	2015-2016	235,000
31 December 2014			
Current			
Bank loans - secured	7.68	2015	47,000
Current portion of long term bank loans - secured	6.77-7.38	2015	220,000
			267,000
Non-current			
Bank loans - secured	6.15-6.77	2016	360,000

Certain of the Group's bank loans are secured by:

(i) the pledge of certain of the Group's property, plant and equipment amounting to RMB2,034,000, nil and nil, respectively, as at 31 December 2012, 2013 and 2014 (note 14);

(ii) the pledge of certain of the Group's investment properties amounting to RMB129,000,000, RMB57,000,000 and RMB57,000,000, respectively, as at 31 December 2012, 2013 and 2014 (note 15);

(iii) the pledge of certain of the Group's properties under development amounting to RMB222,320,000, RMB1,474,997,000 and RMB1,041,711,000, respectively, as at 31 December 2012, 2013 and 2014 (note 17); and

(iv) the pledge of certain of the Group's prepaid land lease payments amounting to RMB1,644,000, nil and nil, respectively, as at 31 December 2012, 2013 and 2014 (note 18);

The controlling shareholders have guaranteed certain of the Group's bank loans up to RMB43,000,000, nil and nil, respectively, as at 31 December 2012, 2013 and 2014.

30. GOVERNMENT GRANTS

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Carrying amount at beginning of year	64,630	112,126	206,626
Additions	47,496	94,500	70,752
Carrying amount at end of year	112,126	206,626	277,378

The government grants received by the Group as financial subsidies were for listing expenses and will be recognised as income when all conditions have been fulfilled.

31. DEFERRED TAX

The movements in deferred tax assets during the Relevant Periods are as follows:

	Accrued LAT	Prepaid corporate income tax	Tax losses	Accrued payroll	Unrealised profit attributable to the intra-group transactions	Government grants	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
At 31 December 2011	64,361	19,540	5,533	658	629	16,158	106,879
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(17,577)	9,823	(2,041)	210	(63)	11,874	2,226
At 31 December 2012	46,784	29,363	3,492	868	566	28,032	109,105
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(18,010)	1,474	(2,283)	242	10	23,625	5,058
At 31 December 2013	28,774	30,837	1,209	1,110	576	51,657	114,163
Deferred tax credited/(charged) to profit or loss during the year (note 10)	(17,723)	47,893	(1,209)	285	(170)	16,047	45,123
At 31 December 2014	11,051	78,730	—	1,395	406	67,704	159,286

The movements in deferred tax liabilities during the Relevant Periods are as follows:

	Fair value adjustment arising from investment properties
	RMB'000
At 31 December 2011	26,362
Deferred tax charged to profit or loss during the year (note 10)	875
At 31 December 2012	27,237
Deferred tax credited to profit or loss during the year (note 10)	(237)
At 31 December 2013	27,000
Deferred tax credited to profit or loss during the year (note 10)	—
At 31 December 2014	27,000

The following is an analysis of the deferred tax balances of the Group for financial reporting purposes:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Net deferred tax assets recognised in the consolidated statements of financial position	81,868	87,163	132,286

Pursuant to the PRC Corporate Income Tax Law, a 10% withholding tax is levied on dividends declared to foreign investors from the foreign investment enterprises established in Mainland China. The requirement is effective from 1 January 2008 and applies to earnings after 31 December 2007. A lower withholding tax rate may be applied if there is a tax treaty between Mainland China and the jurisdiction of the foreign investors. For the Group, the applicable rate is 10%. The Group is therefore liable for withholding taxes on dividends distributed by those subsidiaries established in Mainland China in respect of earnings generated from 1 January 2008.

At 31 December 2012, 2013 and 2014, no deferred tax has been recognised for withholding taxes that would be payable on the unremitted earnings that are subject to withholding taxes of the Group's subsidiaries established in Mainland China. In the opinion of the Directors, the Group's fund will be retained in Mainland China for the expansion of the Group's operation, so it is not probable that these subsidiaries will distribute such earnings in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries in Mainland China for which deferred tax liabilities have not been recognised totaled approximately RMB325,613,000, RMB337,778,000 and RMB324,413,000 as at 31 December 2012, 2013 and 2014, respectively.

Deferred tax assets have not been recognised in respect of following item:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Tax losses	3,656	7,720	—

Deferred tax assets have not been recognised in respect of these losses that will expire in one to five years for offsetting against future taxable profits as they have arisen in subsidiaries that have been loss-making for some time and it is not considered probable that taxable profits will be available against which the tax losses can be utilised.

There are no income tax consequences attaching to the payment of dividends by the Company to its shareholders.

32. SHARE CAPITAL

The Company was incorporated on 3 November 2014 with authorised share capital of HK$380,000 (equivalent to RMB300,000) divided into 38,000,000 shares of HK$0.01 each. As at 31 December 2014, the issued share capital of the Company is HK$72 (equivalent to RMB57) with 7,228 shares of HK$0.01 each.

There was no authorised and issued capital presented as at 31 December 2012 and 2013 since the Company was not yet incorporated.

33. RESERVES

The amounts of the Group's reserves and the movements therein for each of the Relevant Periods are presented in the consolidated statements of changes in equity of the Financial Information.

Statutory surplus reserves

In accordance with the Company Law of the PRC, certain subsidiaries of the Group which are registered in the PRC as domestic enterprises are required to allocate 10% of their profit after tax, as determined in accordance with the relevant PRC accounting standards, to their respective statutory surplus reserves until the reserves reach 50% of their respective registered capital. Subject to certain restrictions set out in the Company Law of the PRC, part of the statutory surplus reserves may be converted to increase share capital, provided that the remaining balance after the capitalisation is not less than 25% of the registered capital.

Capital reserve

Capital reserve of the Group represents the aggregate amount of the paid-up capital of those companies comprising the Group prior to the incorporation of the Company.

On 12 September 2013, Sichuan Changxing (Holdings) Limited ("Sichuan Changxing") injected additional capital of RMB139,200,000 into Chen Xing Sichuan. Upon completion of the capital contribution, the shareholding of the Group in Chen Xing Sichuan decreased from 100% to 83.89%. The difference between the contributed amount of RMB139,200,000 net of tax of RMB1,375,000 and the share of net assets of Chen Xing Sichuan by Sichuan Changxing was recorded as capital reserve.

On 24 December 2014 and as part of the reorganisation, the Group acquired Chen Xing from the shareholders of Chen Xing for a cash consideration of RMB203,809,00 which was fully paid in January 2015.

34. BUSINESS COMBINATION

On 14 August 2014, the Group acquired 51% equity interests in Jinzhong Development by way of capital injection into Jinzhong Development of RMB51,000,000. Jinzhong Development is engaged in property development and the acquisition was made as part of the Group's strategy to undertake the Longtian Project. The minority shareholder of Jinzhong Development has substantive participating rights over significant financial and operating policies and ability to approve or veto decisions that relate to the relevant activities of Jinzhong Development. Accordingly, the Group did not have control over Jinzhong Development. Jinzhong Development was jointly controlled by the Group and the minority shareholder, despite that the Group owns 51% voting rights of Jinzhong Development. Jinzhong Development was therefore accounted for as a joint venture.

On 19 December 2014, the key term in relation to the decision-making powers of the shareholders of Jinzhong Development was changed that a shareholder resolution is passed if 50% or more than 50% votes are cast for such resolution. The Group owns 51% voting rights of Jinzhong Development and holds the majority members of the board of directors. Accordingly, the Group has the ability to approve decisions that related to the relevant activities of Jinzhong Development and gained control over Jinzhong Development. Jinzhong Development was therefore accounted for as a subsidiary of the Group with effect from 19 December 2014.

The fair values of the assets and liabilities of Jinzhong Development on the date of acquisition were as follows:

	Notes	Fair value recognised on acquisition
		RMB'000
Property, plant and equipment	14	131
Properties under development	17	704,094
Other receivables		20,755
Cash and bank balances		83,873
Other payables, deposits received and accruals		(559,247)
Interest-bearing bank borrowings		(150,000)
Total identifiable net assets at fair value		99,606
Non-controlling interests		(48,807)
Fair value of the 51% equity interests previously held		(50,799)
Goodwill on acquisition		—

An analysis of the cash flows in respect of the acquisition of a subsidiary is as follows:

	RMB'000
Cash consideration	—
Cash and bank balances acquired	83,873
Net inflow of cash and cash equivalents included in cash flows from investing activities	83,873

Since the acquisition, Jinzhong Development contributed nil amount to the Group's turnover and RMB58,000 to the consolidated profit for the year ended 31 December 2014.

Had the combination taken place at the beginning of the year, the revenue from continuing operations of the Group and the profit of the Group for the year would have been RMB825,888,000 and RMB106,338,000, respectively.

35. DISPOSAL OF A SUBSIDIARY

On 15 November 2014, the Group entered into a sale and purchase agreement to dispose of its entire interest in Beijing Chen Xing Real Estate Agency Company Limited ("Beijing Chen Xing") to an independent third party for a total consideration of RMB100,000.

	Notes	2014
		RMB'000
Net liabilities disposed of:		
Property, plant and equipment	14	1,589
Cash and bank balances		136
Prepayments and other receivables		655
Tax recoverable		180
Other payables and accruals		(2,704)
		(144)
Gain on disposal of a subsidiary	7	244
		100
Satisfied by:		
Cash		100

An analysis of the net outflow of cash and cash equivalents in respect of the disposal of a subsidiary is as follows:

	RMB'000
Cash consideration	100
Cash and bank balances disposed of	(136)
Net outflow of cash and cash equivalents in respect of the disposal of a subsidiary	(36)

36. PLEDGE OF ASSETS

Details of the Group's bank loans which are secured by the assets of the Group, are included in notes 14, 15, 17, 18 and 29 to the Financial Information.

37. OPERATING LEASE ARRANGEMENTS

As lessor

The Group leases its investment properties under operating lease arrangements, with leases negotiated for terms ranging from one to five years. The terms of the leases generally require the tenants to pay security deposits.

At the end of each of the Relevant Periods, the Group had total future minimum lease receivables under non-cancellable operating leases with its tenants falling due as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Within one year	4,394	4,873	4,105
In the second to fifth years, inclusive	—	3,945	980
	4,394	8,818	5,085

As lessee

The Group leases certain of its properties under operating lease arrangements. Leases for properties are negotiated for terms of one to two years. As at the end of each of the Relevant Periods, the Group had total future minimum lease payments under non-cancellable operating leases falling due as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Within one year	288	240	262
In the second to fifth years, inclusive	240	—	—
	528	240	262

38. COMMITMENTS

In addition to the operating lease commitments detailed in note 37 above, the Group had the following capital commitments at the end of each of the Relevant Periods:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Contracted, but not provided for:			
Property development activities	1,373,005	2,176,431	1,036,807

39. CONTINGENT LIABILITIES

(a) At the end of each of the Relevant Periods, contingent liabilities not provided for in the Financial Information were as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Guarantees given to banks in respect of mortgage facilities granted to the purchasers of the Group's properties	301,596	267,362	518,507

The Group provided guarantees in respect of mortgage facilities granted by certain banks to the purchasers of the Group's completed properties held for sale. Pursuant to the terms of the guarantee arrangements, in case of default on mortgage payments by the purchasers, the Group is responsible to repay the outstanding mortgage loans together with any accrued interest and penalty owed by the defaulted purchasers to those banks. The Group is then entitled to take over the legal titles of the related properties. The Group's guarantee period commences from the date of grant of the relevant mortgage loan and ends at the execution of individual purchaser's collateral agreement.

The Group did not incur any material losses during the Relevant Periods in respect of the guarantees provided for mortgage facilities granted to the purchasers of the Group's completed properties held for sale. The Directors considered that in case of default on payments, the net realisable value of the related properties would be sufficient to repay the outstanding mortgage loans together with any accrued interest and penalty, and therefore no provision has been made in connection with the guarantees.

(b) On 16 March 2013, Shanxi Yuci Huayi filed an action in the Court against Chen Xing, claiming compensation and damages in an aggregate amount of RMB40,077,420 (the "Claim") on the ground that Chen Xing failed to sell residential units and retail outlets at favorable prices agreed in accordance with the resettlement compensation agreement and supplemental agreement Chen Xing entered into with Shanxi Yuci Huayi in November 2006. The Directors believe, and the Group's legal counsel is of the view, that Chen Xing has a valid defense against the Claim and, accordingly, no provision arising from the Claim, other than the related legal and other costs, have been provided for. As at 31 December 2013 and 2014, pending resolution of the Claim, funds in the total amount of RMB22,851,000 and RMB30,000,000, respectively, in pledged deposits were frozen pursuant to a civil ruling issued by the Court (note 25).

40. RELATED PARTY TRANSACTIONS

Details of the Group's principal related parties are as follows:

Name	Relationship
Mr. Bai Xuankui	Director, the ultimate controlling shareholder
Mr. Bai Wukui	Director
Mr. Bai Guohua	Director, the ultimate controlling shareholder
Shanxi Wanjia Property Management Co., Ltd. ("Shanxi Wanjia")	Company controlled by the daughter of Mr. Bai Xuankui
Mr. Dong Shiguang	Director
Mr. Zhang Yongcheng	Director

(a) In addition to the transactions detailed elsewhere in the Financial Information, the Group had the following transactions with related parties during the Relevant Periods:

	Notes	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
Loans from a director				
Mr. Bai Wukui	(i)	50,000	—	—
Repayment of loans from a director				
Mr. Bai Wukui		—	—	(140,000)
Interest expense to a director				
Mr. Bai Wukui	(i)	15,460	17,033	11,317
Repayment of interest expense to a director				
Mr. Bai Wukui	(i)	—	—	(43,810)

	Notes	Year ended 31 December 2012	Year ended 31 December 2013	Year ended 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
Advance from a director				
Mr. Bai Guohua		—	—	733
Advance from a related party				
Shanxi Wanjia		10,000	—	—
Repayment of advance from a related party				
Shanxi Wanjia		3,000	4,608	—
Refund of repayment of advance from a related party				
Shanxi Wanjia		—	—	732
Property management fee to a related party				
Shanxi Wanjia	(ii)	—	—	364

(i) The loans bore interest at 12% per annum.

(ii) The property management service from a related party were made according to the prices and terms agreed between the parties.

(b) Other transactions with related parties:

The controlling shareholders have guaranteed certain of the Group's bank loans up to RMB43,000,000, nil and nil, respectively, as at 31 December 2012, 2013 and 2014.

(c) Outstanding balances with related parties:

The Group had the following significant balances with its related parties during the Relevant Periods:

Due from directors

	1 January 2012	Maximum amount outstanding	31 December 2012	Maximum amount outstanding	31 December 2013	Maximum amount outstanding	31 December 2014
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Mr. Dong Shiguang*	552	552	552	552	552	552	—
Mr. Bai Wukui	—	—	—	—	—	8,689	8,689
	552		552		552		8,689

* The balance was included in "Trade receivables" on the face of the consolidated statements of financial position.

	Notes	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
		RMB'000	*RMB'000*	*RMB'000*
Due to directors				
Mr. Bai Xuankui	(i)	—	—	147,334
Mr. Bai Guohua	(i)	—	—	733
Mr. Bai Wukui	(ii)	155,460	172,493	27,575
Mr. Dong Shiguang	(i)	—	—	4,606
Mr. Zhang Yongcheng	(i)	—	—	4,178
Due to a related party				
Shanxi Wanjia	(i)	7,000	2,392	3,124

(i) The balances were repayable on demand, unsecured and interest-free and fully settled in March 2015.

(ii) The balances of RMB90,000,000 and RMB50,000,000 were unsecured, due in November 2013 and April 2014, respectively, and bore interest at 12% per annum. The remaining balance was unsecured, interest-free and repayable on demand. The outstanding loans of RMB140,000,000 and related interest expense of RMB43,810,000 were fully settled in July, September and December 2014. The balance of RMB27,575,000 as at 31 December 2014 was fully settled in January 2015.

(d) Compensation of key management personnel of the Group:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Short term employee benefits	1,930	2,272	2,355
Pension scheme contributions	206	220	218
Total compensation paid to key management personnel	2,136	2,492	2,573

Future details of directors' and chief executive's emoluments are included in note 8 to the Financial Information.

41. FINANCIAL INSTRUMENTS BY CATEGORY

The carrying amounts of each of the categories of financial instruments as at the end of each of the Relevant Periods are as follows:

As at 31 December 2012

Group

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	655	—	655
Available-for-sale investments	—	9,000	9,000
Financial assets included in prepayments, deposits and other receivables	3,173	—	3,173
Cash and cash equivalents	106,672	—	106,672
Pledged deposits	13,091	—	13,091
	123,591	9,000	132,591

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	427,048
Financial liabilities included in other payables, deposits received and accruals	21,433
Interest-bearing bank borrowings	259,500
Due to a related party	7,000
Due to directors	155,460
	870,441

As at 31 December 2013

Group

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	14,385	—	14,385
Available-for-sale investments	—	20,000	20,000
Financial assets included in prepayments, deposits and other receivables	3,636	—	3,636
Cash and cash equivalents	188,638	—	188,638
Pledged deposits	33,033	—	33,033
	239,692	20,000	259,692

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	210,805
Financial liabilities included in other payables, deposits received and accruals	22,214
Interest-bearing bank borrowings	469,000
Due to a related party	2,392
Due to directors	172,493
	876,904

As at 31 December 2014

Group

Financial assets

	Loans and receivables	Available-for-sale financial assets	Total
	RMB'000	*RMB'000*	*RMB'000*
Trade receivables	2,090	—	2,090
Available-for-sale investments	—	36,000	36,000
Financial assets included in prepayments, deposits and other receivables	13,245	—	13,245
Cash and cash equivalents	393,515	—	393,515
Pledged deposits	40,880	—	40,880
Due from a director	8,689	—	8,689
	458,419	36,000	494,419

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Trade payables	701,490
Financial liabilities included in other payables, deposits received and accruals	68,569
Interest-bearing bank borrowings	627,000
Due to directors	184,426
Due to a related party	3,124
	1,584,609

As at 31 December 2014

Company

Financial liabilities

	Financial liabilities at amortised cost
	RMB'000
Amount due to a subsidiary	61
	61

42. FAIR VALUE AND FAIR VALUE HIERARCHY OF FINANCIAL INSTRUMENTS

Management has assessed that the fair values of cash and cash equivalents, pledged deposits, trade receivables, financial assets included in prepayments, deposits and other receivables, trade payables, financial liabilities included in other payables, deposits received and accruals, the current portion of interest-bearing bank borrowings, amount due from/to directors and a related party approximate to their carrying amounts largely due to the short term maturities of these instruments.

Management has assessed that the fair values of the non-current portion of interest-bearing bank borrowings approximate to their carrying amounts largely due to the fact that such borrowings were made between the Group and an independent third party financial institution based on prevailing market interest rates.

The Group's corporate finance team headed by the finance manager is responsible for determining the policies and procedures for the fair value measurement of financial instruments. The corporate finance team reports directly to the board of directors. At each reporting date, the corporate finance team analyses the movements in the values of financial instruments and determines the major inputs applied in the valuation. The valuation is reviewed and approved by the chief financial officer. The valuation process and results are discussed with the board of directors twice a year for interim and annual financial reporting.

The fair values of the available-for-sale investments have been calculated by discounting the expected future cash flows using rates currently available for instruments with similar terms, credit risk and remaining maturities. The Group's own non-performance risk for available-for-sale investments as at the end of each of the Relevant Periods was assessed to be insignificant.

Fair value hierarchy

The following tables illustrate the fair value measurement hierarchy of the Group's financial instruments:

Assets measured at fair value:

As at 31 December 2012

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments..	—	9,000	—	9,000

As at 31 December 2013

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments..	—	20,000	—	20,000

As at 31 December 2014

	Fair value measurement using			
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*
Available-for-sale investments..	—	36,000	—	36,000

The Group did not have any financial liabilities measured at fair value as at 31 December 2012, 2013 and 2014.

The Company did not have any financial assets and financial liabilities measured at fair value as at 31 December 2014.

During the Relevant Periods, there were no transfers of fair value measurements between Level 1 and Level 2 and no transfers into or out of Level 3 for both financial assets and financial liabilities.

43. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments mainly include cash and bank balances, pledged deposits, trade receivables and trade payables, which arise directly from its operations. The Group has other financial assets and liabilities such as interest-bearing bank borrowings, amount due to directors and a related party, other receivables and other payables. The main purpose of these financial instruments is to raise finance for the Group's operations.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk. Generally, the Group introduces conservative strategies on its risk management. To keep the Group's exposure to these risks to a minimum, the Group has not used any derivatives and other instruments for hedging purposes. The Group does not hold or issue derivative financial instruments for trading purposes. The chief financial officer reviews and agrees policies for managing each of these risks and they are summarised below:

Interest rate risk

The Group's exposure to risk for changes in market interest rates relates primarily to the Group's interest-bearing bank borrowings set out in note 29. The Group does not use derivative financial instruments to hedge interest rate risk. The Group manages its interest cost using variable rate bank borrowings.

The following table demonstrates the sensitivity to a reasonably possible change in the RMB interest rate, with all other variables held constant, of the Group's profit before tax (through the impact on floating rate borrowings).

	Increase/ (decrease) in basis points	Increase/ (decrease) in profit before tax
		RMB'000
2012		
RMB	0.5%	(1,298)
RMB	(0.5%)	1,298
2013		
RMB	0.5%	(2,345)
RMB	(0.5%)	2,345
2014		
RMB	0.5%	(3,135)
RMB	(0.5%)	3,135

Credit risk

Credit risk is the risk of loss due to the inability or unwillingness of a counterparty to meet its contractual obligations.

The Group has no concentrations of credit risk in view of its large number of customers. The Group did not record any significant bad debt losses during the Relevant Periods.

The credit risk of the Group's other financial assets, which mainly comprise pledged deposits and other receivables, arises from default of the counterparty, with a maximum exposure equal to the carrying amounts of these instruments.

Liquidity risk

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of interest-bearing bank borrowings. Cash flows are closely monitored on an ongoing basis.

The maturity profile of the Group's financial liabilities as at the end of each of the Relevant Periods, based on contractual undiscounted payments, is as follows:

Year ended 31 December 2012

Group

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	—	16,877	99,474	163,220	—	279,571
Trade payables	427,048	—	—	—	—	427,048
Financial liabilities included in other payables, deposits received and accruals	21,433	—	—	—	—	21,433
Due to a related party	7,000	—	—	—	—	7,000
Due to directors	15,460	4,200	12,600	151,663	—	183,923
	470,941	21,077	112,074	314,883	—	918,975
Financial guarantees issued: Maximum amount guaranteed (note 39(a))	301,596	—	—	—	—	301,596

Year ended 31 December 2013

Group

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	—	10,926	250,787	251,670	—	513,383
Trade payables	210,805	—	—	—	—	210,805
Financial liabilities included in other payables, deposits received and accruals	22,214	—	—	—	—	22,214
Due to a related party	2,392	—	—	—	—	2,392
Due to directors	32,493	4,200	147,463	—	—	184,156
	267,904	15,126	398,250	251,670	—	932,950
Financial guarantees issued: Maximum amount guaranteed (note 39(a))	267,362	—	—	—	—	267,362

Year ended 31 December 2014

Group

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	—	89,878	176,295	413,716	—	679,889
Trade payables	701,490	—	—	—	—	701,490
Financial liabilities included in other payables, deposits received and accruals	68,569	—	—	—	—	68,569
Due to a related party	3,124	—	—	—	—	3,124
Due to directors	184,426	—	—	—	—	184,426
	957,609	89,878	176,295	413,716	—	1,637,498
Financial guarantees issued: Maximum amount guaranteed (note 39(a))	518,507	—	—	—	—	518,507

The maturity profile of the Company's financial liability as at 31 December 2014, based on the contractual undiscounted payments, is as follows:

Year ended 31 December 2014

Company

	On demand	Less than 3 months	3 to 12 months	1 to 5 years	Over 5 years	Total
	RMB'000	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*	*RMB'000*
Amount due to a subsidiary	61	—	—	—	—	61
	61	—	—	—	—	61

The amount included above for financial guarantee contracts are the maximum amounts the Group could be required to settle under the arrangement for the full guaranteed amount if that amount is claimed by the counterparty to the guarantee. Based on expectations at the end of each of the Relevant Periods, the Group considers that it is more likely than not that no amount will be payable under the arrangement.

Capital management

The primary objectives of the Group's capital management are to safeguard the Group's ability to continue as a going concern and to maintain a strong credit rating and healthy capital ratios in order to support its business and maximise shareholders' value.

The Group manages its capital structure and makes adjustments to it in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is total debt divided by total equity. Total debt includes interest-bearing bank borrowings and amount due to a director. The gearing ratio as at the end of each of the Relevant Periods was as follows:

	As at 31 December 2012	As at 31 December 2013	As at 31 December 2014
	RMB'000	*RMB'000*	*RMB'000*
Interest-bearing bank borrowings	259,500	469,000	627,000
Due to a director	155,460	172,493	—
Total debt	414,960	641,493	627,000
Total equity	566,675	718,593	578,261
Gearing ratio	73.23%	89.27%	108.43%

III. SUBSEQUENT FINANCIAL STATEMENTS

No audited financial statements have been prepared by the Group, the Company or any of its subsidiaries in respect of any period subsequent to 31 December 2014.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following information dose not form part of the Accountants' Report from Ernst & Young, Certified Public Accountants, Hong Kong, the Company's reporting accountants, as set out in Appendix I to this document, and is included herein for information purpose only. The unaudited pro forma financial information should be read in conjunction with the section headed "Financial Information" in this prospectus and Accountants' Report set out in Appendix I to this prospectus.

The following unaudited pro forma financial information prepared in accordance with paragraph 29 of Chapter 4 of the Listing Rules is for illustrative purpose only, and is set out herein to provide the prospective investors with further financial information about how the proposed listing might have affected the consolidated net tangible assets of the Group after the completion of the Global Offering.

The accompanying unaudited pro forma financial information of the Group is based on currently available information along with a number of assumptions, estimates and uncertainties.

As a result of these assumptions, estimates and uncertainties, the accompanying unaudited pro forma financial information of the Group does not purport to predict the Group's future financial position and results.

Although reasonable care has been exercised in preparing the said information, prospective investors who read the information should bear in mind that these figures are inherently subject to adjustments and may not give a true picture of the Group's financial position.

A. UNAUDITED PRO FORMA ADJUSTED CONSOLIDATED NET TANGIBLE ASSETS

The unaudited pro forma adjusted consolidated net tangible assets of the Group has been prepared, on the basis of the notes set forth below, for the purpose of illustrating the effect of the Global Offering as if it had taken place on 31 December 2014. It has been prepared for illustrative purpose only and, because of its hypothetical nature, may not give a true and fair picture of our financial position.

	Consolidated net tangible assets attributable to owners of the Company as of 31 December 2014	**Estimated net proceeds from the Global Offering**	**Unaudited pro forma adjusted consolidated net tangible assets**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**	**Unaudited pro forma adjusted consolidated net tangible assets per Share**
	RMB'000	*RMB'000*	*RMB'000*	*RMB*	*(HK$ equivalent)*
	(Note 1)	*(Note 2)*		*(Note 3)*	
Based on an Offer Price of HK$2.60 per Share	490,788	172,137	662,925	1.33	1.68
Based on an Offer Price of HK$3.20 per Share	490,788	219,477	710,265	1.42	1.80

Notes:

1. The consolidated net tangible assets attributable to owners of the Company as of 31 December 2014 is arrived at after deducting intangible assets of RMB998,000 from the audited consolidated equity attributable to owners of the Company of RMB491,786,000 as of 31 December 2014, as shown in the Accountants' Report, the text of which is set out in Appendix I to this Prospectus.

2. The estimated net proceeds from the Global Offering are based on estimated offer prices of HK$2.60 or HK$3.20 per Share after deduction of the underwriting fees and other related expenses payable by our Company. The estimated net proceeds are converted into RMB at the rate of HK$1=RMB0.78899. No representation is made that the Renminbi amounts have been, could have been or could be converted to Hong Kong dollars, or vice versa, at the rate or at any other rates or at all.

3. The unaudited pro forma adjusted consolidated net tangible assets per Share is arrived at after adjustments referred to in the preceding paragraphs and on the basis that 500,000,000 Shares are in issue assuming that the Global Offering has been completed on 31 December 2014.

B. INDEPENDENT REPORTING ACCOUNTANTS' ASSURANCE REPORT ON THE COMPILATION OF PRO FORMA FINANCIAL INFORMATION

The following is the text of a report, received from the reporting accountants of the Company, Ernst & Young, Certified Public Accountants, Hong Kong, for the purpose of incorporation in this prospectus, in respect of the Group's pro forma financial information.

22/F CITIC Tower
1 Tim Mei Avenue
Central, Hong Kong

22 June 2015

The Directors of Chen Xing Development Holdings Limited

Dear Sirs,

We have completed our assurance engagement to report on the compilation of pro forma financial information of Chen Xing Development 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 consolidated net tangible assets as at 31 December 2014 and related notes as set out on page II-2 of the Prospectus issued by the Company (the "Pro Forma Financial Information"). The applicable criteria on the basis of which the Directors have compiled the Pro Forma Financial Information are described in note 1 to 3 of Appendix II(A).

The Pro Forma Financial Information has been compiled by the Directors to illustrate the impact of the global offering of shares of the Company on the Group's financial position as at 31 December 2014 as if the transaction had taken place at 31 December 2014. As part of this process, information about the Group's financial position has been extracted by the Directors from the Group's financial statements for the year ended 31 December 2014, on which an accountant's report has been published.

Directors' responsibility for the Pro Forma Financial Information

The Directors are responsible for compiling the Pro Forma Financial Information in accordance with paragraph 4.29 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and with reference to Accounting Guideline 7 Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars issued by the Hong Kong Institute of Certified Public Accountants (the "HKICPA").

Reporting Accountant's responsibilities

Our responsibility is to express an opinion, as required by paragraph 4.29(7) 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 accountant comply with ethical requirements and plan and perform procedures to obtain reasonable assurance about whether the Directors have compiled the Pro Forma Financial Information, in accordance with paragraph 4.29 of the Listing Rules and with reference to AG7 *Preparation of Pro Forma Financial Information for Inclusion in Investment Circulars* issued by 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 Pro Forma Financial Information included in the Prospectus is solely to illustrate the impact of the global offering of shares of the Company on unadjusted financial information of the Group as if 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 transaction 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 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 accountant's judgement, having regard to the reporting accountant's understanding of the nature of the Group, the 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 purpose of the Pro Forma Financial Information as disclosed pursuant to paragraph 4.29(1) of the Listing Rules.

Yours faithfully,
Ernst & Young
Certified Public Accountants
Hong Kong

The following is the text of a letter, summary of valuations and valuation certificates dated June 22, 2015 prepared for the purpose of incorporation into this prospectus received from DTZ Debenham Tie Leung Limited in connection with its opinion on the values of the properties held by the Group as at March 31, 2015.

16th Floor,
Jardine House,
1 Connaught Place,
Central,
Hong Kong

June 22, 2015

The Directors
Chen Xing Development Holdings Limited
18 Anning Street,
Yuci District,
Jinzhong City,
Shanxi Province,
The PRC

Dear Sirs,

Instructions, Purpose and Date of Valuation

In accordance with your instructions for us to value the properties held by Chen Xing Development Holdings Limited (referred to as the "Company") and its subsidiaries (hereinafter together referred to as the "Group") in the People's Republic of China (the "PRC") (as more particularly described in the valuation certificates), we confirm that we have inspected the properties, made relevant enquiries and obtained such further information as we consider necessary to provide you with our opinion of the values of such properties as at March 31, 2015 (the "date of valuation").

Definition of Market Value

Our valuation of each of the properties represents its market value which in accordance with The HKIS Valuation Standards 2012 Edition is defined as "the estimated amount for which an asset or liability should exchange on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion".

Valuation Basis and Assumption

Our valuations exclude an estimated price inflated or deflated by special terms or circumstances such as atypical financing, sale and leaseback arrangement, special considerations or concessions granted by anyone associated with the sale, or any element of special value.

Unless otherwise stated, we have, in the course of our valuation of the properties, assumed that transferable land use rights in respect of the properties for a specific term at nominal annual land use fees have been granted and that any premium has already been fully settled. We have relied on the advice given by the Group regarding the title to the properties. Unless otherwise stated, we have, for the purpose of our valuations, assumed that the grantees have enforceable title to the properties. Moreover, we have assumed that the grantees or the users of the properties have free and uninterrupted rights to use or to assign the properties for the whole of the unexpired term as granted.

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

In respect of the properties situated in the PRC, the status of titles and grant of major certificates, approvals and licences, in accordance with the information provided by the Group and the advice provided by the Group's legal advisor, Jingtian & Gongcheng, are set out in the notes in the respective valuation certificate.

In valuing the properties, we have complied with the requirements set out in Chapter 5 and Practice Note 12 of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited and the HKIS Valuation Standards 2012 Edition published by The Hong Kong Institute of Surveyors.

Method of Valuation

Regarding the properties in Groups I and IV, we have valued each of the properties by the Direct Comparison Approach assuming sale of each of the properties in its existing state and by making reference to comparable sales transactions as available in the relevant market.

In valuing the properties in Group II, we have adopted the Investment Approach by capitalization of the rental income derived from the existing tenancies with due allowance for reversionary rental income potential of the properties or, where appropriate, by direct comparison approach assuming sale of each of the properties in its existing state and by making reference to comparable sales transactions as available in the relevant market.

In respect of properties in Group III, we have valued on the basis that each of the properties is to be developed and completed in accordance with the Group's latest development proposals provided to us. We have assumed that all consents, approvals and licences from relevant government authorities for the development proposals have been obtained without onerous conditions or delays. We have also assumed that the design and construction of the properties are in compliance with the local planning regulations and have been approved by the relevant authorities. In arriving at our valuations, we have adopted the Direct Comparison Approach by making reference to comparable sales evidence as available in the relevant market and have also taken into account the expended construction costs as well as the costs that will be expended to complete the developments. The development value if completed represents our opinion of the aggregate value of the development assuming it would have been completed at the date of valuation.

Title Investigation

We have been provided with extracts of documents relating to the titles of the properties in the PRC, but no searches have been made in respect of the properties. We have not searched the original documents to verify ownership or to ascertain any amendment which may not appear on the copies handed to us. We are also unable to ascertain the title of the properties in the PRC and we have therefore relied on the advice given by the Group and the Group's legal advisor regarding the Group's interests in the PRC properties.

Source of Information

In the course of our valuation, we have relied to a very considerable extent on the information given to us by the Group and its legal advisor, Jingtian & Gongcheng, regarding the titles to the properties and the interests of the Group in the properties. In respect of the properties in the PRC, we have accepted advice given by the Group on such matters as planning approvals or statutory notices, tenure, identification of land and buildings, development proposals, construction costs, completion date of buildings, particulars of occupancy, site and floor areas, interest attributable to the Group and all other relevant matters.

Dimensions, measurements and areas included in the valuation certificates are based on information provided to us and are therefore only approximations. We have had no reason to doubt the truth and accuracy of the information provided to us by the Group which is material to the valuations. We were also advised by the Group that no material facts have been omitted from the information provided.

Site Inspection

We have inspected the exterior and, wherever possible, the interior of the properties. The site inspections were carried out by Mr. Wayne Xiao (Senior Manager), Ms. Jingxiang Hu (Senior Manager), Mr. Powell Li (Assistant Manager) and Mr. Eddy Liu (Assistant Value) between September 2014 to June 2015. However, no structural survey has been made, but in the course of our inspection, we did not note any serious defects. We are not able to report that the property is free of rot, infestation and any other structural defects, nor were any test carried out to any of the services. Moreover, we have not carried out investigation on site to determine the suitability of the soil conditions and the services etc. for any future development. Our valuations are prepared on the assumption that these aspects are satisfactory and that no extraordinary expenses or delays will be incurred during the construction period. Unless otherwise stated, we have not been able to carry out on-site measurements to verify the site and floor area of the properties and we have assumed that the areas shown on the copies of the documents handed to us are correct.

Currency

Unless otherwise stated, all money amounts stated in this valuation report are in Renminbi ("RMB") which is the official currency of the PRC.

We enclose herewith a summary of our valuations and our valuation certificates.

Yours faithfully,
For and on behalf of
DTZ Debenham Tie Leung Limited
Andrew K.F. Chan
Registered Professional Surveyor (General Practice)
Registered China Real Estate Appraiser
MSc, MHKIS
Senior Director

Note: Mr. Andrew K.F. Chan is a Registered Professional Surveyor (General Practice) who has over 27 years' experience in the valuation of properties in the PRC.

SUMMARY OF VALUATIONS

	Property	Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
Group I - Properties held by the Group for sale or owner occupation in the PRC				
1.	Office building situated at No. 18 Anning Avenue, Yuci District, Jinzhong City, Shanxi Province, the PRC (安寧大街18號)	12,000,000	100	12,000,000
2.	Unsold portions of Levels 2 to 6 of Dong Shuncheng Street, No. 2 Xinhua Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (東順城街)	7,000,000	100	7,000,000
3.	Various residential units and car parking spaces of Grand International Mall & Apartments, Dongchuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (君豪國際)	80,000,000	100	80,000,000

Property		Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
4.	Office building situated at No. 131 Yingbinxi Road, Yuci District, Jinzhong City, Shanxi Province, the PRC (迎賓西路)	94,000,000	100	94,000,000
5.	Riverside Gardens — Heshun, north of Binhe Community, Binhe Road, Heshun County, Jinzhong City, Shanxi Province, the PRC (和順濱河小區)	6,000,000	100	6,000,000
6.	Level 22 of Sunshine Mansion, No. 103 Changye Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC (陽光大廈)	20,000,000	100	20,000,000
7.	Unsold portions of Xin Xing International Cultural Town (Phases II, III and IV), west of Huitong Road, Yuci Economic and Technological Development Zone, Jinzhong City, Shanxi Province, the PRC (文教城項目二、三、四期)	165,000,000	100	165,000,000

Property	Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
8. Unsold portions of SOLO Apartments, Dongshuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (尚座公寓)	2,900,000	100	2,900,000
9. Unsold portions of Upper East Gardens (Phase II), No. 61 Shuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (上東庭院二期)	11,000,000	100	11,000,000
10. Unsold portions of Yosemite Valley Town - Mianyang, No. 336 Jiannan West Road, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽優山美郡)	228,000,000	83.89	191,269,200

Property	Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
11. Unsold portions of Elite Gardens, No. 340 Jiannan West Road, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽天禦)	288,000,000	83.89	241,603,200
12. Unsold portions of Yosemite Valley Town — Taiyuan Phase I (Southern District), west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City, Shanxi Province, the PRC (龍城優山美郡一期南區)	1,322,000,000	100	1,322,000,000
Sub-total :	2,235,900,000		2,152,772,400

Property	Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
Group II - Properties held by the Group for investment in the PRC			
13. Unsold retail portions of Grand International Mall & Apartments, Dongchuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (君豪國際)	57,000,000	100	57,000,000
14. Unsold retail portions of East Lake Mall, Yuci District, Jinzhong City, Shanxi Province, the PRC (東湖井)	70,000,000	100	70,000,000
Sub-total:	127,000,000		127,000,000

Property	Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
Group III - Properties held by the Group under development in the PRC			
15. A proposed development to be known as Xin Xing International Cultural Town (Portions of Phase IV and whole of Phase V) west of Huitong Road, Yuci Economic and Technological Development Zone, Jinzhong City, Shanxi Province, the PRC (新興國際文教城四期部份及五期)	265,000,000	100	265,000,000
16. A proposed development to be known as Longtian Project, south of Longhu Avenue, Yuci District, Jinzhong City, Shanxi Province, the PRC (龍田項目)	816,000,000	51	416,160,000
17. A proposed development to be known as Shuncheng Street Underground Space, Dongchuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (順城街地下空間)	13,000,000	100	13,000,000

Property	Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
18. A proposed development to be known as Yosemite Valley Town — Taiyuan (Phase I), west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City, Shanxi Province, the PRC (龍城優山美郡一期)	1,340,000,000	100	1,340,000,000
19. A proposed development to be known as Chang Xing Star Gardens Phase I, Lot D12, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽長興星城)	260,000,000	83.89	218,114,000
Sub-total :	2,694,000,000		2,252,274,000

Property	Market value in existing state as at March 31, 2015 (RMB)	Interest attributable to the Group (%)	Market value in existing state attributable to the Group as at March 31, 2015 (RMB)
Group IV - Properties held by the Group for future development in the PRC			
20. A proposed development to be known as Chang Xing Star Gardens Phase II, Lot D12, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽長興星城)	103,000,000	83.89	86,406,700
21. A proposed development to be known as Yosemite Valley Town — Taiyuan (Phases II and III), west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City, Shanxi Province, the PRC (龍城優山美郡二期、三期)	No commercial value		No commercial value
Sub-total :	103,000,000		86,406,700
Total	**5,159,900,000**		**4,618,453,100**

VALUATION CERTIFICATE

Group I - Properties held by the Group for sale or owner occupation in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
1. Office building situated at No. 18 Anning Avenue, Yuci District, Jinzhong City, Shanxi Province, the PRC (安寧大街18號)	The property comprises a 3-storey office building and was completed in 2007. The property has a total gross floor area of 1,789.66 sq m. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for office use. The land use rights of the property have been granted for a term due to expire on August 15, 2049 for commercial use.	As at the date of valuation, the property was occupied by the Group.	RMB12,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2009)2101913 issued by Jinzhong Land Resources Bureau (晉中國土資源局), the land use rights of the property with a total site area of 1,611.17 sq m have been vested in Chenxing Real Estate Development Co., Ltd for a term due to expire on August 15, 2049 for commercial use.

(2) According to Building Ownership Certificate No. 00079354 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the property with a total gross floor area of 1,798.66 sq m has been vested in Chenxing Real Estate Development Co., Ltd for office, canteen, boiler and guard use.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Jinzhong Zhongdu Branch); and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In valuing the property, we have assumed about RMB6,900 per sq m for the property.

In undertaking our valuation of the property, we have made reference to various recent sales prices of office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of office development within the same district. The prices of office premises range from about RMB6,250 to RMB6,500 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
2.	Unsold portions of Levels 2 to 6 of Dong Shuncheng Street, No. 2 Xinhua Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (東順城街)	The property comprises the unsold office portions of an office development and was completed in 2007. The property has a total gross floor area of 1,198.90 sq m. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for office use. The land use rights of the property have been granted for a term due to expire on July 29, 2043 for commercial use.	As at the date of valuation, the property was vacant.	RMB7,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2010)2300418 issued by Jinzhong Land Resources Bureau (晉中國土資源局), the land use rights of the property with a total site area of 239.23 sq m have been vested in Chenxing Real Estate Development Co., Ltd for a term due to expire on July 29, 2043 for commercial use.

(2) According to Building Ownership Certificate No. 00072784 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the property with a total gross floor area of 1,198.90 sq m has been vested in Chenxing Real Estate Development Co., Ltd for office use.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In valuing the property, we have assumed about RMB5,900 per sq m for the property.

In undertaking our valuation of the property, we have made reference to various recent sales prices of office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of office development within the same district. The prices of office premises range from about RMB6,250 to RMB6,500 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
3.	Various residential units and car parking spaces of Grand International Mall & Apartments, Dongchuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (君豪國際)	The property comprises various residential units and car parking spaces of a composite development and was completed in 2007. The property has a total gross floor area of 15,705.13 sq m. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential use. The land use rights of the property have been granted for a term due to expire on December 12, 2075 for residential use.	As at the date of valuation, the property was vacant.	RMB80,000,000

Notes:

(1) According to State-owned Land Use Rights Certificate No. (2011)300594 issued by Jinzhong Land Resources Bureau (晉中國土資源局), the land use rights of the property with a total site area of 4,520.17 sq m have been vested in Chenxing Real Estate Development Co., Ltd for a term due to expire on December 12, 2075 for residential use.

(2) According to Building Ownership Certificate No. 00089761 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the development with a total gross floor area of 69,440.19 sq m has been vested in Chenxing Real Estate Development Co., Ltd for residential and storeroom use.

As advised by the Group, the property comprises portions of the development with a total gross floor area as stated above.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Jinzhong Zhongdu Branch); and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In valuing the property, we have assumed about RMB5,100 per sq m for the property.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of residential development within the same district. The prices of residential premises range from about RMB4,745 to RMB5,743 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
4. Office building situated at No. 131 Yingbinxi Road, Yuci District, Jinzhong City, Shanxi Province, the PRC (迎賓西路)	The property comprises a 9-storey office building and a basement completed in 2014. The property has a total gross floor area of 10,707.98 sq m with details as follows: **Use** / **Gross Floor Area** *(sq m)* Retail 2,761.56 Office 7,946.42 **Total:** 10,707.98 The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for office use. The land use rights of the property have been granted for a term due to expire on November 5, 2051 for commercial use.	As at the date of valuation, the property was occupied by the Group.	RMB94,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2013)0201003 issued by Jinzhong Land Resources Bureau (晉中國土資源局), the land use rights of the property with a total site area of 3,974.13 sq m have been vested in Chenxing Real Estate Development Co., Ltd for a term due to expire on November 5, 2051 for commercial use.

(2) According to Building Ownership Certificates Nos. 00144687 and 00144688 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the property with a total gross floor area of 10,707.98 sq m has been vested in Chenxing Real Estate Development Co., Ltd for office and retail uses.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance; and

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Jinzhong Zhongdu Branch); and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In valuing the property, we have assumed about RMB14,000 per sq m for the retail portion and RMB7,200 per sq m for the office portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of retail and office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of retail and office developments within the same district. The prices of retail premises range from about RMB6,667 to RMB15,000 per sq m. The prices of office premises range from about RMB6,250 to RMB6,500. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

	Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
5.	Riverside Gardens — Heshun, north of Binhe Community, Binhe Road, Heshun County, Jinzhong City, Shanxi Province, the PRC (和順濱河小區)	The property comprises a club house building and was completed in 2008. The property has a total gross floor area of 833.05 sq m. The property is located at the center of Heshun County of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for recreational use. The land use rights of the property have been granted for a term due to expire on September 30, 2076 for residential use.	As at the date of valuation, the property was vacant.	RMB6,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2008)0070134003 issued by Heshun Land Resources Bureau (和順國土資源局), the land use rights of the property with a total site area of 60,110.30 sq m have been vested in Chenxing Real Estate Development Co., Ltd for a term due to expire on September 30, 2076 for residential use.

(2) According to Building Ownership Certificate No. 00001894 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the property with a total gross floor area of 833.05 sq m has been vested in Chenxing Real Estate Development Co., Ltd for recreational use.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate of and Building Ownership Certificate the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In valuing the property, we have assumed about RMB7,200 per sq m for the property.

In undertaking our valuation of the property, we have made reference to various recent sales prices of commercial premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of commercial development within the same district. The prices of commercial premises range from about RMB8,037 to RMB9,722 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
6. Level 22 of Sunshine Mansion, No. 103 Changye Road, Xiaodian District, Taiyuan City, Shanxi Province, the PRC (陽光大廈)	The property comprises an office floor of a 22-storey office building and was completed in 2007. The property has a total gross floor area of 1,344.48 sq m. The property is located at the center of Xiaodian District of Taiyuan. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for office use. The land use rights of the property have been granted for a term due to expire on June 22, 2052 for office use.	As at the date of valuation, the property was occupied by the Group.	RMB20,000,000

Notes:-

(1) According to Building Ownership Certificate No. S201500942 issued by Bureau of Housing Management of Taiyuan Municipality, the building ownership of the property with a total gross floor area of 1,344.48 sq m has been vested in Chenxing Real Estate Development Co., Ltd for office use.

(2) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(3) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) Chenxing Real Estate Development Co., Ltd. is the sole legal user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(ii) Chenxing Real Estate Development Co., Ltd. has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the property; and

(iii) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(4) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

Building Ownership Certificate	Yes
Business Licence	Yes

(5) In valuing the property, we have assumed about RMB15,000 per sq m for the property.

In undertaking our valuation of the property, we have made reference to various recent sales prices of office premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of office development within the same district. The prices of office premises range from about RMB12,000 to RMB16,000 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
7. Unsold portions of Xin Xing International Cultural Town (Phases II, III and IV), west of Huitong Road, Yuci Economic and Technological Development Zone, Jinzhong City, Shanxi Province, the PRC (文教城項目二、三、四期)	The property comprises various residential and retail units of a composite development completed between 2009 and 2014. The property has a total gross floor area of 25,962.76 sq m with details as follows:- **Use** / **Gross Floor Area** *(sq m)* Residential 22,533.07 Retail 3,429.69 **Total:** 25,962.76 The property is located at Yuci Economic and Technological Development Zone which is a sub-urban area of Jinzhong City. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for various terms (see note 1).	As at the date of valuation, the property was vacant.	RMB165,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificates Nos. (2012)0206002, (2012)0206003, (2008)0206002 and (2008)0206004 to (2008)0206006 issued by Jinzhong Land Resources Bureau (晉中市國土資源局), the land use rights of the property with a total site area of 327,450.77 sq m have been vested in Chenxing Real Estate Development Co., Ltd for various land use terms and the details are set out as below:-

Certificate no.	Land Use Rights Term	Phase	Site area
			(sq m)
(2012) 0206002	due to expire on June 18, 2082 for residential use	Phase 4	50,886.55
(2012) 0206003	due to expire on June 18, 2052 for commercial use	Phase 4	2,678.24
(2008) 0206002	due to expire on July 29, 2075 for residential use	Phase 2	17,968.42
(2008) 0206004	due to expire on March 21, 2077 for residential use	Phase 3	66,131.86
(2008) 0206005	due to expire on May 21, 2078 for residential use	Phase 3	11,398.98
(2008) 0206006	due to expire on March 21, 2077 for residential use	Phase 3	178,386.72

(2) According to Building Ownership Certificates Nos. 00064759 and 00096456 to 00096407 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the development with a total gross floor area of 418,906.27 sq m has been vested in Chenxing Real Estate Development Co., Ltd for residential and retail uses.

As advised by the Group, the property comprises portions of the development with a total gross floor area as stated above.

(3) According to Pre-sale Permit No. 13-01 for Phase 4, the property with a total gross floor area of 68,840.16 sq m is permitted for pre-sale.

(4) According to Construction Works Completion Examination Certificate No. DBJ04-214-200, the construction works of portions of the development with a total gross floor area of 74,991.10 sq m have been examined and completed.

(5) As advised by the Group, portions of the property with a total gross floor area of 15,671.70 sq m has been pre-sold but not yet delivered to individual purchasers under various sales and purchase agreements at a total consideration of approximately RMB80,000,000. We have included such portions and the said amount in our valuation.

(6) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(7) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has obtained the relevant Construction Works Completion Examination Certificate and has no legal impediment to obtain the individual Building Ownership Certificate of the property;

(iv) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(8) The status of title and grant of major approvals and licences in accordance with the information provided by the Group are as follows:

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Pre-sale Permit	Yes
Construction Works Completion Examination Certificate	Yes
Business Licence	Yes

(9) In valuing the property, we have assumed about RMB5,700 to RMB6,700 per sq m for the residential portion and RMB9,700 to RMB16,000 per sq m for the retail portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and retail premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of residential development with ancillary retail facilities within the same district. The prices of residential premises range from about RMB5,080 to RMB6,170 per sq m. The prices of retail premises range from about RMB6,667 to RMB15,000 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
8. Unsold portions of SOLO Apartments, Dongshuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (尚座公寓)	The property comprises the unsold office and retail portions of a commercial development known as Solo Shangzuo and was completed in 2009. The property has a total gross floor area of 311.83 sq m. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for commercial use. The land use rights of the property have been granted for a term due to expire on December 29, 2034 for commercial use.	As at the date of valuation, the property was vacant.	RMB2,900,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2008)2310052 issued by Jinzhong Land Resources Bureau (晉中國土資源局), the land use rights of the property with a total site area of 2,410.97 sq m have been vested in Chenxing Real Estate Development Co., Ltd. for a term due to expire on December 29, 2034 for commercial use.

(2) According to Building Ownership Certificate No. 00098473 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the development with a total gross floor area of 9,583.41 sq m has been vested in Chenxing Real Estate Development Co., Ltd. for retail use.

As advised by the Group, the property comprises portions of the development with a total gross floor area as stated above.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In valuing the property, we have assumed about RMB5,800 per sq m for the office portion and RMB11,000 per sq m for the retail portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of retail premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of office / retail development within the same district. The prices of office premises range from about RMB6,100 to RMB6,500 per sq m. The prices of retail premises range from about RMB6,667 to RMB15,000 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
9. Unsold portions of Upper East Gardens (Phase II), No. 61 Shuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (上東庭院二期)	The property comprises the unsold residential portion of a composite development and was completed in 2011. The property has a total gross floor area of 2,219.28 sq m. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential use. The land use rights of the property have been granted for a term due to expire on February 25, 2078 for residential use.	As at the date of valuation, the property was vacant.	RMB11,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2008)2310144 issued by Jinzhong Land Resources Bureau (晉中國土資源局), the land use rights of the property with a total site area of 17,030.52 sq m have been vested in Chenxing Real Estate Development Co., Ltd. for a term due to expire on February 25, 2078 for residential use.

(2) According to Building Ownership Certificates Nos. 00119250 and 00119251 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the development with a total gross floor area of 25,448.91 sq m has been vested in Chenxing Real Estate Development Co., Ltd for residential use.

As advised by the Group, the property comprises portions of the development with a total gross floor area as stated above.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) In valuing the property, we have assumed about RMB5,100 per sq m for the property.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of residential development within the same district. The prices of residential premises range from about RMB4,800 to RMB5,743 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
10. Unsold portions of Yosemite Valley Town - Mianyang, No. 336 Jiannan West Road, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽優山美郡)	The property comprises various residential units, retail units and car parking spaces of a composite development and was completed in 2012. The property has a total gross floor area of 53,812.45 sq m with details as follows: **Use** / **Gross Floor Area** *(sq m)* Residential 40,688.46 Retail 1,768.62 Car park 8,064.30 Ancillary 3,291.07 **Total:** 53,812.45 The property is located at the center of Science and Technology Business Park of Mianyang. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on December 9, 2077 for residential use and due to expire on February 5, 2053 for commercial use.	As at the date of valuation, the property was vacant.	RMB228,000,000 (83.89% interest attributable to the Group: RMB191,269,200)

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2013) 05476 issued by the Mianyang People's Government (綿陽市人民政府), the land use rights of the property with a total site area of 74,123.73 sq m have been vested in Sichuan Chenxing Real Estate Development Co., Ltd for terms due to expire on December 9, 2077 for residential use and due to expire on February 5, 2053 for commercial use.

(2) According to 2 Building Ownership Certificates Nos. 0250162 and 0250163, the building ownership of portions of the development with a total gross floor area of 7,861.44 sq m has been vested in Sichuan Chenxing Real Estate Development Co., Ltd.

(3) According to Business Licence No. 510708000000858, Sichuan Chenxing Real Estate Development Co., Ltd. was established with a registered capital of RMB100,000,000 as a limited company on November 22, 2007.

(4) As advised by the Group, portions of the property with a total gross floor area of approximately 9,194.19 sq m have been sold but not yet delivered to individual purchases under various sales and purchase agreements at a total consideration of approximately RMB40,989,036. We have included such portions and the said amount in our valuation.

(5) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) Sichuan Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Sichuan Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(6) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes (portions)
Business Licence	Yes

(7) In valuing the property, we have assumed about RMB4,400 to RMB 6,000 per sq m for the residential portion, RMB 12,800 per sq m for the retail portion and RMB85,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and commercial premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of residential development with ancillary retail facilities within the same district. The prices of domestic premises range from about RMB4,700 to RMB6,765 per sq m. The prices of retail premises range from about RMB15,000 to RMB21,000 per sq m. In respect of car parking spaces, the prices range from about RMB80,000 to RMB100,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
11. Unsold portions of Elite Gardens, No. 340 Jiannan West Road, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽天禦)	The property comprises various residential units, retail units and car parking spaces of a composite development and was completed in 2014. The property has a total gross floor area of 64,019.59 sq m with details as follows: **Use** / **Gross Floor Area** *(sq m)* Residential 54,328.19 Retail 1,264.71 Others 8,426.69 **Total:** 64,019.59 The property is located at the center of Science and Technology Business Park of Mianyang. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on December 9, 2077 for residential use and due to expire on February 5, 2053 for commercial use.	As at the date of valuation, the property was vacant.	RMB288,000,000 (83.89% interest attributable to the Group: RMB241,603,200)

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2013) 05475 issued by the Mianyang People's Government (綿陽市人民政府), the land use rights of the property with a total site area of 68,529.09 sq m have been vested in Sichuan Chenxing Real Estate Development Co., Ltd for terms due to expire on December 9, 2077 for residential use and due to expire on February 5, 2053 for commercial use.

(2) According to Commencement Permits for Construction Works Nos. (2011) 0229 to (2011) 0233 issued by Construction Bureau of Mianyang (綿陽市建設局), the construction works of the development with a gross floor area of 116,946.90 sq m are in compliance with the requirements for works commencement and have been permitted.

(3) According to Completion and Acceptance Certificates for Construction Works Nos. (2014) 0036 to 0039, the construction works for the property were completed.

(4) According to Business Licence No. 510708000000858, Sichuan Chenxing Real Estate Development Co., Ltd. has been established with a registered capital of RMB100,000,000 as a limited company on November 22, 2007.

(5) As advised by the Group, portions of the property with a total gross floor area of approximately 27,790 sq m have been sold but not yet delivered to individual purchases under various sales and purchase agreements at a total consideration of approximately RMB123,590,013. We have included such portions and the said amount in our valuation.

(6) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) Sichuan Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Sichuan Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(7) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Commencement Permit for Construction Works	Yes
Completion and Acceptance Certificate for Construction Works	Yes
Business Licence	Yes

(8) In valuing the property, we have assumed about RMB4,600 per sq m for the residential portion, RMB13,000 per sq m for the retail portion and RMB85,000 to RMB130,000 per lot for the car park portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and retail premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of residential development with ancillary retail facilities within the same district. The prices of domestic premises range from about RMB4,700 to RMB5,500 per sq m. The prices of retail premises range from about RMB15,000 to RMB21,000 per sq m. In respect of car parking spaces, the prices range from about RMB80,000 to RMB100,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
12. Unsold portions of Yosemite Valley Town — Taiyuan Phase I (Southern District), west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City, Shanxi Province, the PRC (龍城優山美郡一期南區)	The property comprises various residential units and retail units of a composite development and was completed in 2014. The property has a total gross floor area of 222,537.93 sq m with details as follows: **Use** — **Gross Floor Area** *(sq m)* Residential — 191,793.44 Retail — 30,744.49 **Total:** — 222,537.93 The property is located at the center of Jiancaoping District of Taiyuan. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on September 30, 2049 for commercial use and due to expire on September 30, 2059 for residential use.	As at the date of valuation, the property was vacant.	RMB1,322,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificates Nos. (2010) 00279 and (2010) 00280 issued by Taiyuan Land Resources Bureau (太原市國土資源局), the land use rights of the property with a total site area of 225,132.80 sq m have been vested in Chenxing Real Estate Development Co., Ltd for terms due to expire on 30 September 2049 for commercial use and due to expire on 30 September 2059 for residential use.

(2) According to Contract for Grant of Land Use Rights No. 1401082008091-1 entered into between the State Land Resources Bureau of Jinzhong and Chenxing Real Estate Development Co., Ltd, the land use rights of the property have been contracted to be granted to Chenxing Real Estate Development Co., Ltd. with details as follows:-

(i)	Location	:	west of Hepingbei Road, south of Ruicheng Village land, Jiancaoping District, Taiyuan City
(ii)	Site Area	:	418,489.60 sq m
(iii)	Use	:	Commercial and residential
(iv)	Total Gross Floor Area	:	1,211,772.80 sq m
(v)	Land Premium	:	RMB528,820,064

(3) As advised by the Group, portions of the property with a total gross floor area of approximately 140,077.69 sq m have been pre-sold but not yet delivered to individual purchasers under various sales and purchase agreements at a total consideration of approximately RMB689,000,000. We have included such portions and the said amount in our valuation.

(4) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from 21 December 2004.

(5) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Jinzhong Zhongdu Branch); and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(6) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes
Business Licence	Yes

(7) In valuing the property, we have assumed about RMB5,400 per sq m for the residential portion and RMB12,000 per sq m for the retail portion.

In undertaking our valuation of the property, we have made reference to various recent sales prices of residential and retail premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of residential development with ancillary retail facilities within the same district. The prices of residential premises range from about RMB6,400 to RMB7,500 per sq m. The prices of retail premises range from about RMB16,667 to RMB24,000 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Group II - Properties held by the Group for investment in the PRC

	Property	**Description and tenure**	**Particulars of occupancy**	**Market value in existing state as at March 31, 2015**
13.	Unsold retail portions of Grand International Mall & Apartments, Dongchuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (君豪國際)	The property comprises various retail units of a composite development and was completed in 2007. The property has a total gross floor area of 8,602.88 sq m. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for retail use. The land use rights of the property have been granted for a term due to expire on April 16, 2039 for commercial use.	As at the date of valuation, the property was leased to various tenants with the latest tenancy due to expire on December 8, 2015. The monthly rent was approximately RMB195,000.	RMB57,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2009)2300249 issued by Jinzhong Land Resources Bureau (晉中市國土資源局), the land use rights of the property with a total site area of 2,944.81 sq m have been vested in Chenxing Real Estate Development Co., Ltd with a term due to expire on April 16, 2039 for commercial use.

(2) According to Building Ownership Certificate No. 00089761 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the development with a total gross floor area of 64,211.89 sq m has been vested in Chenxing Real Estate Development Co., Ltd for retail use.

As advised by the Group, the property comprises portions of the development with a total gross floor area as stated above.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Jinzhong Zhongdu Branch); and

(v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) Our key assumptions in the Investment Approach are:

Market Monthly Rent (per sq m)	**Capitalization Rate**
RMB54-139	7.0%

In undertaking our valuation, we have made reference to various recent lettings within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of commercial developments. The rental levels of those major retail lettings range from RMB92 to RMB196 per sq m per month.

We have gathered and analyzed various recent sales and noted that the yields implied in those sales are generally within the range from 6.1% to 7.6% for retail premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property and commercial atmosphere.

VALUATION CERTIFICATE

Property		Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
14.	Unsold retail portions of East Lake Mall, Yuci District, Jinzhong City, Shanxi Province, the PRC (東湖井)	The property comprises various retail units of a composite development completed in 2000. The property has a total gross floor area of 10,610.00 sq m. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for retail use. The land use rights of the property have been granted for a term due to expire on April 16, 2039 for commercial use.	As at the date of valuation, the property was leased to various tenants with the latest tenancy due to expire on September 17, 2015. The monthly rent was approximately RMB190,000.	RMB70,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificates Nos. (2009)2300701 and (2011)2300440 issued by Jinzhong Land Resources Bureau (晉中市國土資源局), the land use rights of the property with a total site area of 2,944.81 sq m have been vested in Chenxing Real Estate Development Co., Ltd for a term due to expire on April 16, 2039 for commercial use.

(2) According to Building Ownership Certificates Nos. 00086086 and 00089709 issued by Bureau of Housing Management of Jinzhong Municipality, the building ownership of the development with a total gross floor area of 17,626.26 sq m has been vested in Chenxing Real Estate Development Co., Ltd for retail use.

As advised by the Group, the property comprises portions of the development with a total gross floor area as stated in the building ownership mentioned above.

(3) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificates and Building Ownership Certificate of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights and building ownership of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Jinzhong Zhongdu Branch); and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Building Ownership Certificate	Yes
Business Licence	Yes

(6) Our key assumptions in the Investment Approach are:

Market Monthly Rent (per sq m)	**Capitalization Rate**
RMB21-68	7.0%

In undertaking our valuation, we have made reference to various recent lettings within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of commercial developments. The rental levels of those major retail lettings range from RMB29 to RMB196 per sq m per month.

We have gathered and analyzed various recent sales and noted that the yields implied in those sales are generally within the range from 6.1% to 7.6% for retail premises.

The above market rents assumed by us are consistent with the level of the recent lettings within the property and other similar properties as mentioned above. The capitalization rate is reasonable having regard to the yields analyzed from sales of comparable properties which we have collected. When determining the capitalization rate, we have also taken into account factors including but not limited to location, quality of the property and, commercial atmosphere.

VALUATION CERTIFICATE

Group III - Properties held by the Group under development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
15. A proposed development to be known as Xin Xing International Cultural Town (Portions of Phase IV and whole of Phase V) west of Huitong Road, Yuci Economic and Technological Development Zone, Jinzhong City, Shanxi Province, the PRC (新興國際文教城四期部份及五期)	The property is erected upon a parcel of land with a site area of 53,564.79 sq m. The property, currently under construction, is a planned development of residential and commercial uses. According to the information provided by the Group, the constituent planned gross floor areas of the property are as follows:- **Use** / **Gross Floor Area** *(sq m)* Residential 47,407.22 Retail 5,058.47 Car park 19,767.80 Ancillary 1,044.63 **Total:** 73,278.12 The whole development is scheduled to be completed in the end of 2015. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on June 18, 2052 for commercial use and due to expire on June 18, 2082 for residential use.	As at the date of valuation, the property was under construction.	RMB265,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificates Nos. (2012) 0206002 and (2012) 0206003 issued by Jinzhong Land Resources Bureau (晉中市國土資源局), the land use rights of the property with a site area of 53,564.79 sq m have been vested in Chenxing Real Estate Development Co., Ltd for terms due to expire on June 18, 2052 for commercial use and June 18, 2082 for residential use.

(2) According to Contract for Grant of Land Use Rights No. (2012) 7 entered into between the State Land Resources Bureau of Jinzhong and Chenxing Real Estate Development Co., Ltd., the land use rights of the property have been contracted to be granted to Chenxing Real Estate Development Co., Ltd. with details as follows:-

(i)	Location	:	west of Huitong Road, Yuci District, Jinzhong City
(ii)	Site Area	:	53,564.79 sq m
(iii)	Use	:	Commercial and residential
(iv)	Total Gross Floor Area	:	85,002.00 sq m
(v)	Land Premium	:	RMB75,600,000

(3) According to Planning Permit for Construction Use of Land No. 2012-22, the construction site of the property with a site area of 2,678.24 sq m for commercial use and 50,886.55 sq m for residential use is in compliance with the urban planning requirements.

(4) According to Planning Permit for Construction Works No. 2013-71, the construction works of the development with a total gross floor area of 62,329.46 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permit for Construction Works Nos. 1424OK201209121301 and 1424OK201404041301 issued by Jinzhong Urban-rural Planning Committee (晉中市城鄉建設委員會), the construction works of the development with a total gross floor area of 73,147.87 sq m are in compliance with the requirements for works commencement and have been permitted.

(6) The development value of the property if completed as at March 31, 2015 was RMB342,000,000.

(7) As advised by the Group, the residential portion of the property with a total gross floor area of 20,976.98 sq m has been pre-sold at a total consideration of approximately RMB122,000,000. We have included such portions and the said amount in our valuation.

(8) According to the information provided by the Group, the expended construction cost as at March 31, 2015 was approximately RMB146,000,000 and the estimated outstanding construction cost for completion of the property was RMB32,000,000. In the course of our valuation, we have taken such costs into account.

(9) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(10) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has no legal impediment to obtain the Building Ownership Certificates of the property;

(iv) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property; and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(11) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

(12) In valuing the development value of the property if completed, we have assumed about RMB5,200 to RMB6,500 per sq m for the residential portion, RMB7,800 to RMB12,000 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the development value of the property if completed, we have made reference to various recent sales prices of residential and retail premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of residential development with ancillary retail facilities within the same district. The prices of residential premises range from about RMB5,080 to RMB6,170 per sq m. The prices of retail premises range from about RMB6,667 to RMB15,000 per sq m. In respect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
16. A proposed development to be known as Longtian Project, south of Longhu Avenue, Yuci District, Jinzhong City, Shanxi Province, the PRC (龍田項目)	The property is erected upon 5 parcels of land with a site area of 129,048.52 sq m. The property, currently under construction, is a planned development of residential and commercial uses. According to the information provided by the Group, the constituent planned gross floor areas of the property are as follows: **Use** — **Gross Floor Area** *(sq m)* Residential — 263,472.00 Retail — 113,973.00 Car Park — 69,703.00 Ancillary — 2,485.00 **Total:** — 449,633.00 The whole development is scheduled to be completed in 2016. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on September 11, 2054 for commercial use and due to expire on 11 September 2084 for residential use.	As at the date of valuation, the property was under construction.	RMB816,000,000 (51% interest attributable to the Group: RMB416,160,000)

Notes:-

(1) According to State-owned Land Use Rights Certificates Nos. (2014) 0202002 to (2014) 0202006 issued by Jinzhong Land Resources Bureau (晉中市國土資源局), the land use rights of the property with a site area of 129,048.52 sq m have been vested in Jinzhong Development Zone Real Estate Development Company Limited for terms due to expire on September 11, 2054 for commercial use and due to expire on September 11, 2084 for residential use.

(2) According to Contract for Grant of Land Use Rights Nos. (2014) 19 to (2014) 23 entered into between the State Land Resources Bureau of Jinzhong and Jinzhong Development Zone Real Estate Development Company Limited, the land use rights of the property have been contracted to be granted to Chenxing Real Estate Development Co., Ltd. with details as follows:-

(i)	Location	:	South of Long Hu Da Street
(ii)	Site Area	:	129,048.52 sq m
(iii)	Use	:	Commercial and residential
(iv)	Total Gross Floor Area	:	352,587.00 sq m
(v)	Land Premium	:	RMB389,200,000

(3) According to Planning Permits for Construction Use of Land Nos. 2015-01 to 2015-05, the construction site of the property with total site area of 63,654.05 sq m for commercial use and 65,394.47 sq m for residential use is in compliance with the urban planning requirements.

(4) According to Planning Permits for Construction Works Nos. 2015-01 to 2015-05, the construction works of the development with a total gross floor area of 449,633.60 sq m are in compliance with the construction works requirements and have been approved.

(5) According to Commencement Permits for Construction Works Nos. 14240K201501190501, 14240K201501190601 and 14240K201501190701 issued by Jinzhong Urban-rural Planning Committee (晉中市城鄉建設委員會), the construction works of the development with a total gross floor area of 449,633.60 sq m are in compliance with the requirements for works commencement and have been permitted.

(6) The development value of the property if completed as at March 31, 2015 was RMB2,318,000,000.

(7) According to the information provided by the Group, the expended construction cost as at March 31, 2015 was approximately RMB547,000,000 and the estimated outstanding construction cost for completion of the property was RMB787,000,000. In the course of our valuation, we have taken such costs into account.

(8) According to Business Licence No. 140791200013651, Jinzhong Development Zone Real Estate Development Company Limited has been established as a limited company with a registered capital of RMB15,000,000.

(9) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) Jinzhong Development Zone Real Estate Development Company Limited is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Jinzhong Development Zone Real Estate Development Company Limited has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property; and

(iv) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

(10) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

(11) In valuing the development value of the property if completed, we have assumed about RMB5,000 per sq m for the residential portion, RMB6,200 to RMB9,200 per sq m for the retail portion and RMB100,000 per lot for the car park portion.

In undertaking our valuation of the development value of the property if completed, we have made reference to various recent sales prices of residential and retail premises as well as car parking spaces within the same district. Theses comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of the similar type of residential development with ancillary retail facilities within the same district. The prices of residential premises range from about RMB5,080 to RMB6,170 per sq m. The prices of retail premises range from about RMB6,667 to RMB15,000 per sq m. In respect of car parking spaces, the prices range from about RMB100,000 to RMB120,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
17. A proposed development to be known as Shuncheng Street Underground Space, Dongchuncheng Street, Yuci District, Jinzhong City, Shanxi Province, the PRC (順城街地下空間)	The property is erected upon a parcel of land with a site area of approximately 2,944.81 sq m. The property, currently under construction, is a planned development of commercial use. According to the information provided by the Group, the planned gross floor area of the property is 1,407 sq m. The whole development is scheduled to be completed in the end of 2015. The property is located at the center of Yuci District of Jinzhong. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for a term due to expire on April 16, 2039 for commercial use.	As at the date of valuation, the property was under construction.	RMB13,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificate No. (2009)2300249 issued by Jinzhong Land Resources Bureau (晉中市國土資源局), the land use rights of the property with a site area of 2,944.81 sq m have been vested in Chenxing Real Estate Development Co., Ltd for a term due to expire on April 16, 2039 for commercial use.

(2) According to Planning Permit for Construction Works No. 2012-136, the construction works of the property with a total gross floor area of 1,407.00 sq m are in compliance with the construction works requirements and have been approved.

(3) According to Commencement Permit for Construction Works No. 142401201301210101 issued by Jinzhong Urban-rural Planning Committee (晉中市城鄉建設委員會), the construction works of the development with a gross floor area of 1,407.00 sq m are in compliance with the requirements for works commencement and have been permitted.

(4) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(5) The development value of the property if completed as at March 31, 2015 was RMB14,000,000.

(6) According to the information provided by the Group, the expended construction cost as at March 31, 2015 was approximately RMB13,000,000 and the estimated outstanding construction cost for completion of the property was RMB380,000. We have taken into account the said amounts in our valuation.

(7) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificate of the property is valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property; and

(iv) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(8) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

(9) In valuing the development value of the property if completed, we have assumed about RMB9,000 per sq m for the property.

In undertaking our valuation of the development value of the property if completed, we have made reference to various recent sales prices of commercial premises within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of similar type of commercial development within the same district. The prices of retail premises range from about RMB6,667 to RMB15,000 per sq m. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
18. A proposed development to be known as Yosemite Valley Town — Taiyuan (Phase I), west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City, Shanxi Province, the PRC (龍城優山美郡一期)	The property is erected upon 2 parcels of land with a total site area of 225,132.80 sq m. The property, currently under construction, is a planned development of residential and commercial uses. According to the information provided by the Group, the constituent planned gross floor areas of the property are as follows: **Use** — **Gross Floor Area** *(sq m)* Residential — 306,009.54 Retail — 26,723.27 Car Park — 136,530.78 **Total:** — 469,263.59 The whole development is scheduled to be completed in 2017. The property is located at the center of Jiancaoping District of Taiyuan. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on September 30, 2049 for commercial use and due to expire on September 30, 2059 for residential use.	As at the date of valuation, the property was under construction.	RMB1,340,000,000

Notes:-

(1) According to State-owned Land Use Rights Certificates Nos. (2010) 00279 and (2010) 00280 issued by Taiyuan Land Resources Bureau (太原市國土資源局), the land use rights of the property with a total site area of 225,132.80 sq m have been vested in Chenxing Real Estate Development Co., Ltd for terms due to expire on September 30, 2049 for commercial use and due to expire on September 30, 2059 for residential use.

(2) According to Contract for Grant of Land Use Rights No. 1401082008091-1 entered into between the State Land Resources Bureau of Taiyuan and Chenxing Real Estate Development Co., Ltd, the land use rights of the property have been contracted to be granted to Chenxing Real Estate Development Co., Ltd. with details as follows:-

(i)	Location	:	west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City
(ii)	Site Area	:	418,489.60 sq m
(iii)	Use	:	Commercial and residential
(iv)	Total Gross Floor Area	:	1,211,772.80 sq m
(v)	Land Premium	:	RMB528,820,064

(3) According to Planning Permit for Construction Use of Land No. (2010) 0129, the construction site of the property with a gross floor area of 481,257.20 sq m is in compliance with the urban planning requirements.

(4) According to 41 Planning Permits for Construction Works, the construction works of the development with a total gross floor area of 815,672.26 sq m are in compliance with the construction works requirements and have been approved.

(5) According to 38 Commencement Permits for Construction Works issued by Taiyuan Urban-rural Planning Committee (太原市城鄉建設委員會), the construction works of the development with a total gross floor area of 815,672.36 sq m are in compliance with the requirements for works commencement and have been permitted.

(6) According to 9 Commodity Housing Pre-sale Permits Nos. (2013) 0110 and (2014) 0071 to (2014) 0078, portions of the property with a total gross floor area of 203,902.18 sq m have been permitted to be pre-sold.

(7) The development value of the property if completed as at March 31, 2015 was RMB2,216,000,000.

(8) As advised by the Group, the residential portions of the property with a total gross floor area of 96,180.41 sq m and 387 car parking spaces have been pre-sold at a total consideration of approximately RMB547,000,000. We have included such portions and the said amount in our valuation.

(9) According to the information provided by the Group, the expended construction cost as at March 31, 2015 was approximately RMB799,000,000 and the estimated outstanding construction cost for completion of the property was RMB320,000,000. We have taken into account the said amounts in our valuation.

(10) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with a registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(11) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Jinzhong Zhongdu Branch); and

(v) All land premium stated in the Grant Contract of State-owned Land Use Rights have been paid and settled.

(12) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Planning Permit for Construction Works	Yes
Commencement Permit for Construction Works	Yes
Pre-sale Permit	Yes
Business Licence	Yes

(13) In valuing the development value of the property if completed, we have assumed about RMB5,400 per sq m for the residential portion, RMB11,000 to RMB12,000 per sq m for the retail portion and RMB110,000 per lot for the car park portion.

In undertaking our valuation of the development value of the property if completed, we have made reference to various recent sales prices of residential and retail premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered comparables of the similar type of residential development with ancillary retail facilities within the same district. The prices of residential premises range from about RMB6,400 to RMB7,500 per sq m. The prices of retail premises range from about RMB16,667 to RMB24,000 per sq m. In respect of car parking spaces, the prices range from about RMB110,000 to RMB140,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
19. A proposed development to be known as Chang Xing Star Gardens Phase I, Lot D12, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽長興星城)	The property is erected upon 2 parcels of land with a total site area of 104,308.47 sq m. The property, currently under construction, is a planned development of residential and commercial uses. According to the information provided by the Group, the constituent planned gross floor areas of the property are as follows: **Use** — **Gross Floor Area** *(sq m)* Residential — 218,544.0 Retail — 25,403.3 Car park — 47,806.5 Ancillary — 4,550.5 **Total:** — 296,304.3 The whole development is scheduled to be completed in 2017. The property is located at the center of Science and Technology Business Park of Mianyang. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on January 14, 2080 for residential use and due to expire on January 14, 2050 for commercial use.	As at the date of valuation, the property was under construction.	RMB260,000,000 (83.89% interest attributable to the Group: RMB218,114,000)

Notes:-

(1) According to 2 State-owned Land Use Rights Certificates Nos. (2010) 4387 and (2010) 14581 issued by the Mianyang People's Government (綿陽市人民政府), the land use rights of the property with a total site area of 104,308.47 sq m have been vested in Sichuan Chenxing Real Estate Development Co., Ltd for terms due to expire on January 14, 2080 for residential use and due to expire on January 14, 2050 for commercial use.

(2) According to 2 Contracts for Grant of Land Use Rights Nos. (2010)0004 and (2010)00089 entered into between the State Land Resources Bureau of Mianyang (綿陽市國土資源局) and Sichuan Chenxing Real Estate Development Co., Ltd, the land use rights of the property have been contracted to be granted to Sichuan Chenxing Real Estate Development Co., Ltd. with details as follows:

(i)	Contract No.	:	[2010]0004
(ii)	Location	:	Lot D-12B, Science and Technology Business Park
(iii)	Site Area	:	51,240.84 sq m
(iv)	Use	:	Residential and commercial
(v)	Land Premium	:	RMB100,534,528

(i)	Contract No.	:	[2010]00089
(ii)	Location	:	Lot D-12A, Science and Technology Business Park
(iii)	Site Area	:	53,067.63 sq m
(iv)	Use	:	Residential and commercial
(v)	Land Premium	:	RMB104,118,690

(3) According to Commencement Permit for Construction Works Nos. (2010) 0083 to 0084, the construction works of the development with a total gross floor area of 261,427.87 sq m are in compliance with the requirements for works commencement and have been permitted.

(4) The development value of the property if completed as at March 31, 2015 was RMB1,428,000,000.

(5) According to the information provided by the Group, the expended construction cost as at March 31, 2015 was approximately RMB45,700,000 and the estimated outstanding construction cost for completion of the property was RMB678,700,000. We have taken into account the said amounts in our valuation.

(6) According to Business Licence No. 510708000000858, Sichuan Chenxing Real Estate Development Co., Ltd was established with a registered capital of RMB100,000,000 as a limited company on November 22, 2007.

(7) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) Sichuan Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Sichuan Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Mianyang Xinhua Branch); and

(v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

(8) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes
Commencement Permit for Construction Works	Yes
Business Licence	Yes

(9) In valuing the development value of the property if completed, we have assumed about RMB4,600 per sq m for the residential portion, RMB12,000 per sq m for the retail portion and RMB85,000 per lot for the car park portion.

In undertaking our valuation of the development value of the property if completed, we have made reference to various recent sales prices of residential and retail premises as well as car parking spaces within the same district. These comparable properties are selected as they have characteristics comparable to the property. We have gathered the comparables of the similar type of residential development with ancillary retail facilities within the same district. The prices of residential premises range from about RMB4,500 to RMB4,900 per sq m. The prices of retail premises range from about RMB15,000 to RMB21,000 per sq m. In respect of car parking spaces, the prices range from about RMB80,000 to RMB100,000 per lot. The unit rates assumed by us are consistent with the relevant comparables after due adjustments including but not limited to age, location, size and quality.

VALUATION CERTIFICATE

Group IV - Properties held by the Group for future development in the PRC

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
20. A proposed composite development to be known as Chang Xing Star Gardens Phase II, Lot D12, Science and Technology Business Park, Mianyang City, Sichuan Province, the PRC (綿陽長興星城)	The property is planned to be erected upon 2 parcels of land with a total site area of 104,308.47 sq m. The property is a planned development of residential and commercial uses. According to the information provided by the Group, the constituent planned gross floor areas of the property are as follows: **Use** / **Gross Floor Area** *(sq m)* Residential 50,066.9 Retail 32,066.2 Apartment 22,118.6 Car park 44,732.3 Ancillary 1,266.0 Total: 150,250.0 The property is located at the center of Science and Technology Business Park of Mianyang. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential and commercial uses. The land use rights of the property have been granted for terms due to expire on January 14, 2080 for residential use and due to expire on January 14, 2050 for commercial use.	As at the date of valuation, the property was a vacant site.	RMB103,000,000 (83.89% interest attributable to the Group: RMB86,406,700)

Notes:-

(1) According to 2 State-owned Land Use Rights Certificates issued by the Mianyang People's Government (綿陽市人民政府), the land use rights of the property with a total site area of 104,308.47 sq m have been vested in Sichuan Chenxing Real Estate Development Co., Ltd for terms due to expire on January 14, 2080 for residential use and due to expire on January 14, 2050 for commercial use.

(2) According to 2 Contracts for Grant of Land Use Rights No.(2010)0004 and (2010)00089 entered into between the State Land Resources Bureau of Mianyang (綿陽市國土資源局) and Sichuan Chenxing Real Estate Development Co., Ltd, the land use rights of the property have been contracted to be granted to Sichuan Chenxing Real Estate Development Co., Ltd. with details as follows:

(i)	Contract No.	:	(2010)0004
(ii)	Location	:	Lot D-12B, Science and Technology Business Park
(iii)	Site Area	:	51,240.84 sq m
(iv)	Use	:	Residential and Commercial
(v)	Land Premium	:	RMB100,534,528

(i)	Contract No.	:	(2010)00089
(ii)	Location	:	Lot D-12A, Science and Technology Business Park
(iii)	Site Area	:	53,067.63 sq m
(iv)	Use	:	Residential and commercial
(v)	Land Premium	:	RMB104,118,690

(3) According to Business Licence No. 510708000000858, Sichuan Chenxing Real Estate Development Co., Ltd has been established with a registered capital of RMB100,000,000 as a limited company on November 22, 2007.

(4) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The State-owned Land Use Rights Certificates of the property are valid, legal and enforceable under the PRC laws;

(ii) Sichuan Chenxing Real Estate Development Co., Ltd is the sole legal land user of the property and has obtained the relevant certificates and approval from the government in respect of the construction of the property;

(iii) Sichuan Chenxing Real Estate Development Co., Ltd has the rights to freely occupy, use, lease, transfer, mortgage and dispose of the land use rights of the property provided that where any of the property has been mortgaged, the Group has to discharge the mortgage or obtain the mortgagee's consent in advance;

(iv) The property is subject to a mortgage in favour of Industrial and Commercial Bank of China (Mianyang Xinhua Branch); and

(v) All land premium stated in the Grant Contracts of State-owned Land Use Rights have been paid and settled.

(5) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

State-owned Land Use Rights Certificate	Yes
Contract for Grant of Land Use Rights	Yes
Business Licence	Yes

(6) In valuing the property, we have adopted the Direct Comparison Approach. The assumed accommodation value is about RMB980 per sq m.

In undertaking our valuation of the property, we have made reference to prices of lands within the district. The prices of accommodation value range from about RMB729 to RMB886 per sq m. The unit rate assumed by us is consistent with the relevant comparables after due adjustments.

VALUATION CERTIFICATE

Property	Description and tenure	Particulars of occupancy	Market value in existing state as at March 31, 2015
21. A proposed development to be known as Yosemite Valley Town — Taiyuan (Phases II and III), west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City, Shanxi Province, the PRC (龍城優山美郡二期、三期)	The property is planned to be erected upon a parcel of land with a site area of 193,356.80 sq m. The property is a planned development of residential and commercial uses. According to the information provided by the Group, the constituent planned gross floor areas of the property are as follows: **Use** — **Gross Floor Area** *(sq m)* Residential — 452,326 Retail — 39,474 Car park — 100,000 Ancillary — 26,100 **Total:** — 617,900 The property is located at the center of Jiancaoping District of Taiyuan. Developments nearby are mainly residential developments. According to the information provided by the Group, the property is for residential, commercial and ancillary uses.	As at the date of valuation, the property was a vacant site.	No commercial value (see note 1)

Notes:-

(1) We have been advised by the Group that the State-owned Land Use Rights Certificate of the property has not been obtained yet and we usually ascribe no commercial value to the property. Had valid State-owned Land Use Rights Certificate been issued to the property, all land premium and related fees for the grant of the certificates and costs necessary to render the site ready for immediate development been fully settled, the market value of the property in its existing state as at March 31, 2015 would be RMB520,000,000.

(2) According to Contract for Grant of Land Use Rights No. 1401082008091-1 entered into between the State Land Resources Bureau of Taiyuan and Chenxing Real Estate Development Co., Ltd., the land use rights of the property have been contracted to be granted to Chenxing Real Estate Development Co., Ltd. with details as follows:-

(i)	Location	:	west of Hepingbei Road, south of Ruicheng Village, Jiancaoping District, Taiyuan City
(ii)	Site Area	:	418,489.60 sq m
(iii)	Use	:	Commercial and residential
(iv)	Total Gross Floor Area	:	1,211,772.80 sq m
(v)	Land Premium	:	RMB528,820,064

According to the amendment to Contract for Grant of Land Use Rights No. 1401082008091-1 and advised by the Group, the land use rights certificate for the property with a carved site area of 193,356.8 sq m is under application.

(3) According to Planning Permit for Construction Use of Land No. (2010) 0129, the construction site of the property with a gross floor area of 481,257.20 sq m is in compliance with the urban planning requirements.

(4) According to Business Licence No. 140700200000986, Chenxing Real Estate Development Co., Ltd. has been established as a limited company with registered capital of RMB203,809,172 for a valid operating period from December 21, 2004.

(5) We have been provided with a legal opinion on the title to which contains, inter-alia, the following information:-

(i) The Contract for Grant of Land Use Rights of the property is valid, legal and enforceable under the PRC laws; and;

(ii) State-owned Land Use Rights Certificate of the property is under application.

(6) In accordance with the information provided by the Group, the status of title and grant of major approvals and licences are as follows:-

Contract for Grant of Land Use Rights	Yes
Planning Permit for Construction Use of Land	Yes
Business Licence	Yes

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 November 3, 2014 under the Companies Law, Cap 22 (Law 3 of 1961, as consolidated and revised) of the Cayman Islands (the "Companies Law"). The Memorandum of Association (the "Memorandum") and the Articles of Association (the "Articles") comprise its constitution.

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 adopted on June 12, 2015. The following is a summary of certain provisions of the Articles:

(a) Directors

(i) *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 with or have attached thereto such rights, or such restrictions, whether with regard to dividend, voting, return of capital, or otherwise, as the Company may by ordinary resolution determine (or, in the absence of any such determination or so far as the same may not make specific provision, as the board may determine). Subject to the Companies Law, the rules of any Designated Stock Exchange (as defined in the Articles) and the Memorandum and Articles, any share may be issued on terms that, at the option of the Company or the holder thereof, they are 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 from time to time determine.

Subject to the provisions of the Companies Law and the Articles and, where applicable, the rules of any Designated Stock Exchange (as defined in the Articles) and without prejudice to any special rights or restrictions for the time being attached to any shares or any class of shares, all unissued shares in the Company shall be at the disposal of the board, which may offer, allot, grant options over or otherwise dispose of them to such persons, at such times, for such consideration and on such terms and conditions as it in its absolute discretion thinks fit, but so that no shares shall be issued at a discount.

Neither the Company nor the board shall be obliged, when making or granting any allotment of, offer of, option over or disposal of shares, to make, or make available, any such allotment, offer, option or shares to members or others 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.

(ii) ***Power to dispose of the assets of the Company or any subsidiary***

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.

(iii) ***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.

(iv) ***Loans and provision of security for loans to Directors***

There are provisions in the Articles prohibiting the making of loans to Directors.

(v) ***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, subject to the Articles, upon such terms as the board may determine, and may be paid such extra remuneration therefor (whether by way of salary, commission, participation in profits or otherwise) in addition to any remuneration provided for by or pursuant to any other 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. Subject as otherwise provided by the Articles, 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 favor 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.

Subject to the Companies Law and the Articles, 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 realized 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 shall 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 (as defined in the Articles) is materially interested, but this prohibition shall 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.

(vi) ***Remuneration***

The ordinary remuneration of the Directors shall from time to time 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 shall also be 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 (whether by way of salary, commission, participation in profits or otherwise) 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 (whether by way of salary, commission or participation in profits or otherwise or by all or any of those modes) and such other benefits (including pension and/or gratuity and/or other benefits on retirement) 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.

(vii) ***Retirement, appointment 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. There are no provisions relating to retirement of Directors upon reaching any age limit.

The Directors shall have the power from time to time and at any time 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. Neither a Director nor an alternate Director is required to hold any shares in the Company by way of qualification.

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 the members may by ordinary resolution appoint another in his place at the meeting at which such Director is removed. 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:

(aa) if he resigns his office by notice in writing delivered to the Company at the registered office of the Company for the time being or tendered at a meeting of the Board;

(bb) becomes of unsound mind or dies;

(cc) if, without special leave, he is absent from meetings of the board (unless an alternate director appointed by him attends) for six (6) consecutive months, and the board resolves that his office is vacated;

(dd) if he becomes bankrupt or has a receiving order made against him or suspends payment or compounds with his creditors;

(ee) if he is prohibited from being a director by law;

(ff) if 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 from time to time 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 shall, 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.

(viii) ***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 (present and future) 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.

Note: These provisions, in common with the Articles in general, can be varied with the sanction of a special resolution of the Company.

(ix) ***Proceedings of the Board***

The board may meet for the dispatch 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.

(x) ***Register of Directors and Officers***

The Companies Law and the Articles provide that 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 thirty (30) days of any change in such directors or officers.

(b) **Alterations to constitutional documents**

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.

(c) **Alteration of capital**

The Company may from time to time by ordinary resolution in accordance with the relevant provisions of the Companies Law:

(i) increase its capital by such sum, to be divided into shares of such amounts as the resolution shall prescribe;

(ii) consolidate and divide all or any of its capital into shares of larger amount than its existing shares;

(iii) divide its shares into several classes and without prejudice to any special rights previously conferred on the holders of existing shares attach thereto respectively 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, subject nevertheless to the provisions of the Companies Law, and so that the resolution whereby any share is sub-divided may determine that, as between the holders of the shares resulting from such sub-division, one or more of the shares may have any such preferred or other special rights, over, or may have such deferred rights or be subject to any such restrictions as compared with the others as the Company has power to attach to unissued or new shares; or

(v) cancel any shares which, at the date of passing of the resolution, have not been taken, or agreed to be taken, by any person, and diminish the amount of its capital by the amount of the shares so cancelled.

The Company may subject to the provisions of the Companies Law reduce its share capital or any capital redemption reserve or other undistributable reserve in any way by special resolution.

(d) **Variation of rights of existing shares or classes of shares**

Subject to the Companies Law, 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.

The 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.

(e) **Special resolution-majority required**

Pursuant to the Articles, 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 authorized representatives or, where proxies are allowed, by proxy at a general meeting of which notice has been duly given in accordance with the Articles (see paragraph 2(i) below for further details).

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 authorized representatives or, where proxies are allowed, by proxy at a general meeting held in accordance with the Articles.

(f) **Voting rights**

Subject to any special rights or restrictions as to voting for the time being attached to any shares by or in accordance with the Articles, 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 authorized 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 authorized 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 recognized clearing house (or its nominee(s)) is a member of the Company it may authorize 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 authorized, the authorization shall specify the number and class of shares in respect of which each such person is so authorized. A person authorized pursuant to this provision shall be deemed to have been duly authorized without further evidence of the facts and be entitled to exercise the same powers on behalf of the recognized 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 Designated Stock Exchange (as defined in the Articles), 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.

(g) **Requirements for annual general meetings**

An annual general meeting of the Company must be held in each year, other than the year of adoption of the Articles (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 any Designated Stock Exchange (as defined in the Articles)) at such time and place as may be determined by the board.

(h) **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 shall 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 authorized by the board or the Company in general meeting. However, an exempted company shall 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 (2009 Revision) 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 Designated Stock Exchange (as defined in the Articles), the Company may send to such persons summarized 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 summarized financial statements, a complete printed copy of the Company's annual financial statement and the directors' report thereon.

Auditors shall be appointed and the terms and tenure of such appointment and their duties at all times regulated in accordance with the provisions of the Articles. 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. The auditor shall make a written report thereon in accordance with generally accepted auditing standards and the report of the auditor shall be submitted to the members in general meeting. The generally accepted auditing standards referred to herein may be those of a country or jurisdiction other than the Cayman Islands. If so, the financial statements and the report of the auditor should disclose this fact and name such country or jurisdiction.

(i) **Notices of meetings and business to be conducted thereat**

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 (including an extraordinary general meeting) must be called by notice of at least fourteen (14) clear days and not less than ten (10) clear business days. The notice must specify the time and place of the meeting and, in the case of special business, the general nature of that business. In addition notice of every general meeting shall 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 the auditors for the time being of the Company.

Notwithstanding that a meeting of the Company is called by shorter notice than that mentioned above if permitted by the rules of the Designated Stock Exchange, it shall be deemed to have been duly called if it is so agreed:

(i) in the case of a meeting called as an annual general meeting, by all members of the Company entitled to attend and vote thereat; and

(ii) in the case of any other meeting, by a majority in number of the members having a right to attend and vote at the meeting, being a majority together representing not less than ninety-five per cent (95%) of the total voting rights at the meeting of all the members.

All business shall be deemed special that is transacted at an extraordinary general meeting and also all business shall be deemed special that is transacted at an annual general meeting with the exception of the following, which shall be deemed 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.

(j) **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 Designated Stock Exchange (as defined in the Articles) 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 in any case in which it thinks fit, in its discretion, to do so and 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 thereof. The board may also resolve either generally or in any particular case, upon request by either the transferor or the transferee, to accept mechanically executed transfers.

The board in so far as permitted by any applicable law may, in its absolute discretion, at any time and from time to 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.

Unless the board otherwise agrees, no shares on the principal register shall be transferred to any branch register nor may shares on any branch register be transferred to the principal register or any other branch register. All transfers and other documents of title shall be lodged for registration and registered, in the case of shares on a branch register, at the relevant registration office and, in the case of shares on the principal register, at the registered office in the Cayman Islands or such other place at which the principal register is kept in accordance with the Companies Law.

The board may, in its absolute discretion, and without assigning any reason, refuse to register a transfer of any share (not being a fully paid up share) to a person of whom it does not approve or any share issued under any share incentive scheme for employees upon which a restriction on transfer imposed thereby still subsists, and it may also refuse to register any transfer of any share to more than four joint holders or any transfer of any share (not being a fully paid up share) on which the Company has a lien.

The board may decline to recognize any instrument of transfer unless a fee of such maximum sum as any Designated Stock Exchange (as defined in the Articles) may determine to be payable or such lesser sum as the Directors may from time to time require is paid to the Company in respect thereof, the instrument of transfer, if applicable, is properly stamped, 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 a relevant newspaper and, where applicable, any other newspapers in accordance with the requirements of any Designated Stock Exchange (as defined in the Articles), at such times and for such periods as the board may determine and either generally or in respect of any class of shares. The register of members shall not be closed for periods exceeding in the whole thirty (30) days in any year.

(k) **Power for 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 any Designated Stock Exchange (as defined in the Articles).

(l) **Power for any subsidiary of the Company to own shares in the Company and financial assistance to purchase shares of the Company**

There are no provisions in the Articles relating to ownership of shares in the Company by a subsidiary.

Subject to compliance with the rules and regulations of the Designated Stock Exchange (as defined in the Articles) and any other relevant regulatory authority, the Company may give financial assistance for the purpose of or in connection with a purchase made or to be made by any person of any shares in the Company.

(m) **Dividends and other methods of distribution**

Subject to the Companies Law, 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, realized or unrealized, 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 authorized 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.

(n) **Proxies**

Any member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint another person as his proxy to attend and vote instead of him. A member who is the holder of two or more shares may appoint more than one proxy to represent him and vote on his behalf at a general meeting of the Company or at a class meeting. A proxy need not be a member of the Company and shall be entitled to exercise the same powers on behalf of a member who is an individual and for whom he acts as proxy as such member could exercise. In addition, a proxy shall be entitled to exercise the same powers on behalf of a member which is a corporation and for which he acts as proxy as such member could exercise if it were an individual member. Votes may be given either personally (or, in the case of a member being a corporation, by its duly authorized representative) or by proxy.

(o) **Call on shares and forfeiture of shares**

Subject to the Articles and to the terms of allotment, 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.

(p) **Inspection of register of members**

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 Registration Office (as defined in the Articles), unless the register is closed in accordance with the Articles.

(q) **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.

Save as otherwise provided by the Articles 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 authorized 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.

A corporation being a member shall be deemed for the purpose of the Articles to be present in person if represented by its duly authorized representative being the person appointed by resolution of the directors or other governing body of such corporation to act as its representative at the relevant general meeting of the Company or at any relevant general meeting of any class of members of the Company.

(r) **Rights of the 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 law, as summarized in paragraph 3(f) of this Appendix.

(s) **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 shall be 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 shall be 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 shall be 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.

(t) **Untraceable members**

Pursuant to the Articles, the Company may sell any of the shares of a member who is untraceable if (i) all cheques or warrants in respect of dividends of the shares in question (being not less than three in total number) for any sum payable in cash to the holder of such shares have remained uncashed for a period of 12 years; (ii) upon the expiry of the 12 year period, the Company has not during that time received any indication of the existence of the member; and (iii) the Company has caused an advertisement to be published in accordance with the rules of the Designated Stock Exchange (as defined in the Articles) giving notice of its intention to sell such shares and a period of three (3) months, or such shorter period as may be permitted by the Designated Stock Exchange (as defined in the Articles), has elapsed since the date of such advertisement and the Designated Stock Exchange (as defined in the Articles) has been notified of such intention. The net proceeds of any such sale shall belong to the Company and upon receipt by the Company of such net proceeds, it shall become indebted to the former member of the Company for an amount equal to such net proceeds.

(u) **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 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) **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 authorized 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 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 authorized by its articles of association, by special resolution reduce its share capital in any way.

The Articles includes certain protections for holders of special classes of shares, requiring their consent to be obtained before their rights may be varied. The consent of the specified proportions of the holders of the issued shares of that class or the sanction of a resolution passed at a separate meeting of the holders of those shares is required.

(c) **Financial assistance to purchase shares of a company or its holding company**

Subject to all applicable laws, the Company may give financial assistance to Directors and employees of the Company, its subsidiaries, its holding company or any subsidiary of such holding company in order that they may buy Shares in the Company or shares in any subsidiary or holding company. Further, subject to all applicable laws, the Company may give financial assistance to a trustee for the acquisition of Shares in the Company or shares in any such subsidiary or holding company to be held for the benefit of employees of the Company, its subsidiaries, any holding company of the Company or any subsidiary of any such holding company (including salaried Directors).

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**

Subject to the provisions of the Companies Law, a company limited by shares or a company limited by guarantee and having a share capital may, if so authorized 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 authorized to do so by its articles of association, purchase its own shares, including any redeemable shares. However, if the articles of association do not authorize 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 authorized 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 shall 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 shall not be treated as a member for any purpose and shall 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 shall not be voted, directly or indirectly, at any meeting of the company and shall 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. Further, 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.

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**

With the exception of section 34 of the Companies Law, there is 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. In addition, section 34 of 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 (see paragraph 2(m) above for further details).

(f) **Protection of minorities**

The Cayman Islands 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 authorizing 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) **Management**

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 shall 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.

(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 November 18, 2014.

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 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 will 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.

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 shall 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 (2009 Revision) of the Cayman Islands.

(n) **Winding up**

A company may be wound up compulsorily by order of the Court voluntarily; or, under supervision of the Court. The Court has authority to order winding up in a number of specified circumstances including where it is, in the opinion of the Court, just and equitable to do so.

A company may be wound up voluntarily when the members so resolve in general meeting by special resolution, or, in the case of a limited duration company, when the period fixed for the duration of the company by its memorandum or articles expires, or the event occurs on the occurrence of which the memorandum or articles provides that the company is to be dissolved, or, the company does not commence business for a year from its incorporation (or suspends its business for a year), or, the company is unable to pay its debts. In the case of a voluntary winding up, such company is obliged to cease to carry on its business 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, there may be appointed one or more than one person to be called an official liquidator or official liquidators; and the Court may appoint to such office such qualified person or persons, either provisionally or otherwise, as it thinks fit, and if more persons than one are appointed to such office, the Court shall declare whether any act hereby required or authorized to be done by the official liquidator is to be done by all or any one or more of such persons. The Court may also determine whether any and what security is to be given by an official liquidator on his appointment; if no official liquidator is appointed, or during any vacancy in such office, all the property of the company shall be in the custody of the Court. A person shall be qualified to accept an appointment as an official liquidator if he is duly qualified in terms of the Insolvency Practitioners Regulations. A foreign practitioner may be appointed to act jointly with a qualified insolvency practitioner.

In the case of a members' voluntary winding up of a company, the company in general meeting must appoint one or more liquidators for the purpose of winding up the affairs of the company and distributing its assets. A declaration of solvency must be signed by all the directors of a company being voluntarily wound up within twenty-eight (28) days of the commencement of the liquidation, failing which, its liquidator must apply to Court for an order that the liquidation continue under the supervision of the Court.

Upon the appointment of a liquidator, the responsibility for the company's affairs rests entirely in his hands and no future executive action may be carried out without his approval. A liquidator's duties are to collect the assets of the company (including the amount (if any) due from the contributories), settle the list of creditors and, subject to the rights of preferred and secured creditors and to any subordination agreements or rights of set-off or netting of claims, discharge the company's liability to them (*pari passu* if insufficient assets exist to discharge the liabilities in full) and to settle the list of contributories (shareholders) and divide the surplus assets (if any) amongst them in accordance with the rights attaching to the shares.

As soon as the affairs of the company are fully wound up, the liquidator must make up an account of the winding up, showing how the winding up has been conducted and 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. At least twenty-one (21) days before the final meeting, the liquidator shall send a notice specifying the time, place and object of the meeting to each contributory in any manner authorized by the company's articles of association and published in the Gazette in the Cayman Islands.

(o) **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.

(p) **Compulsory acquisition**

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.

(q) **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 summarizing 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. 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.

INFORMATION ABOUT OUR COMPANY

1. Incorporation of our Company

Our Company was incorporated in the Cayman Islands as an exempted company with limited liability under the Cayman Companies Law on November 3, 2014 with an authorized share capital of HK$380,000 divided into 38,000,000 Shares of HK$0.01 each. As at the date of incorporation, one fully-paid Share was allotted and issued to Sharon Pierson, the initial subscriber and an Independent Third Party. On the same day, the said one Share was transferred to White Dynasty BVI for cash at par.

We were registered in Hong Kong under Part 16 of the Hong Kong Companies Ordinance as a non-Hong Kong company on January 6, 2015 and our principal place of business in the PRC is at 18 Anning Street, Yuci District, Jinzhong City, Shanxi Province, the PRC. In compliance with the requirements of the Hong Kong Companies Ordinance, Ng Wing Shan of 18/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong has been appointed as our agent for the acceptance of service of process and any notice required to be served on our Company in Hong Kong.

Since our Company was incorporated in the Cayman Islands, our operation is subject to the relevant laws and regulations of the Cayman Islands as well as our constitution which comprises the Memorandum of Association and the Articles. A summary of certain parts of our constitution and certain relevant aspects of Companies Law is set out in Appendix IV to this prospectus.

2. Changes in share capital of our Company

(a) *Increase in authorized share capital*

As at the date of incorporation of our Company on November 3, 2014, our authorized share capital was HK$380,000 divided into 38,000,000 Shares having a par value of HK$0.01 each.

Immediately following completion of the Global Offering and the Capitalization Issue but taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, the authorized share capital of our Company will be HK$10,000,000 divided into 1,000,000,000 Shares, of which 500,000,000 Shares will be issued fully paid or credited as fully paid, and 500,000,000 Shares will remain unissued.

Other than pursuant to the exercise of any options which may be granted under the Share Option Scheme, there is no present intention to issue any of the authorized but unissued share capital of our Company and, without the prior approval of the Shareholders in general meeting, no issue of Shares will be made which would effectively alter the control of our Company.

Save as disclosed herein and in paragraphs headed "Information of our Company — 3. Resolutions in writing of the Shareholders passed on June 12, 2015" and "Information of our Company — 4. Corporate reorganization" of this Appendix, there has been no alteration in the share capital of our Company since its incorporation.

(b) ***Founder shares***

Our Company has no founder shares, management shares or deferred shares.

3. **Resolutions in writing of the Shareholders passed on June 12, 2015**

By resolutions in writing of all the Shareholders passed on June 12, 2015, among other things:

(a) we conditionally approved and adopted the Articles with effect from the Listing Date;

(b) the authorized share capital of our Company was increased from HK$380,000 to HK$10,000,000 by the creation of 962,000,000 new Shares to rank pari passu with the then existing Shares in all respects;

(c) conditional on (aa) the Listing Committee of the Stock Exchange granting listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus; (bb) the Offer Price having been determined; (cc) the execution and delivery of the Underwriting Agreements on or before the date as mentioned in this prospectus; and (dd) the obligations of the Underwriters under the Underwriting Agreements becoming unconditional and not being terminated in accordance with the terms of the Underwriting Agreements or otherwise, in each case on or before the day falling 30 days after the date of this prospectus:

(i) the terms and conditions of the Global Offering were approved and the Directors were authorized to (aa) allot and issue the Offer Shares pursuant to the Global Offering; (bb) finalize the structure of the Global Offering; and (cc) do all things and execute all documents in connection with or incidental to the Global Offering with such amendments or modifications (if any) as our Directors may consider necessary or appropriate;

(ii) the rules of the Share Option Scheme, the principal terms of which are set out in paragraph headed "Other Information — 15. Share Option Scheme" of this Appendix, were approved and adopted and the Directors were authorized to approve any amendments to the rules of the Share Option Scheme as may be acceptable or not objected to by the Stock Exchange, and at the Directors' absolute discretion to grant options to subscribe for Shares thereunder and to allot, issue and deal with Shares pursuant to the exercise of options which may be granted under the Share Option Scheme and to take all such steps as may be necessary, desirable or expedient to implement the Share Option Scheme;

(iii) conditional on the share premium account of our Company being credited as a result of the Global Offering, the Directors were authorized to capitalize HK$3,999,900 standing to the credit of the share premium account of our Company by applying such sum in paying up in full at par 399,990,000 Shares for allotment and issue to holders of Shares whose names appear on the register of members of our Company at the close of business on the day prior to June 12, 2015 (or as they may direct) in proportion (as nearly as possible without involving fractions so that no fraction of a share shall be allotted and issued) to their then existing shareholdings in our Company and so that the Shares to be allotted and issued pursuant to this resolution should rank pari passu in all respects with the then existing issued Shares and the Directors were authorized to give effect to such capitalization and to allot and issue Shares pursuant thereto;

(iv) a general unconditional mandate was given to the Directors to exercise all powers of our Company to allot, issue and deal with, otherwise than by way of rights issue, scrip dividend schemes or similar arrangements providing for allotment of Shares in lieu of the whole or in part of any dividend in accordance with the Articles, or pursuant to the exercise of any options which may be granted under the Share Option Scheme, or under the Global Offering or the Capitalization Issue, Shares with an aggregate nominal amount of not exceeding the sum of (aa) 20% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue, and (bb) the aggregate nominal amount of the share capital of our Company which may be repurchased by our Company pursuant to the authority granted to the Directors as referred to in sub-paragraph (v) below, until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles, the Cayman Companies Law or any other applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first;

(v) a general unconditional mandate (the "**Repurchase Mandate**") was given to the Directors to exercise all powers of our Company to repurchase Shares on the Stock Exchange or other stock exchange on which the securities of our Company may be listed and recognized by the SFC and the Stock Exchange for this purpose, with an aggregate nominal amount of not exceeding 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following the completion of the Global Offering and the Capitalization Issue until the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles, the Cayman Companies Law or any applicable Cayman Islands law to be held, or the passing of an ordinary resolution by the Shareholders revoking or varying the authority given to the Directors, whichever occurs first; and

(vi) the extension of the general mandate to allot, issue and deal with Shares pursuant to paragraph (iv) above to include the aggregate nominal amount of Shares which may be repurchased pursuant to paragraph (v) above.

4. **Corporate reorganization**

The companies comprising our Group underwent a reorganization to rationalize our Group's structure in preparation for the Listing. For more details regarding the Reorganization, please refer to section headed "Reorganization" in this prospectus.

5. **Changes in share capital of subsidiaries**

Save as disclosed in the sections headed "History and Development" and "Reorganization" in this prospectus, no other alterations in the share capital of each of our Company's subsidiaries took place within the two years immediately preceding the date of this prospectus.

6. **Particular of our subsidiaries**

Our Group comprises of our Company and nine subsidiaries. Please see note 1 to the Accountants' Report set out in Appendix I to this prospectus for a summary of the corporate information of these companies.

7. **Repurchase by our Company of our own securities**

This paragraph includes the information required by the Stock Exchange to be included in this prospectus concerning the repurchase by our Company of own securities.

(a) ***Shareholders' approval***

All proposed repurchases of securities (which must be fully paid up in the case of shares for the purpose of Rule 10.06(1)(b)(i) of the Listing Rules) by a company listed on the Stock Exchange must be approved in advance by an ordinary resolution of the shareholders, either by way of general mandate or by specific approval.

Note: Pursuant to a resolution in writing passed by all the Shareholders on June 12, 2015, the Repurchase Mandate was given to the Directors authorizing any repurchase by our Company of Shares on the Stock Exchange or any other stock exchange on which the securities of our Company may be listed and which is recognized by the SFC of Hong Kong and the Stock Exchange for this purpose, of up to 10% of the aggregate nominal amount of the share capital of our Company in issue immediately following completion of the Global Offering and the Capitalization Issue but excluding any Shares which may be issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, such mandate to expire at the conclusion of the next annual general meeting of our Company, or the date by which the next annual general meeting of our Company is required by the Articles or applicable Cayman Islands law to be held, or the passing of an ordinary resolution by Shareholders in general meeting revoking or varying the authority given to the Directors, whichever occurs first.

(b) ***Source of funds***

Repurchases must be paid out of funds legally available for the purpose in accordance with the Articles and the Cayman Companies Law. A listed company may not repurchase its own securities on the Stock Exchange for a consideration other than cash or for settlement otherwise than in accordance with the trading rules of the Stock Exchange. Under the Cayman Islands laws, any repurchases by our Company may be made out of profits of our Company, out of our Company's share premium account or out of the proceeds of a fresh issue of Shares made for the purpose of the repurchase or, if so authorized by the Articles and subject to the provisions of the Cayman Companies Law, out of capital. Any premium payable on a redemption or purchase over the par value of the Shares to be purchased must be provided for out of either or both of the profits of our Company or the share premium account of our Company or, if authorized by the Articles and subject to the provisions of the Cayman Companies Law, out of capital.

(c) ***Reasons for repurchases***

The Directors believe that it is in the best interest of our Company and the Shareholders for the Directors to have general authority from the Shareholders to enable our Company to repurchase Shares in the market. Such repurchases may, depending on market conditions and funding arrangements at the time, lead to an enhancement of the net asset value per Share and/or earnings per Share and will only be made if the Directors believe that such repurchases will benefit our Company and the Shareholders.

(d) ***Funding of repurchases***

In repurchasing securities, our Company may only apply funds legally available for such purpose in accordance with the Articles, the Listing Rules and the applicable laws of the Cayman Islands.

On the basis of the current financial position of our Group as disclosed in this prospectus and taking into account the current working capital position of our Group, the Directors consider that, if the Repurchase Mandate were to be exercised in full, it might have a material adverse effect on the working capital and/or the gearing position of our Group as compared with the position disclosed in this prospectus. However, 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 requirements of our Group or the gearing levels which in the opinion of the Directors are from time to time appropriate for our Group.

The exercise in full of the Repurchase Mandate, on the basis of 500,000,000 Shares in issue immediately after the Listing, would result in up to 50,000,000 Shares being repurchased by our Company during the period in which the Repurchase Mandate remains in force.

(e) ***General***

Neither the Directors nor, to the best of their knowledge having made all reasonable enquiries, any of their associates currently intends to sell any Shares to our Company or our subsidiaries.

The Directors have undertaken to the Stock Exchange that, so far as the same may be applicable, they will exercise the Repurchase Mandate in accordance with the Listing Rules, the Articles and the applicable laws of the Cayman Islands.

If, as a result of a securities repurchase, a Shareholder's proportionate interest in the voting rights of our Company is increased, such increase will be treated as an acquisition for the purpose of the Takeovers Code. As a result, a Shareholder, a group of Shareholders acting in concert (within the meaning under the Takeover Code), depending on the level of increase of such Shareholders' interest, could obtain or consolidate control of our Company and may become obliged under Rule 26 of the Takeovers Code to make a mandatory offer unless a whitewash waiver is obtained. Save as aforesaid, the Directors are not aware of any consequences which would arise under the Takeovers Code as a consequence of any repurchases pursuant to the Repurchase Mandate.

The Directors will not exercise the Repurchase Mandate if the repurchase would result in the number of Shares which are in the hands of the public falling below 25% of the total number of Shares in issue (or such other percentage as may be prescribed as the minimum public shareholding under the Listing Rules).

No connected person (as defined in the Listing Rules) of our Company has notified us that he/she/it has a present intention to sell Shares to our Company, or has undertaken not to do so if the Repurchase Mandate is exercised.

8. Registration under Part 16 of the Companies Ordinance

Our Company has established our principal place of business in Hong Kong for the purpose of registration under Part 16 of the Hong Kong Companies Ordinance at 10/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong. Our Company has been registered as a non-Hong Kong company under Part 16 of the Hong Kong Companies Ordinance. Ng Wing Shan of 10/F, Tesbury Centre, 28 Queen's Road East, Wanchai, Hong Kong has been appointed as an agent of our Company for the acceptance of service of process in Hong Kong.

FURTHER INFORMATION ABOUT THE BUSINESS OF OUR COMPANY

9. Summary of material contracts

The following contracts (not being contracts entered into in the ordinary course of business of our Group) have been entered into by members of our Group within the two years preceding the date of this prospectus and are or may be material:

(1) the agreement dated December 24, 2014 and between 白選奎 (Bai Xuankui) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 白選奎 (Bai Xuankui) transferred the interests of 72.29% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB147,311,652;

(2) the agreement dated December 24, 2014 and between 白武魁 (Bai Wukui) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 白武魁 (Bai Wukui) transferred the interests of 13.53% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB27,584,240;

(3) the agreement dated December 24, 2014 and between 董世光 (Dong Shiguang) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 董世光 (Dong Shiguang) transferred the interests of 2.26% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB4,603,540;

(4) the agreement dated December 24, 2014 and between 張淑萍 (Zhang Shuping) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 張淑萍 (Zhang Shuping) transferred the interests of 2.05% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB4,184,996;

(5) the agreement dated December 24, 2014 and between 張永成 (Zhang Yongcheng) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 張永成 (Zhang Yongcheng) transferred the interests of 2.05% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB4,184,996;

(6) the agreement dated December 24, 2014 and between 周晉紅 (Zhou Jinhong) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 周晉紅 (Zhou Jinhong) transferred the interests of 1.47% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB2,992,264;

(7) the agreement dated December 24, 2014 and between 方振宇 (Fang Zhenyu) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 方振宇 (Fang Zhenyu) transferred the interests of 1.03% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB2,092,424;

(8) the agreement dated December 24, 2014 and between 李彩霞 (Li Caixia) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 李彩霞 (Li Caixia) transferred the interests of 0.82% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB1,674,028;

(9) the agreement dated December 24, 2014 and between 周秀祁 (Zhou Xiuqi) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 周秀祁 (Zhou Xiuqi) transferred the interests of 0.62% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB1,255,484;

(10) the agreement dated December 24, 2014 and between 魏豔芬 (Wei Yanfen) and 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) under which 魏豔芬 (Wei Yanfen) transferred the interests of 0.51% in 辰興房地產發展有限公司 (Chenxing Real Estate Development Co., Ltd.) to 晉中辰興滙科貿有限公司 (Jinzhong Chen Xing Hui Technology And Trade Company Limited) for a consideration of RMB1,046,212;

(11) the deed of non-competition dated June 19, 2015 and executed by each of Bai Xuankui, Bai Guohua, Cheng Guilian, White Empire (PTC) Limited and White Dynasty Global Holdings Limited in favor of our Company (for itself and as trustee for its subsidiaries), details of which are set out in the section headed "Relationship with Controlling Shareholders" in this prospectus;

(12) the deed of indemnity dated June 19, 2015 and executed by each of Bai Xuankui, Bai Guohua, Cheng Guilian, White Empire (PTC) Limited and White Dynasty Global Holdings Limited in favor of our Company (for itself and as trustee for its subsidiaries) containing the indemnities more particularly referred to in the paragraph headed "Estate duty, tax and other indemnity" in this Appendix; and

(13) the Hong Kong Underwriting Agreement.

10. Intellectual property rights of our Group

Set out below are the material intellectual property rights of our Group:

Trademarks

As of the Latest Practicable Date, our Group was the registered proprietor and beneficial owner of the following trademarks:

No.	Trade Mark	Place of registration	Class	Registration number	Duration of validity	Registered owner
1.		The PRC	19[(1)]	7433498	January 18, 2011 - January 17, 2021	Chen Xing
2.		The PRC	37[(2)]	7435749	November 15, 2010 - November 14, 2020	Chen Xing
3.	辰兴发展	The PRC	17[(3)]	7433488	October 11, 2010 - October 10, 2020	Chen Xing

No.	Trade Mark	Place of registration	Class	Registration number	Duration of validity	Registered owner
4.		The PRC	37[4]	6920021	June 11, 2010 - June 10, 2020	Chen Xing
5.	辰兴发展 CHENXING REAL ESTATE	The PRC	36[5]	7433506	January 5, 2013 - January 4, 2023	Chen Xing
6.		The PRC	42[6]	7438781	January 6, 2011 - January 5, 2021	Chen Xing
7.	辰兴发展 CHENXING REAL ESTATE	The PRC	6[7]	7433480	June 18, 2012 - June 17, 2022	Chen Xing
8.	(A) (B)	Hong Kong	35, 36, 37 and 42[8]	303170727	May 14, 2015 - May 13, 2025	Chen Xing
9.	(A) CHEN XING (B) CHEN XING	Hong Kong	35, 36, 37 and 42[10]	303170754	October 20, 2014	Chen Xing

Notes:

1 The specifications of goods under class 19 in respect of which application of this trade mark was made cover "plaster; cement; tar used for building construction".

2 The specifications of goods under class 37 in respect of which application of this trade mark was made cover "building; construction of commercial residential buildings; demolition of buildings; damp-proofing building; building insulating; pipeline construction and maintenance; upholstery; building of fair stalls and shops (end)".

3 The specifications of goods under class 17 in respect of which application of this trade mark was made cover "raw rubber or semi-finished rubber, non-metal pipe box, non-metal pipe connector, perspex, synovial membrane used in a window for anti-light purpose; (tinted membrane), raw rubber or semi-finished rubber, floating barriers for anti-pollution purpose, asbestos slate, insulation material, waterproof packaging material sealing (cigarette)".

4 The specifications of goods under class 37 in respect of which application of this trade mark was made cover "building; construction of commercial residential buildings; demolition of buildings; damp-proofing building; building insulating; pipeline construction and maintenance; upholstery; building of fair stalls and shops (end)".

5 The specifications of goods under class 36 in respect of which application of this trade mark was made cover “guarantee; trust management; pawn”.

6 The specifications of goods under class 42 in respect of which application of this trade mark was made cover “engineering; technical research; quality control; surveying; chemical analysis; biology research; mechanical research; industrial design; development of construction projects; website development and maintenance services for others”.

7 The specifications of goods under class 6 in respect of which application of this trade mark was made cover “ordinary raw or semi-finished metal; copper pipe; mobile metal structure; metal track; steel wire; metal clip used for cable and pipeline; metallic anchor screw; metal furniture parts; metal lock (non-electronic); metal container”.

8 The specifications of goods under (i) class 35 in respect of which application of this trade mark was made cover “business management of offices, shops, shopping malls, restaurants, car parks and hotels; advertising; publicity; publication of publicity texts; demonstration of goods; outdoor advertising; advertising agencies; rental of advertising space; on-line advertising on a computer network; rental of advertising time on communication media; planning of advertisement; commercial management assistance; business inquiries; commercial information agencies; cost price analysis; business management and organization consultancy; marketing studies; business appraisals; marketing research; economic forecasting; organization of exhibitions for commercial or advertising purposes; business information; sales promotion for others; marketing; relocation services for businesses; office machines and equipment rental; accounting; auditing; auctioneering of real estate; management of parking place rental; information, consultancy and advisory services for the above services”; (ii) class 36 in respect of which application of this trade mark was made cover “insurance underwriting; development (financing) of real estate; real property agents; installment loans; investment of real estate; fun investments; capital investments; financial evaluation (insurance, banking, real estate); financial information and management; mortgage banking; rent collection; real estate leasing, agencies, appraisal and management; housing agents; rental of flats; property management; property management of housing estates; rental of offices (real estate); factoring; rental of offices, shops, shopping malls, restaurants, hotels and car parks; information, consultancy and advisory services for the above services”; (iii) class 37 in respect of which application of this trade mark was made cover “construction; building construction supervision; construction information and consultation; construction, supervision and information services for buildings; construction, supervision and information services for factories, shopping malls, hotels, offices and car parks; repair information; construction of commercial residential buildings; rental of construction equipment and bulldozers; demolition of buildings; building of fair stalls and shops; drilling of wells; mining extraction; cleaning of buildings (interior); cleaning of buildings (exterior surface); repair and maintenance of buildings; real estate development (construction); civil engineering; construction engineering; damp-proofing (building); building sealing; building insulating; pipeline construction and maintenance; upholstery; information, consultancy and advisory services for the above services”; and (iv) class 42 in respect of which application of this trade mark was made cover “architectural consultation; construction drafting; technical research; quality control, test and evaluation; urban planning; research in the field of environmental protection; construction drafting; geological research; surveying; industrial design; design of interior decor; development of construction projects; computer software design, updating and maintenance; information, consultancy and advisory services for the above services”.

9 The specification of goods under classes 35, 36, 37 and 42 in respect of which application of this trade mark was made cover the same as those under Hong Kong trade mark application no. 303170727 per Note 2 above.

10 The specification of goods under classes 35, 36, 37 and 42 in respect of which application of this trade mark was made cover the same as those under Hong Kong trade mark application no. 303170727 per Note 2 above.

As of the Latest Practicable Date, our Group had applied for registration of the following trademarks:

No.	Trade Mark	Place of application	Class	Application number	Date of application	Applicant
1.	(A) 辰兴 (B) 辰興 (C) 辰兴 (D) 辰興	Hong Kong	35, 36, 37 and 42(9)	303170736	April 2, 2015 - April 1, 2025	Chen Xing

Domain Names

As of the Latest Practicable Date, our Group had the following registered domain name(s):

No.	Domain name	Place of registration	Date of registration	Duration of validity	Registered owner
1.	chen-xing.cn	PRC	September 13, 2014	September 13, 2014 - September 13, 2019	Chen Xing
2.	chen-xing.com.cn	PRC	September 13, 2014	September 13, 2014 - September 13, 2019	Chen Xing

11. **Connected transactions and related party transactions**

Save as disclosed in the sections headed “Business”, “Relationship with Controlling Shareholders”, “Connected Transactions”, “History and Development”, “Reorganization” and in the note 40 to the accountants’ report, the text of which is set out in Appendix I to this prospectus, during the two years immediately preceding the date of this prospectus, our Company has not engaged in any other material connected transactions or related party transactions.

FURTHER INFORMATION ABOUT DIRECTORS AND SHAREHOLDERS

12. Directors

(a) *Particulars of Directors' service contracts*

Executive Directors

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 by not less than two month's notice in writing served by either party on the other. The current basic annual salaries of the executive Directors are as follows:

Name	Approximate annual salary
	(HK$)
Mr. Bai	650,000
Mr. W. K. Bai	615,000
Mr. G. H. Bai	250,000
Mr. Dong	125,000
Mr. Zhang	125,000

Independent non-executive Directors

Each of the independent non-executive Directors has entered into a letter of appointment with our Company for an initial term of three years unless terminated by not less than three months' notice in writing served by the independent non-executive Director concerned or our Company expiring at the end of the initial term or at any time thereafter. Each of Gu Jiong, Tian Hua and Qiu Yongqing is entitled to a director's fee of HK$125,000, HK$50,000 and HK$50,000 per annum respectively. Save for Directors' fees, none of the independent non-executive Directors is expected to receive any other remuneration for holding their office as an independent non-executive Director.

Save as disclosed aforesaid, none of the Directors has or is proposed to have a service contract with our Company or any of our subsidiaries other than contracts expiring or determinable by the employer within one year without the payment of compensation (other than statutory compensation).

(b) *Remuneration of Directors*

(i) The aggregate emoluments paid and benefits in kind granted by our Group to the Directors, in their respective directorship positions only, in each of the three years respectively ended December 31, 2012, 2013 and 2014 were approximately RMB1,390,000, RMB1,633,000 and RMB1,467,000, respectively. None of the Directors, in their position as directors of our Group, had received any emoluments or benefits in kind from us during the Track Record Period.

(ii) Under the arrangements currently in force, the aggregate emoluments (excluding discretionary bonus) payable by our Group to and benefits in kind receivable by the Directors (including the independent non-executive Directors in their respective capacity as Directors) for the year ending December 31, 2015 are expected to be approximately RMB1,630,000.

(iii) None of the Directors or any past directors of any member of our Group has been paid any sum of money for the three years ended December 31, 2014 (i) as an inducement to join or upon joining our Group or (ii) for loss of office as a director of any member of our Group or of any other office in connection with the management of the affairs of any member of our Group.

(iv) There has been no arrangement under which a Director has waived or agreed to any emoluments for each of the three years ended December 31, 2014.

(c) ***Interests and short positions of Directors and chief executive in the Shares, underlying Shares or debentures of our Company and our associated corporations following the Global Offering***

Immediately following completion of the Global Offering and the Capitalization Issue and taking no account of any Shares which may be allotted and issued pursuant to the exercise of any options which may be granted under the Share Option Scheme, the interests and short positions of the Directors and chief executive in the shares, underlying shares or debentures of our Company and our associated corporations (within the meaning of Part XV of the SFO) which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions in which they are taken or deemed to have under such provisions of the SFO) or which will be required, pursuant to section 352 of the SFO, to be entered in the register referred to therein, or which will be required to notified to our Company and the Stock Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers contained in the Listing Rules, once the Shares are listed, will be as follows:

(i) *Interest in Shares of our Company*

Name of Director	Capacity / nature of interest	Number and class of securities[1]	Approximate percentage of shareholding
Mr. Bai[2]	Settler of a discretionary trust	289,120,000 Shares (L)	57.82%
Mr. W. K. Bai[3]	Interest of controlled corporation	54,120,000 Shares (L)	10.82%
Mr. G. H. Bai[4]	Beneficiary of a discretionary trust	289,120,000 Shares (L)	57.82%
Mr. Dong[5]	Interest of controlled corporation	25,880,000 Shares (L)	5.18%
Mr. Zhang[6]	Interest of controlled corporation	25,880,000 Shares (L)	5.18%

Notes:

1. The letter "L" denotes to the person with long position in the Shares.

2. These Shares were legally and beneficially held by White Dynasty BVI. White Dynasty BVI is a corporate Controlling Shareholder which is legally and beneficially wholly-owned by White Empire BVI. White Empire BVI is the trustee of the Family Trust, established for the benefit of Mr. G. H. Bai, Mrs. Bai, and other beneficiaries to be nominated by the trustee from time to time. Given that Mr. Bai is the settlor of the Family Trust, he is therefore deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO.

3. These Shares were legally and beneficially held by White Legend BVI, which is legally and beneficially wholly-owned by Mr. W. K. Bai (our executive Director and chief executive officer). Given Mr. W. K. Bai holds the entire issued share capital in White Legend BVI, he is deemed to be interested in the Shares held by White Legend BVI by virtue of the SFO.

4. These Shares were legally and beneficially held by White Dynasty BVI. Given that (i) Mr. G. H. Bai is the beneficiary of the Family Trust; and (ii) Mr. G. H. Bai, being a person accustomed to act in accordance with the direction of Mr. Bai, the settlor of the Family Trust, Mr. G. H. Bai is therefore deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO.

5. These Shares were legally and beneficially held by Honesty Priority BVI. Mr. Dong (our executive Director) owns 34.87% of, and is deemed to be interested in the Shares held by, Honesty Priority BVI by virtue of the SFO.

6. These Shares were legally and beneficially held by Honesty Priority BVI, which is legally and beneficially owned by Mr. Zhang (our executive Director) as to 31.70% of its issued share capital. Given that Mr. Zhang holds a controlling interest in Honesty Priority BVI, he is deemed to be interested in the Shares held by Honesty Priority BVI by virtue of the SFO.

(ii) *Interest in associated corporation of our Company*

Name of Director	**Name of associated corporation**	**Capacity / nature of interest**	**Number and class of shares held in the associated corporation**[1]	**Approximate percentage of shareholding**
Mr. Bai	White Dynasty BVI[2]	Settlor of a discretionary trust	10,000 shares (L)	100%
Mr. Bai	White Empire BVI[2]	Settlor of a discretionary trust		100%
Mr. G. H. Bai	White Dynasty BVI[2]	Beneficiary of a discretionary trust	10,000 shares (L)	100%
Mr. G. H. Bai	White Empire BVI[2]	Beneficiary of a discretionary trust		100%

Notes:

1. The letter "L" denotes to the person with long position in the shares of the relevant associated corporation.

2. White Dynasty BVI is a corporate Controlling Shareholder which is legally and beneficially wholly-owned by White Empire BVI. White Empire BVI is a limited by guarantee company incorporated in BVI and is also the trustee of the Family Trust, which held on trust for Mr. G. H. Bai, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time and Mr. Bai (our Company and executive Director) is the settler of the Family Trust.

13. **Interest discloseable under the SFO and substantial shareholders**

So far as is known to the Directors, immediately following completion of the Global Offering and the Capitalization Issue (but without taking account of any Shares which may be taken up or acquired under the Global Offering and any Shares which may be allotted and issued upon the exercise of any options which may be granted under the Share Option Scheme), the following persons (other than the Directors and chief executive) will have an interest or a 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 share capital carrying rights to vote in all circumstances at general meeting of members of our Group:

Name of Shareholder	Capacity / nature of interest	Number and class of securities[1]	Approximate percentage of shareholding
White Dynasty BVI[2]	Beneficial owner	289,120,000 Shares (L)	57.82%
White Empire BVI[2]	Interest of controlled corporation	289,120,000 Shares (L)	57.82%
White Legend BVI[3]	Beneficial owner	54,120,000 Shares (L)	10.82%
Mrs. Bai[4]	Beneficiary of a discretionary trust	289,120,000 Shares (L)	57.82%
Zhang Lindi[5]	Interest of spouse	289,120,000 Shares (L)	57.82%
Gan Xuelin[6]	Interest of spouse	54,120,000 Shares	10.82%

Notes:

1. The letter "L" denotes to the person with long position in the Shares.

2. As of the Latest Practicable Date, White Dynasty BVI was wholly-owned by White Empire BVI, White Empire BVI is taken to be interested in the Shares in which White Dynasty BVI is interested pursuant to the SFO. White Empire BVI is the trustee of the Family Trust, established for the benefit of Mr. G. H. Bai, Mrs. Bai and other beneficiaries to be nominated by the trustee from time to time. Mr. Bai (our Chairman and one of our executive Director) is the settlor of the Family Trust.

3. As of the Latest Practicable Date, White Legend BVI was legally and beneficially wholly-owned by Mr. W. K. Bai (one of our executive Directors and chief executive officer). Given that Mr. W. K. Bai holds a controlling interest in White Legend BVI, he is deemed to be interested in the Shares held by White Legend BVI by virtue of the SFO.

4. Mrs. Bai is the wife of Mr. Bai. Given that Mrs. Bai is the beneficiary of the Family Trust, she is deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO.

5. Zhang Lindi is the wife of Mr. G. H. Bai. Given that G. H. Bai is the beneficiary of the Family Trust and he is deemed to be interested in the Shares held by White Dynasty BVI by virtue of the SFO, Zhang Lindi is therefore deemed to be interested in the Shares held by White Dynasty by virtue of the SFO.

6. Gan Xuelin is the wife of Mr. W. K. Bai. Given that Mr. W. K. Bai is deemed to be interested in the Shares held by White Legend BVI by virtue of the SFO, she is therefore deemed to be interested in the Shares held by White Legend BVI by virtue of the SFO.

14. Disclaimers

Save as disclosed in this prospectus:

(a) none of the Directors or their associates were engaged in any dealings with our Group during the two years preceding the date of this prospectus.

(b) and taking no account of any Shares which may be taken up or acquired under the Global Offering or upon the exercise of any options which may be granted under the Share Option Scheme, the Directors are not aware of any person (not being a Director or chief executive of our Company) who immediately following the completion of the Global Offering and the Capitalization Issue will have an interest or a short position in the Shares and 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 will, either directly or indirectly, be interested in 10% or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any other member of our Group;

(c) none of the Directors has any interest or short position in any of the shares, underlying shares or debentures of our Company or any associated corporations within the meaning of Part XV of the SFO, which will have to be notified to our Company and the Stock Exchange pursuant to Divisions 7 and 8 of Part XV of the SFO (including interests and short positions which any of them is 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, in each case once the Shares are listed;

(d) none of the Directors nor the experts listed in the paragraph 22 below has been interested in the promotion of, or has any direct or indirect interest in any assets which have been, within the two years immediately preceding the date of this prospectus, acquired or disposed of by or leased to our Company or any of the subsidiaries of our Company, or are proposed to be acquired or disposed of by or leased to our Company or any other member of our Group nor will any Director apply for the Offer Shares either in his own name or in the name of a nominee;

(e) none of the Directors nor any of the parties listed in the paragraph 22 below is materially interested in any contract or arrangement subsisting at the date of this prospectus which is significant in relation to business of our Group; and

(f) save in connection with the Underwriting Agreements, none of the parties listed in the paragraph 22 below:

(i) is interested legally or beneficially in any securities of any member of our Group; or

(ii) has any right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of our Group.

OTHER INFORMATION

15. Share Option Scheme

The following is a summary of principal terms of the Share Option Scheme. The terms of the Share Option Scheme are in accordance with the provision of Chapter 17 of the Listing Rules.

(a) ***Purpose***

The Share Option Scheme is a share incentive scheme and is established to recognize and acknowledge the contributions Eligible Participants (as defined in paragraph (b) below) had or may have made to our Group. The Share Option Scheme will provide Eligible Participants an opportunity to have a personal stake in our Company with the view to achieving the following objectives:

(i) motivate Eligible Participants to optimize their performance efficiency for the benefit of the Group; and

(ii) attract and retain or otherwise maintain on-going business relationship with Eligible Participants whose contributions are or will be beneficial to the long-term growth of our Group.

(b) ***Who may join***

The Board may, at its discretion and subject to such conditions as it thinks fit, offer to grant an option to subscribe for such number of new Shares as the Board may determine at an exercise price determined in accordance with paragraph (e) below to:

(i) any full-time or part-time employees, executives or officers of our Company or any of its subsidiaries;

(ii) any directors (including executive, non-executive directors and independent non-executive directors) of our Company or any of its subsidiaries;

(iii) any advisers (professional or otherwise), consultants, suppliers, customers and agents to our Company or any of its subsidiaries; and

(iv) related entities who, in the sole opinion of the Board, will contribute or have contributed to our Company or any of its subsidiaries.

(collectively, the "**Eligible Participants**")

Upon acceptance of the option, the grantee shall pay HK$1.00 to our Company by way of consideration for the grant. Any offer to grant an option to subscribe for Shares may be accepted in respect of less than the number of Shares for which it is offered provided that it must be accepted in respect of a board lot of dealing in Shares on the Stock Exchange or an integral multiple thereof and such number is clearly stated in the duplicate offer document constituting the acceptance of the option. To the extent that the offer to grant an option is not accepted by any prescribed acceptance date, it shall be deemed to have been irrevocably declined.

(c) ***Maximum number of Shares***

The maximum number of Shares in respect of which options may be granted under the Share Option Scheme and under any other share option schemes of our Company must not in aggregate exceed 10% of the total number of Shares in issue immediately following completion of the Global Offering and options which have lapsed in accordance with the terms of the Share Option Scheme (or any other share option schemes of the Company, where applicable). Subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting and/or such other requirements prescribed under the Listing Rules from time to time, the Board may:

(i) renew this limit at any time to 10% of the Shares in issue as at the date of the approval by the Shareholders in general meeting; and/or

(ii) grant options beyond the 10% limit to Eligible Participants specifically identified by the Board. The circular issued by our Company to the Shareholders shall contain a generic description of specified Eligible Participants who may be granted such options, the number and terms of the options to be granted, the purpose of granting options to specified Eligible Participants with an explanation as to how the options serve such purpose, the information required under Rule 17.02(2)(d) and the disclaimer required under Rule 17.02(4) of the Listing Rules.

Notwithstanding the foregoing, the Shares which may be issued upon exercise of all outstanding options granted and yet to be exercised under the Share Option Scheme and any other share option schemes of our Company at any time shall not exceed 30% of the Shares in issue from time to time. No options shall be granted under any schemes of our Company (including the Share Option Scheme) if this will result in the 30% limit being exceeded. The maximum number of Shares in respect of which options may be granted shall be adjusted, in such manner as the auditors of our Company or an approved independent financial adviser shall certify to be appropriate, fair and reasonable in the event of any alteration in the capital structure of our Company in accordance with paragraph (q) below whether by way of consolidation, capitalization issue, rights issue, sub-division or reduction of the share capital of our Company but in no event shall exceed the limit prescribed in this paragraph.

(d) ***Maximum number of options to any one individual***

The total number of Shares issued and which may fall to be issued upon exercise of the options granted under the Share Option Scheme and any other share option schemes of our Company (including both exercised and outstanding options) to each Eligible Participant in any 12-month period up to the date of grant shall not exceed 1% of the Shares in issue as at the date of grant. Any further grant of Options in excess of this 1% limit shall be subject to:

(i) the issue of a circular by our Company to the Shareholders containing the identity of the Eligible Participant, the numbers of and terms of the options to be granted (and options previously granted to such participant) the information as required under Rules 17.02(2)(d) and the disclaimer required under 17.02(4) of the Listing Rules; and

(ii) the approval of the Shareholders in general meeting and/or other requirements prescribed under the Listing Rules from time to time with such Eligible Participant and his associates (as defined in the Listing Rules) abstaining from voting. The numbers and terms (including the exercise price) of options to be granted to such participant must be fixed before the Shareholders' approval and the date of the Board meeting at which the Board proposes to grant the options to such Eligible Participant shall be taken as the date of grant for the purpose of calculating the subscription price of the Shares. The Board shall forward to such Eligible Participant an offer document in such form as the Board may from time to time determine.

(e) ***Price of Shares***

The subscription price of a Share in respect of any particular option granted under the Share Option Scheme shall be such price as the Board in its absolute discretion shall determine, save that such price will not be less than the highest of:

(i) the official closing price of the Shares as stated in the Stock Exchange's daily quotation sheets on the date of grant, which must be a day on which the Stock Exchange is open for the business of dealing in securities;

(ii) the average of the official closing prices of the Shares as stated in the Stock Exchange's daily quotation sheets for the five business days immediately preceding the date of grant; and

(iii) the nominal value of a Share.

(f) ***Granting options to connected persons***

Any grant of options to a director, chief executive or substantial shareholder (as defined in the Listing Rules) of our Company or any of their respective associates (as defined in the Listing Rules) is required to be approved by the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the Options). If the Board determines to grant options to a substantial shareholder or any independent non-executive Director or any of their respective associates (as defined in the Listing Rules) which will result in the Shares issued and to be issued upon exercise of options already granted and to be granted (including options exercised, cancelled and outstanding) to such person in the 12-month period up to and including the date of such grant:

(i) representing in aggregate over 0.1%, or such other percentage as may be from time to time provided under the Listing Rules, of the Shares in issue; and

(ii) having an aggregate value in excess of HK$5 million or such other sum as may be from time to time provided under the Listing Rules, based on the official closing price of the Shares as stated in the daily quotation sheets of the Stock Exchange on the date of each grant, such further grant of options shall be subject to the issue of a circular by our Company and the approval of the Shareholders in general meeting on a poll at which all connected persons (as defined in the Listing Rules) of our Company shall abstain from voting in favor, and/or such other requirements prescribed under the Listing Rules from time to time. Any vote taken at the meeting to approve the grant of such options shall be taken as a poll.

The circular to be issued by our Company to the Shareholders pursuant to the above paragraph shall contain the following information:

(i) the details of the number and terms (including the exercise price) of the options to be granted to each selected Eligible Participant which must be fixed before the Shareholders' meeting and the date of Board meeting for proposing such further grant shall be taken as the date of grant for the purpose of calculating the exercise price of such options;

(ii) a recommendation from the independent non-executive Directors (excluding any independent non-executive Director who is the grantee of the options) to the independent Shareholders as to voting;

(iii) the information required under Rule 17.02(2)(c) and (d) and the disclaimer required under Rule 17.02(4) of the Listing Rules; and

(iv) the information required under Rule 2.17 of the Listing Rules.

(g) ***Restrictions on the times of grant of Options***

For so long as the Shares are listed on the Stock Exchange, the Board shall not make any grant of options after inside information has come to its knowledge until the Board has announced the information. In particular, no options may be granted during the period commencing one month immediately preceding the earlier of:

(i) the date of the Board meeting (as such date to first notified to the Stock Exchange in accordance with the Listing Rules) for the approval of our Company's annual, half-year, quarterly or other interim period results (whether or not required under the Listing Rules); and

(ii) the deadline for our Company to publish an announcement of its annual or half-year, or quarterly or other interim period results (whether or not required under the Listing Rules)

and ending on the actual date of publication of the results for such year, half year, quarterly or interim period (as the case may be).

Where the grant of Options is to a director:

(i) no options shall be granted during the period of 60 days immediately preceding the publication date of the annual results or, if shorter, the period from the end of the relevant financial year up to the publication date of the results; and

(ii) during the period of 30 days immediately preceding the publication date of the quarterly results (if any) and half-year results or, if shorter, the period from the end of the relevant quarterly or half-year period up to the publication date of the results.

(h) ***Rights are personal to grantee***

An option is personal to the grantee and may be exercised or treated as exercised, as the case may be, in whole or in part. No grantee shall in any way sell, transfer, charge, mortgage, encumber or create any interest (legal or beneficial) in favor of any third party over or in relation to any option or attempt so to do (save that the grantee may nominate a nominee in whose name the Shares issued pursuant to the Share Option Scheme).

(i) ***Time of exercise of Option and duration of the Share Option Scheme***

An option may be exercised in accordance with the terms of the Share Option Scheme at any time after the date upon which the Option is deemed to be granted and accepted and prior to the expiry of 10 years from that date. The period during which an option may be exercised will be determined by the Board in its absolute discretion, save that no option may be exercised more than 10 years after it has been granted. No option may be granted more than 10 years after the date of approval of the Share Option Scheme. Subject to earlier termination by our Company in general meeting or by the Board, the Share Option Scheme shall be valid and effective for a period of 10 years from the date of its adoption. There is no minimum period for which an option must be held before it can be exercised.

(j) ***Performance target***

A grantee may be required to achieve any performance targets as the Board may then specify in the grant before any options granted under the Share Option Scheme can be exercised.

(k) ***Rights on ceasing employment or death***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries:

(i) by any reason other than death or termination of his employment on the grounds specified in paragraph (l) below, his option to the extent not already exercised on the date of such cessation (which date shall be the last actual working day with our Group or the related entity whether salary is paid in lieu of notice or not) shall lapse automatically on the date of cessation; or

(ii) by reason of death, his personal representative(s) may exercise the option within a period of 12 months from such cessation, which date shall be the last actual working day with our Company or the relevant subsidiary whether salary is paid in lieu of notice or not, failing which it will lapse.

(l) ***Rights on dismissal***

If the grantee of an option ceases to be an employee of our Company or any of its subsidiaries on the grounds that he has been guilty of serious misconduct, or in relation to an employee of our Group (if so determined by the Board) on any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group, or has been convicted of any criminal offence involving his integrity or honesty or he has become insolvent, bankrupt or has made arrangements with creditors, his option will lapse and not be exercisable after the date of termination of his employment.

(m) ***Rights on takeover***

If a general offer (whether by way of takeover offer, share repurchase offer or scheme of arrangement or otherwise in like manner) is made to all the Shareholders (or all such Shareholders other than the offeror and/or any person controlled by the offeror and/or any person acting in concert with the offeror (as defined in the Takeovers Codes)) and such offer becomes or is declared unconditional during the option period of the relevant option, the grantee of an option shall be entitled to exercise the option in full (to the extent not already exercised) at any time within 14 days after the date on which such general offer becomes or is declared unconditional.

(n) ***Rights on winding-up***

In the event a notice is given by our Company to its members to convene a general meeting for the purposes of considering, and if thought fit, approving a resolution to voluntarily wind-up our Company, our Company shall forthwith give notice thereof to all grantees and thereupon, each grantee (or his legal personal representative(s)) shall be entitled to exercise all or any of his options (to the extent not already exercised) at any time not later than two business days prior to the proposed general meeting of our Company referred to above by giving notice in writing to our Company, accompanied by a remittance for the full amount of the aggregate subscription price for the Shares in respect of which the notice is given, whereupon our Company shall as soon as possible and, in any event, no later than the business day immediately prior to the date of the proposed general meeting, allot the relevant Shares to the grantee credited as fully paid.

(o) ***Rights on compromise or arrangement between our Company and its members or creditors***

If a compromise or arrangement between our Company and its members or creditors is proposed for the purposes of a scheme for the reconstruction of our Company or its amalgamation with any other companies pursuant to the laws of jurisdictions in which our Company was incorporated, our Company shall give notice to all the grantees of the options on the same day as it gives notice of the meeting to its members or creditors summoning the meeting to consider such a scheme or arrangement and any grantee shall be entitled to exercise all or any of his options in whole or in part at any time prior to 12 noon (Hong Kong time) on the business day immediately preceding the date of the meeting directed to be convened by the relevant court for the purposes of considering such compromise or arrangement and if there are more than one meeting for such purpose, the date of the first meeting.

With effect from the date of such meeting, the rights of all grantees to exercise their respective options shall forthwith be suspended. Upon such compromise or arrangement becoming effective, all options shall, to the extent that they have not been exercised, lapse and determine. If for any reason such compromise or arrangement does not become effective and is terminated or lapses, the rights of grantees to exercise their respective options shall with effect from such termination be restored in full but only upon the extent not already exercised and shall become exercisable.

(p) ***Ranking of Shares***

The Shares to be allotted upon the exercise of an option will not carry voting rights until completion of the registration of the grantee (or any other person) as the holder thereof. Subject to the aforesaid, Shares allotted and issued on the exercise of options will rank pari passu in all respects and shall have the same voting, dividend, transfer and other rights, including those arising on liquidation as attached to the other fully paid Shares in issue on the date of exercise.

(q) ***Effect of alterations to capital***

In the event of any alteration in the capital structure of our Company whilst any option may become or remains exercisable, whether by way of capitalization issue, rights issue, open offer, consolidation, sub-division or reduction of share capital of our Company, or otherwise howsoever, such corresponding alterations (if any) shall be made in the number or nominal amount of Shares subject to any options so far as unexercised and/or the subscription price per Share of each outstanding option as the auditors of our Company or an independent financial adviser shall certify in writing to the Board to be in their/his opinion fair and reasonable in compliance with Rule 17.03(13) of the Listing Rules and the note thereto and the supplementary guidance issued by the Stock Exchange on September 5, 2005 and any future guidance and interpretation of the Listing Rules issued by the Stock Exchange from time to time.

Any such alterations will be made on the basis that a grantee shall have the same proportion of the issued share capital of our Company for which any grantee of an option is entitled to subscribe pursuant to options held by him before such alteration and the aggregate subscription price payable on full exercise of any option is to remain as nearly as possible the same (and in any event not greater than) as it was before such event. No such alteration will be made the effect of which would be to enable a Share to be issued at less than its nominal value. The issue of securities as consideration in a transaction is not to be regarded as a circumstance requiring any such alterations.

(r) ***Expiry of option***

An option shall lapse automatically and not be exercisable (to the extent not already exercised) on the earliest of:

(i) the date of expiry of the option as may be determined by the Board;

(ii) the expiry of any of the periods referred to in paragraphs (k), (l), (m), (n) or (o);

(iii) the date on which the scheme of arrangement of our Company referred to in paragraph (o) becomes effective;

(iv) subject to paragraph (n), the date of commencement of the winding-up of our Company;

(v) the date on which the grantee ceases to be an Eligible Participant by reason of such grantee's resignation from the employment of our Company or any of its subsidiaries or the termination of his or her employment or contract on any one or more of the grounds that he or she has been guilty of serious misconduct, or has been convicted of any criminal offence involving his or her integrity or honesty, or in relation to an employee of our Group (if so determined by the Board) or any other ground on which an employee would be entitled to terminate his employment at common law or pursuant to any applicable laws or under the grantee's service contract with our Group. A resolution of the Board to the effect that the employment of a grantee has or has not been terminated on one or more of the grounds specified in this paragraph shall be conclusive; or

(vi) the date on which the Board shall exercise our Company's right to cancel the option at any time after the grantee commits a breach of paragraph (h) above or the options are cancelled in accordance with paragraph (t) below.

(s) ***Alteration of the Share Option Scheme***

The Share Option Scheme may be altered in any respect by resolution of the Board except that:

(i) any alteration to the advantage of the grantees or Eligible Participants (as the case may be) in respect of matters contained in Rule 17.03 of the Listing Rules; and

(ii) any material alteration to the terms and conditions of the Share Option Scheme or any change to the terms of options granted,

shall first be approved by the Shareholders in general meeting provided that the amended terms of the Share Option Scheme shall still comply with Chapter 17 of the Listing Rules. If the proposed alteration shall adversely affect any option granted or agreed to be granted prior to the date of alteration, such alteration shall be further subject to the grantees' approval in accordance with the terms of the Share Option Scheme.

(t) ***Present status of the Share Option Scheme***

As of the Latest Practicable Date, no option had been granted or agreed to be granted under the Share Option Scheme. Application has been made to the Listing Committee of the Stock Exchange for the listing of and permission to deal in Shares which may fall to be issued pursuant to the exercise of the options to be granted under the Share Option Scheme.

16. **Estate duty, tax and other indemnity**

The Controlling Shareholders (the "**Indemnifiers**") have entered into the Deed of Indemnity with and in favor of our Company (for itself and as trustee for each of its present subsidiaries) (being the material contract referred to in paragraph 9(d) above) to provide indemnities on a joint and several basis, in respect of, among other matters:

(a) any liability for Hong Kong estate duty which might be incurred by any member of our Group by reason of any transfer of property (within the meaning of sections 35 and 43 of the Estate Duty Ordinance (Chapter 111 of the Laws of Hong Kong) or the equivalent thereof under the laws of any jurisdiction outside Hong Kong) to any member of our Group at any time on or before the Listing;

(b) tax liabilities (including all fines, penalties, costs, charges, expenses and interests incidental or relating to taxation) which might be payable by any member of our Group in respect of any income, profits, gains, transactions, events, matters or things earned, accrued, received, entered into or occurring on or before the Listing Date, whether alone or in conjunction with any other circumstances whenever occurring and whether or not such tax liabilities are chargeable against or attributable to any other person, firm, company or corporation;

(c) any expenses, payments, sums, outgoings, fees, demands, claims, damages, losses, costs (including but not limited to legal and other professional costs), charges, liabilities, fines, penalties in connection with any failure, delay or defects of corporate or regulatory compliance or errors, discrepancies or missing documents in the statutory records of any member of our Group under, or any breach of any provision of, the Hong Kong Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance or any other applicable laws, rules or regulations on or before the date on which the Global Offering becomes unconditional; and

(d) any claim to which our Company may be subject in respect of any disputes, arbitrations or legal proceedings occurring on or before the Listing Date.

The Indemnifiers are under no liability under the Deed of Indemnity in respect of any taxation:

(a) to the extent that provision or reserve has been made for such taxation in the audited accounts of any member of our Group for any accounting period up to December 31, 2014;

(b) to the extent that such taxation or liability falling on any of the members of our Group in respect of any accounting period commencing on or after January 1, 2015 and ending on the Listing Date, where such taxation or liability would not have arisen but for some act or omission of, or transaction voluntarily entered into by, any member of our Group (whether alone or in conjunction with some other act, omission or transaction, whenever occurring) without the prior written consent or agreement of the Indemnifier, other than any such act, omission or transaction:

    (i) carried out or effected in the ordinary course of business or in the ordinary course of acquiring and disposing of capital assets after January 1, 2015; and

    (ii) carried out, made or entered into pursuant to a legally binding commitment created on or before December 31, 2014 or pursuant to any statement of intention made in the prospectus; or

(c) to the extent that such taxation liabilities or claim arise or are incurred as a result of the imposition of taxation as a consequence of any retrospective change in the law, rules and regulations or the interpretation or practice thereof by the Hong Kong Inland Revenue Department or the taxation authority of the PRC, or any other relevant authority (whether in Hong Kong or the PRC or any other part of the world) coming into force after the date of the Deed of Indemnity or to the extent such claim arises or is increased by an increase in rates of taxation or claim after the date of the Deed of Indemnity with retrospective effect; or

(d) to the extent that any provision or reserve made for taxation in the audited accounts of any member of our Group up to December 31, 2014 which is finally established to be an over-provision or an excessive reserve, in which case the Indemnifier' liability (if any) in respect of taxation shall be reduced by an amount not exceeding such provision or reserve, provided that the amount of any such provision or reserve applied referred to in this paragraph to reduce the Indemnifier' liability in respect of taxation shall not be available in respect of any such liability arising thereafter.

Under the Deed of Indemnity, the Indemnifiers have also undertaken to us that they will indemnify and at all times keeps us fully indemnified, on a joint and several basis, from (i) any depletion in or reduction in value of its assets or any loss (including all legal costs and suspension of operation), cost, expenses, damages or other liabilities which any member of our Group may incur or suffer arising from or in connection with the implementation of the Reorganization; and (ii) any loss of economic benefits and any loss suffered by our Group if any part of the government grants received by our Group prior to the Listing is required to be returned to the local government. Based on the proof of financial resources provided by the Indemnifiers, the Sole Sponsor is satisfied that the Indemnifiers will have sufficient financial resources in the event they are required to indemnify us under the Deed of Indemnity.

17. **Litigation**

Save as disclosed in the section "Business — Legal Proceeding, Compliance and Internal Control — Legal Proceedings", as of the Latest Practicable Date, neither our Company nor any of our subsidiaries is engaged in any litigation or arbitration of material importance and no litigation or claim of material importance is known to the Directors to be pending or threatened against our Company or any of our subsidiaries, that would have a material adverse effect on the results of operations or financial condition of our Group.

18. **Preliminary expenses**

The preliminary expenses of our Company are estimated to be approximately HK$133,000 and are payable by our Company.

19. **Promoters**

Our Company has no promoter for the purpose of the Listing Rules.

The Sole Sponsor's fee are HK$9.0 million and are payable by our Company.

20. **Application for listing of Shares**

The Sole Sponsor has made an application on behalf of our Company to the Listing Committee of the Stock Exchange for the listing of, and permission to deal in, the Shares in issue and to be issued as mentioned in this prospectus and any Shares which may be issued upon the exercise of any options which may be granted under the Share Option Scheme, being up to 10% of the Shares in issue on the Listing Date, on the Stock Exchange. All necessary arrangements have been made to enable the securities to be admitted into CCASS.

21. **Qualifications of experts**

The qualifications of the experts who have given opinions and/or whose names are included in this prospectus are as follows:

Name	Qualification
ICBC International Capital Limited	Licensed to conduct type 1 (dealing in securities) and type 6 (advising on corporate finance) regulated activities as defined under SFO
Ernst & Young	Certified public accountants
Conyers Dill & Pearman	Cayman Islands attorneys-at-law
Jingtian & Gongcheng	PRC legal advisers
DTZ Debenham Tie Leung Limited	Independent property valuer
Baker Tilly Hong Kong Risk Assurance Limited	Internal control consultant
Shanxi Dingzheng Law Office	PRC legal advisers on the legal proceedings as disclosed in the section headed "Business — Legal Proceedings, Compliance and Internal Control — Legal Proceedings"

22. **Consents of experts**

Each of the Sole Sponsor, Ernst & Young, Conyers Dill & Pearman, Jingtian & Gongcheng, DTZ, Baker Tilly Hong Kong Risk Assurance Limited and Shanxi Dingzheng Law Office has given and has not withdrawn its written consent to the issue of this prospectus with copies of its reports, valuation, letters or opinions (as the case may be) and the references to its names or summaries of opinions included herein in the form and context in which they respectively appear.

23. Binding Effect

This prospectus shall have the effect, if an application is made in pursuance of it, of rendering all persons concerned bound by all of the provisions (other than the penal provisions) of sections 44A and 44B of the Companies (Winding Up and Miscellaneous Provision) Ordinance so far as applicable.

24. Miscellaneous

(a) Save as disclosed herein:

(i) within two years preceding the date of this prospectus:

(aa) no share or loan capital of our Company or of any of our subsidiaries has been issued, agreed to be issued or is proposed to be issued fully or partly paid either for cash or for a consideration other than cash;

(bb) no commissions, discounts, brokerages or other special terms have been granted in connection with the issue or sale of any share or loan capital of our Company or any of our subsidiaries; and

(cc) no commission has been paid or payable for subscribing or agreeing to subscribe, or procuring or agreeing to procure the subscriptions, for any shares in our Company or any of our subsidiaries; and

(ii) no share or loan capital of our Company or any of our subsidiaries is under option or is agreed conditionally or unconditionally to be put under option.

(b) The Directors confirm that there has been no material adverse change in the financial or trading position or prospects of our Group since December 31, 2014 (being the date to which the latest audited consolidated financial statements of our Group were made up).

25. Bilingual prospectus

The English language and Chinese language versions of this prospectus are being published separately, in reliance upon the exemption provided under section 4 of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Chapter 32L of the Laws of Hong Kong).

DOCUMENTS DELIVERED TO THE REGISTRAR OF COMPANIES IN HONG KONG

The documents attached to the copy of this prospectus delivered to the Registrar of Companies in Hong Kong for registration were:

(a) a copy of each of the **WHITE**, **YELLOW** and **GREEN** application forms; the written consents referred to in the sub-paragraph headed "Other Information — 23. Consent of experts" in Appendix V to this prospectus; and

(b) a copy of each of the material contracts referred to in the sub-paragraph headed "Further information about the business of our Company — 9. Summary of material contracts" in Appendix V to this prospectus.

DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents will be available for inspection at the office of Sidley Austin at 39/F, Two Int'l Finance Centre, Central, Hong Kong during normal business hours up to and including the date which is 14 days from the date of this prospectus:

(a) the Memorandum of Association and the Articles of Association;

(b) the accountants' report from Ernst & Young, the text of which is set out in Appendix I to this prospectus;

(c) the audited consolidated financial statements of our Group for the three years ended December 31, 2014;

(d) the service contracts and appointment letters of Directors and letters of appointment with Directors referred to in the sub-paragraph headed "Further information about Directors and Shareholders — 12. Directors — (a) Particulars of Directors' service contracts" in Appendix V to this prospectus;

(e) the material contracts referred to in the sub-paragraph headed "Further information about the business of our Company — 9. Summary of material contracts" in Appendix V to this prospectus;

(f) the written consents referred to in the sub-paragraph headed "Other information — 22. Consents of experts" in Appendix V to this prospectus;

(g) the letter dated the date of this prospectus and prepared by Conyers Dill & Pearman summarizing certain aspects of Cayman Companies Law as referred to in Appendix IV to this prospectus;

(h) the Cayman Companies Law;

(i) the rules of the Share Option Scheme referred to in the paragraph headed "Other information — 15. Share Option Scheme" in Appendix V to this prospectus;

(j) the PRC legal opinions issued by Jingtian & Gongcheng, the legal advisors to our Company as to PRC law in respect of, among other things, general corporate matters and property matters of the Group; and

(k) the valuation report and prepared by DTZ Debenham Tie Leung Limited, the texts of which are set out in the Appendix III to this prospectus.

CHEN XING

辰興發展控股有限公司

Chen Xing Development Holdings Limited